



Toll Holdings Limited
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2 November 2005

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

Lodged Through ASX On Line
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Dear Sir

**Off-market takeover bid ("Takeover Bid") by Toll Holdings Limited ("Toll") for shares in Patrick Corporation Limited ("Patrick")
Notice under section 630(2), Notice of extension of the offer period and lodgement of Supplementary Bidder's Statement**

In accordance with sections 630(5)(b) and 647(3)(b) of the *Corporations Act 2001* (Cth) (**Corporations Act**), we enclose our Supplementary Bidder's Statement for immediate release.

The Supplementary Bidder's Statement also constitutes notice under section 630(2) of the Corporations Act and notice of variation of the Takeover Bid in accordance with section 650D of the Corporations Act extending the close of the offer to 7:00 pm (Melbourne time) on 2 December 2005.

The Supplementary Bidder's Statement has been lodged with ASIC and served on Patrick today.

A copy of Toll's Supplementary Bidder's Statement will be available on Toll's website at www.toll.com.au

Yours faithfully
TOLL HOLDINGS LIMITED

A handwritten signature in black ink, appearing to read "B. McInerney", written over a horizontal line.

Bernard McInerney
Company Secretary

Encl.

This document is a supplementary bidder's statement under section 643 of the Corporations Act 2001 (Cth) (**Corporations Act**) and notice under sections 630(2) and 650D of the Corporations Act (**Supplementary Bidder's Statement**). It is issued by Toll Holdings Limited ACN 006 592 089 (**Toll**) in connection with Toll's off-market takeover bid to acquire all issued shares in Patrick Corporation Limited ACN 008 660 124 (**Patrick**) contained in Toll's bidder's statement dated 15 September 2005 (**Bidder's Statement**). This Supplementary Bidder's Statement supplements, and must be read together with, the Bidder's Statement. Unless the context otherwise requires, terms defined in the Bidder's Statement have the same meaning in this Supplementary Bidder's Statement. This Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Bidder's Statement.

Supplementary Bidder's Statement

2 November 2005

in respect of Toll's Offer for
PATRICK CORPORATION LIMITED
ACN 008 660 124



TOLL HOLDINGS LIMITED
ACN 006 592 089



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TOLL EXTENDS ITS OFFER CLOSING DATE TO 2 DECEMBER 2005

This document contains important information and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible. If you have any queries about this document, the Offer or how to accept the Offer, please call Toll's Offer Information Line on **1300 769 346** (within Australia) or **+61 3 9415 4005** (outside Australia). In accordance with legal requirements, calls to these numbers will be recorded.

CHAIRMAN AND MANAGING DIRECTOR'S LETTER



2 November 2005

Dear Patrick Shareholder,

We are pleased to be writing to you once again in connection with our offer to acquire Patrick Shares, as more fully detailed in our Bidder's Statement.

Our Offer remains a unique opportunity for you to participate in the creation of a leading integrated transport and logistics business in the Asian region.

In this Supplementary Bidder's Statement we:

- extend our Offer until 2 December 2005;
- agree to offer certain foreign Patrick Shareholders the ability to receive Toll Shares under our Offer; and
- highlight the shortcomings in Patrick's Target's Statement including:
 - the omission of actual or forecast cash flows;
 - lack of detail of how Patrick will execute its apparent strategy to emulate Toll's integrated logistics business; and
 - that Patrick Shareholders' proforma equivalent EPS for the year ended 30 June 2006 will be 34% higher under Toll's Offer.

At Toll's recent annual general meeting, we reiterated Toll's strong current trading performance and expectations of another year of record performance in 2006. Toll has secured a number of important contracts in the first four months of the financial year and recently announced the acquisition of Korn Bulk Haulage, which specialises in mine coal haulage. Toll remains excited by the opportunity to combine its business with Patrick and believes the combination will benefit shareholders of both companies.

To accept the Offer you should follow the instructions on the acceptance form enclosed with our Bidder's Statement, or call the Toll Offer Information line on **1300 769 346** (within Australia) or **+61 3 9415 4005** (outside Australia) for further details.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Moule".

John Moule
Chairman

A handwritten signature in black ink, appearing to read "Paul Little".

Paul Little
Managing Director

1. INTRODUCTION

1.1. Patrick's Target's Statement

Toll believes that Patrick's target's statement in respect of Toll's takeover bid for Patrick (**Target's Statement**):

- Contains fundamentally flawed arguments as to why you should not accept Toll's Offer;
- Fails to disclose material information concerning Patrick;
- Inadequately discloses important information in the context of Toll's Offer; and
- Contains various misleading statements.

1.2. Fundamental flaws in Patrick's arguments as to why you should not accept Toll's Offer

Patrick's directors presented a number of arguments why they believe you should not accept Toll's Offer. These arguments are fundamentally flawed. Toll believes that:

- Patrick's EBITDA growth outlook is based on optimistic assumptions and a large investment program. It requires a significant leap of faith, particularly given Patrick's track record in recent years, to assume that this will translate into significant growth in EPS or shareholder value;
- Lonergan Edwards & Associates Limited (**Lonergan Edwards**) significantly overstates the value of Patrick Shares:
 - The implied Price Earnings Multiples for Patrick Shares at its valuation are:
 - 29.8x to 32.0x Patrick's 2005 earnings - almost double the ASX200 Price Earnings Multiple; and
 - 24.2x to 26.0x Patrick's projected 2006 earnings - 15% to 26% above the level which Patrick itself considers to be "high by most standards"¹;
 - The mid-point EBITA multiple of 25.1x for its Ports Division valuation is almost twice the average multiple achieved in recent sales of container terminals businesses – and about 1/3 of Patrick's Ports Division's earnings are from activities other than container terminals; and
 - The Virgin Blue valuation range is higher than the price Patrick paid for control only seven months ago, notwithstanding the significant adverse impact on Virgin Blue of the approximately 30% increase in oil prices since Patrick's bid was announced, and is based on the assumption that Virgin Blue's "maintainable" profits are materially higher than Patrick's own forecasts for Virgin Blue for both FY2006 and FY2007;
- Toll's earnings and operating cash flow growth record is very strong and clearly superior to Patrick's;
- Toll's proposed Virgin Blue restructure should enhance Virgin Blue's value, reduce Patrick's risk profile and does not destroy value; and
- The conditions of Toll's Offer are not unusual for a takeover bid in Australia.

Section 2 contains Toll's explanation of these fundamental flaws in Patrick's arguments.

1 Refer to Patrick's ASX announcement dated 28 February 2005 made during its bid for Virgin Blue.

1.3. What Patrick failed to tell you in its Target's Statement

Toll believes that Patrick's Target's Statement omits material information concerning Patrick that is important for Patrick Shareholders in deciding whether to accept Toll's Offer or retain their Patrick Shares, including:

- Patrick's apparent net cash outflow before financing of over \$700 million in the 18 months to 30 September 2006 with no details of how this will be funded;
- Patrick's failure to outline a coherent and deliverable stand-alone growth strategy;
- Patrick's lack of proven ability to execute its growth strategy;
- Patrick's track record in delivering shareholder value, which is significantly inferior to Toll's track record;
- Patrick's uninspiring track record in making business acquisitions and generating value from them; and
- Patrick Shareholders' proforma equivalent EPS for the year to 30 June 2006 which will be 34% higher under Toll's Offer.

Section 3 contains further information on these deficiencies in Patrick's Target's Statement.

1.4. Patrick's intentions for Pacific National

Patrick's Target's Statement, including financial forecasts for the next two years, has been prepared on the assumption that it will retain its current investment in Pacific National as it is today. This represents the Patrick Board's "best estimate" of the future structure of Pacific National.

Toll believes that this official position of the Patrick Board confirms that recent comments by Patrick's Managing Director reported in the media about a potential break-up of Pacific National are merely a diversionary takeover defence tactic and should therefore be ignored by Patrick Shareholders.

Section 4 contains further information on Pacific National.

1.5. Patrick Shares are likely to trade at a discount in the absence of Toll's Offer

Nowhere in the first 123 pages of the Target's Statement prepared by Patrick is there any mention of what will happen to Patrick's Share price if Toll's Offer lapses.

However, any shareholders who read the Lonergan Edwards' report would have found the following important statements:

- "... if the Offer lapses and no higher offer or alternative proposal emerges Patrick shares are likely to trade at a discount to the value of the Offer [\$6.19 to \$6.52]..." (page 209); and
- "We have been advised by the Patrick Directors that no alternative offers have been received subsequent to the announcement of Toll's Offer..." (page 212).

Patrick's one month VWAP prior to speculation of Toll's Offer on 26 July 2005 was \$5.56.

1.6. Misleading statements in Patrick's Target's Statement

The Target's Statement also includes a number of misleading statements in respect of Toll's business. Toll addresses these statements in Section 6.

1.7. Extension of Offer Period and other relevant information

Toll's Offer was scheduled to close on 10 November 2005. Given the ACCC is due to publish its "phase one findings" (which will not be a final decision but an identification of competition issues which are of concern to the ACCC and require further consideration and investigation) in respect of Toll's Offer on or around 14 November 2005, Toll has decided to extend the closing date to 2 December 2005. Further details of this extension, the status of the ACCC condition and the other conditions of Toll's Offer and additional relevant information are contained in Section 7.

1.8. Patrick Shareholders now have a clear choice

Patrick's Target's Statement does not identify any possible alternative bids for Patrick. After the Offer conditions have been satisfied or waived, Patrick Shareholders will have a clear choice:

- Accept Toll's Offer and participate in all of the benefits of combining Toll and Patrick to create the leading integrated logistics provider in Australia, New Zealand and the Asian region²; or
- Retain an investment in a domestic ports, volatile passenger airline and smaller scale logistics business with significant uncertainty on the execution of a growth strategy to rival Toll's integrated logistics business.

Toll believes its Offer provides compelling strategic benefits and attractive value and encourages all Patrick Shareholders to accept the Offer.

To accept Toll's Offer you should follow the instructions set out in Section 6 of the Bidder's Statement.

If you have misplaced the Bidder's Statement or the Acceptance Form, or you have any questions about the Offer or how to accept the Offer, please call Toll's Offer Information Line on **1300 769 346** (within Australia) or **+61 3 9415 4005** (outside Australia). In accordance with legal requirements, calls to these numbers will be recorded.

Patrick has offered no alternative other than a strategy (with a high execution risk) that attempts to emulate Toll's proven integrated logistics business model and maintain its current exposure to the volatile passenger airline market.

² Refer to Section 3 of Toll's Bidder's Statement for benefits of the Offer.

2. FUNDAMENTAL FLAWS IN PATRICK'S ARGUMENTS

2.1. Patrick's EBITDA growth outlook is based on optimistic assumptions and a large expenditure program

Patrick bases its comments about relative growth outlook only on a comparison of its forecast EBITDA growth relative to its assessment of Toll's EBITDA growth. A significant part of Patrick's forecast EBITDA growth is based on a very large capital and acquisition expenditure program from FY2005 to FY2007 - at least \$1.5 billion or 40% of Patrick's market value prior to speculation of Toll's Offer on 26 July 2005.

Given the large amount of shareholders' funds Patrick needs to spend to generate its forecast EBITDA growth, you should ask whether this will translate into shareholder value growth.

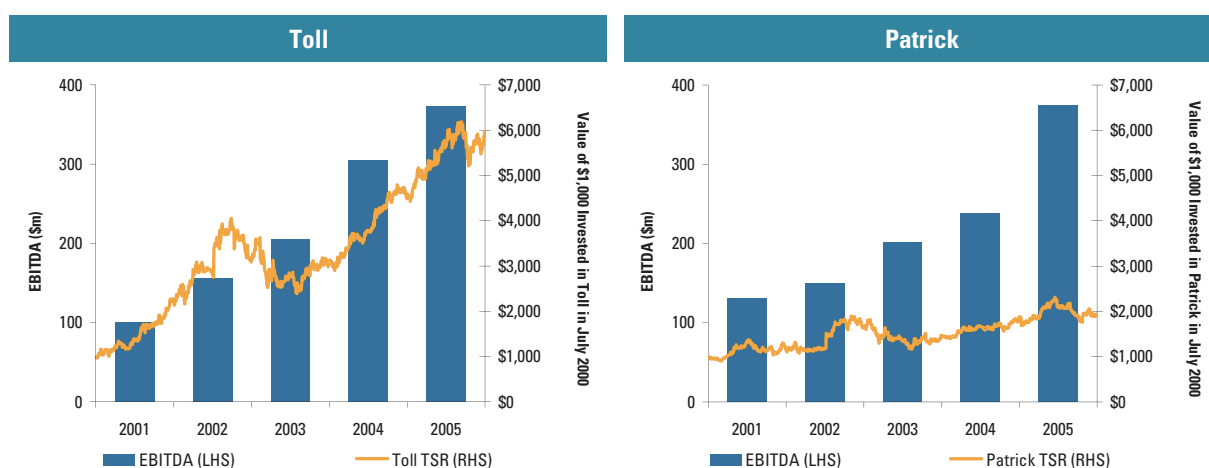
- **EBITDA growth does not equal shareholder value creation**

Any company can grow EBITDA by making acquisitions and spending capital. However this does not mean that spending large amounts of shareholders' funds on acquisitions and capital will add value.

Over the last five years, Patrick has spent over \$2.3 billion of its shareholders' funds in acquisitions and capital. With this spending program, Patrick produced what may superficially appear like an impressive 30% per annum average growth in EBITDA, however this only led to:

- 14% per annum EPS growth; and
- total shareholder returns (TSR) of 14% per annum compared to the ASX200 average of 10%.

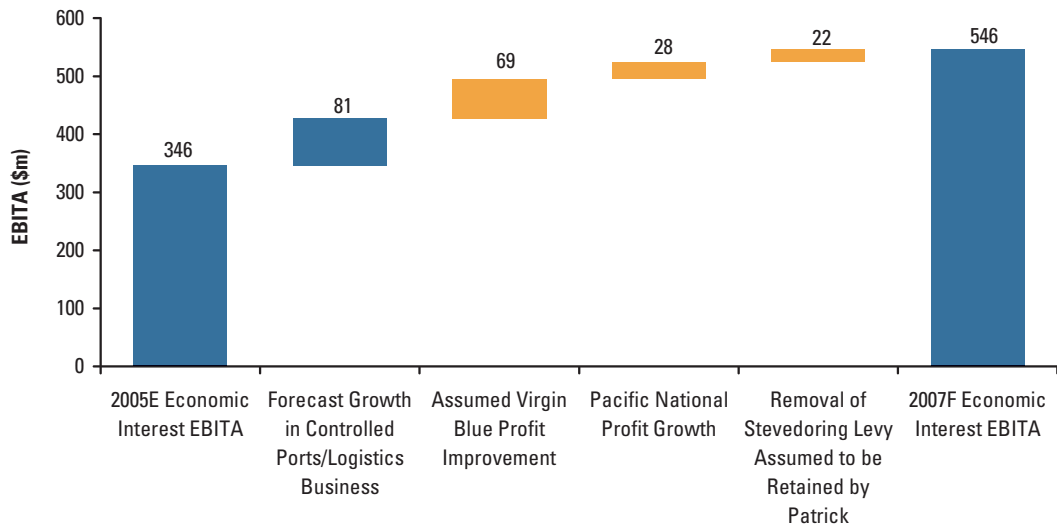
Over the same period, Toll produced average annual EBITDA growth of 39%, while spending only \$1.2 billion on capital and acquisitions. However, Toll's total shareholder returns significantly exceeded Patrick's over this period as illustrated below:



The value of \$1,000 invested in Toll Shares on 27 July 2000, assuming reinvestment of dividends, was **\$5,971** at 26 July 2005 (prior to media and market speculation of Toll's Offer), compared to **\$1,929** for the same investment in Patrick on the same basis.

- **Patrick's forecast earnings growth is based on optimistic assumptions**

Toll estimates Patrick's forecast EBITA growth over the two years from FY2005 to FY2007 to include the following major components:



Patrick's shareholders should question the following key components of Patrick's forecast:

- *The large increase in Virgin Blue's profit within two years*

Virgin Blue's unaudited estimated NPAT for FY2005 was \$105 million and in the second half of FY2005, a period influenced by higher fuel prices, was only \$30 million for the six months. Patrick appears to be forecasting an increase in Virgin Blue's NPAT to around \$138 million by FY2007. This forecast does not appear to have been approved or endorsed by the Virgin Blue board.

Virgin Blue's earnings are volatile and relatively high risk and are therefore inherently difficult to forecast³.

Following Patrick's \$346 million acquisition of control of Virgin Blue earlier this year, its shareholders were led to believe that a recovery in Virgin Blue's earnings would emerge due to a predicted downward trend in fuel costs and planned initiatives. Eight months later, with a halving of profit in the second half of FY2005 and an approximately 30% increase in oil prices since Patrick's bid was announced, Patrick is again optimistically forecasting a recovery in Virgin Blue's earnings.

- *The need for Pacific National to remain intact*

The forecasts in Patrick's Target's Statement have been prepared on the basis that Pacific National remains as is, with a resulting \$28 million improvement in Patrick's economic interest EBITA over the next two years. Toll believes that any break-up of Pacific National (refer Section 4) would have a significant adverse impact on this profit forecast.

3 Refer to Lonergan Edwards report paragraph 253, page 188 of Target's Statement.

- *The assumed increase in profits from the cessation of the stevedoring levy*

Patrick assumes that it will retain the full amount of the stevedoring levy in its profits when the levy ceases, which it expects to occur in 2006. Toll believes there is likely to be some market pressure to pass some or all of this saving on to customers. Even if the amount of the levy is retained by Patrick, it will only have a one-off impact on Patrick’s EBITDA growth rate.

- *The assumed profit contribution from investment in new technology*

The forecasts assume a \$13 million EBITA contribution in FY2007 from Patrick’s investment in Autostraddle technology. Given this is new technology never before implemented on a large scale, it is unproven and there may be implementation issues. Lonergan Edwards noted there may be “implementation risk associated with the technology” (Target’s Statement, page 179).

- **Patrick’s forecast EBITDA growth assumes no significant changes in the competitive environment**

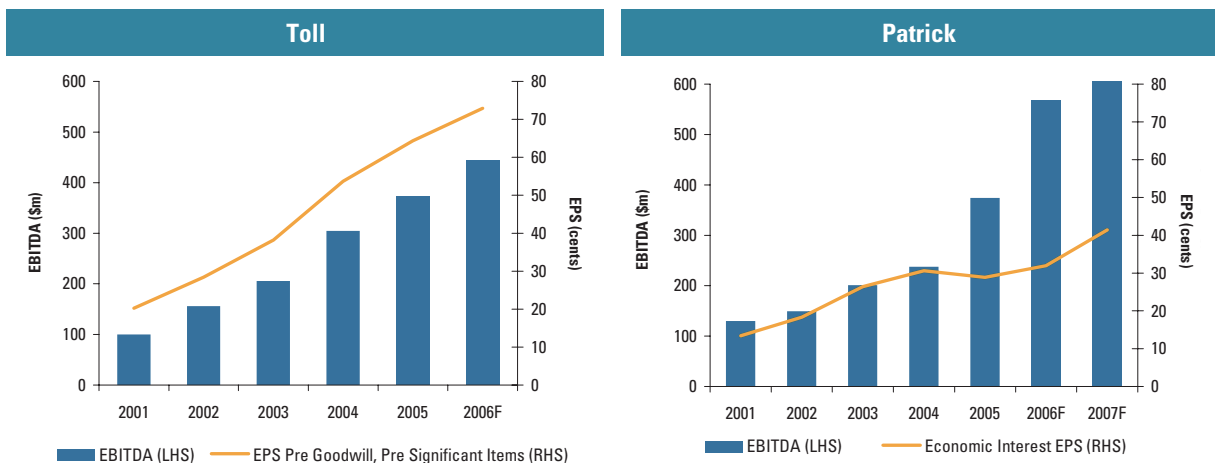
Patrick’s forecasts assume no significant changes to the current competitive environment (page 56). However, Patrick is likely to face increased competition in at least its two largest businesses (as measured by forecast economic interest EBITDA contribution):

- Container Terminals, with increasing prospects of a third operator at Port Botany and possibly other Australian ports; and
- Virgin Blue, with Qantas introducing further domestic capacity, Ozjet due to commence domestic services targeting the business travel market shortly (a key growth area for Virgin Blue identified by Patrick) and Jetstar due to commence international services which may compete with Pacific Blue.

- **Patrick’s comparison to Toll’s EBITDA growth is erroneous**

Patrick has compared its own forecast “economic interest” EBITDA (i.e. including Patrick’s shareholding proportion of associates’ and subsidiaries’ EBITDA, which is contrary to “statutory” EBITDA in accordance with Australian or international accounting standards) to an average broker forecast of “statutory” EBITDA for Toll, adjusted from a 30 June year end to 30 September.

Set out below is a comparison of Toll’s actual and forecast reported EBITDA and diluted EPS for the years ended 30 June 2001 to 2006 to Patrick’s actual and forecast reported EBITDA and diluted EPS for the years ended 30 September 2001 to 2007. This clearly demonstrates that Toll has generated significantly stronger growth than Patrick where it matters for shareholders – in EPS.



Patrick suggests Toll's average annual EBITDA growth rate for 2006 and 2007 is 10.3%. Toll has not disclosed any forecasts for 2007. For Toll to achieve a 10.3% average EBITDA growth for 2006 and 2007, it would only require 2.2% EBITDA growth in 2007. Such a growth rate would be substantially below the average of 39% per annum achieved by Toll for the last four years.

Patrick's forecast assumptions are optimistic and rely on substantial capital investment and a significant turn around in Virgin Blue.

2.2. Lonergan Edwards overstates the value of Patrick Shares

Patrick's directors use Lonergan Edwards' valuation of \$7.75 to \$8.31 per Patrick Share to justify their recommendation not to accept Toll's Offer.

Patrick Shareholders should note that this valuation range is equivalent to a Price Earnings Multiple for all of Patrick including its 62.4% shareholding in Virgin Blue of:

- 29.8x – 32.0x estimated unaudited 2005 earnings - around twice the ASX200 Price Earnings Multiple; and
- 24.2x – 26.0x Patrick's forecast 2006 earnings.

These multiples are very high even by Patrick's standards:

"Price-Earnings Multiples ... are fairly widely used in valuing most companies ... 18 to 22 times projected earnings is high by most standards but for an airline its so high as to be ludicrous."

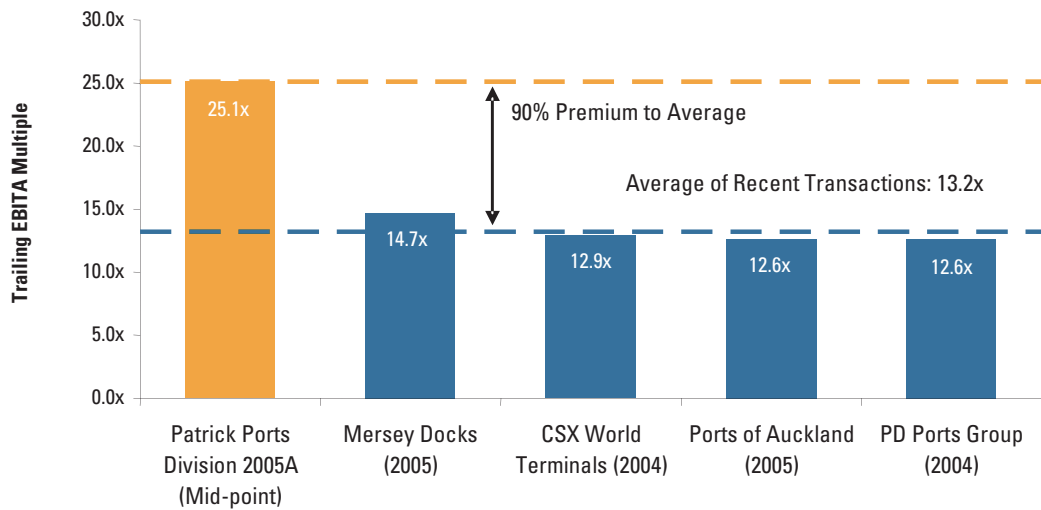
Chris Corrigan quoted in Patrick Media Announcement, 28 February 2005

If Patrick Shares were valued at the "high by most standards" 18 to 22 times projected 2006 earnings, they would be valued at \$5.67 to \$7.04 (15% to 26% less than Lonergan Edwards' valuation).

Toll considers Lonergan Edwards' valuation of Patrick Shares is unreasonably high as highlighted by the following:

- **Ports Division valuation**

The implied EBITA multiple at the midpoint of Lonergan Edwards' valuation of the Ports Division – only approximately two-thirds of which is container terminals⁴ - is almost double the average of all recent container terminal acquisitions (some of which included relatively high growth Chinese port operations) as detailed in Lonergan Edwards' report, as illustrated below. The balance of Patrick's Ports Division is transport and logistics activities which would normally be valued at lower EBITA multiples than its container terminals.



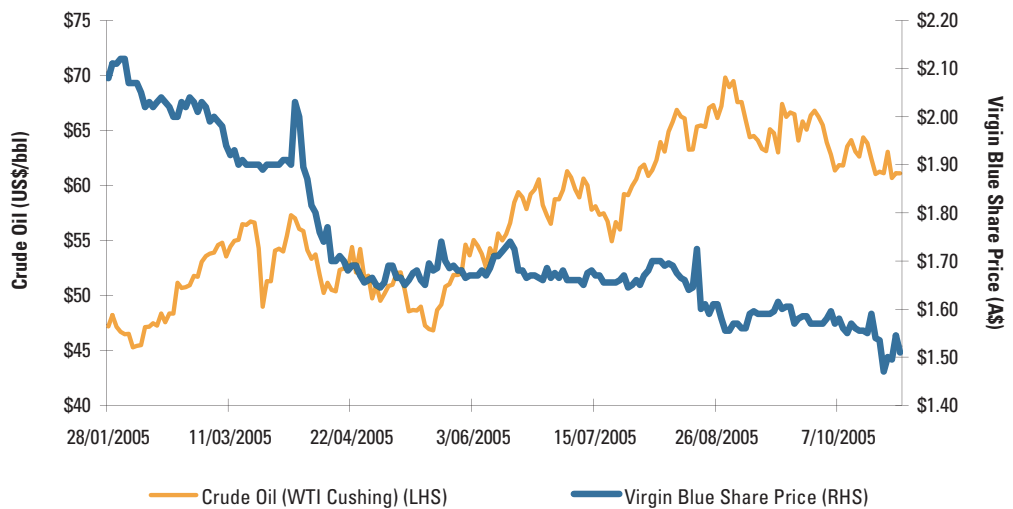
If Patrick's Ports Division was valued at the average EBITA multiple for recent container terminals transactions, the valuation per Patrick Share would have been \$2.08 lower (i.e. \$5.67 - \$6.23 per share).

4 Based on average broker estimates of EBIT for Patrick's Ports Division at the date of Toll's Bidder's Statement (refer to page 52 of the Bidder's Statement).

- **Virgin Blue valuation**

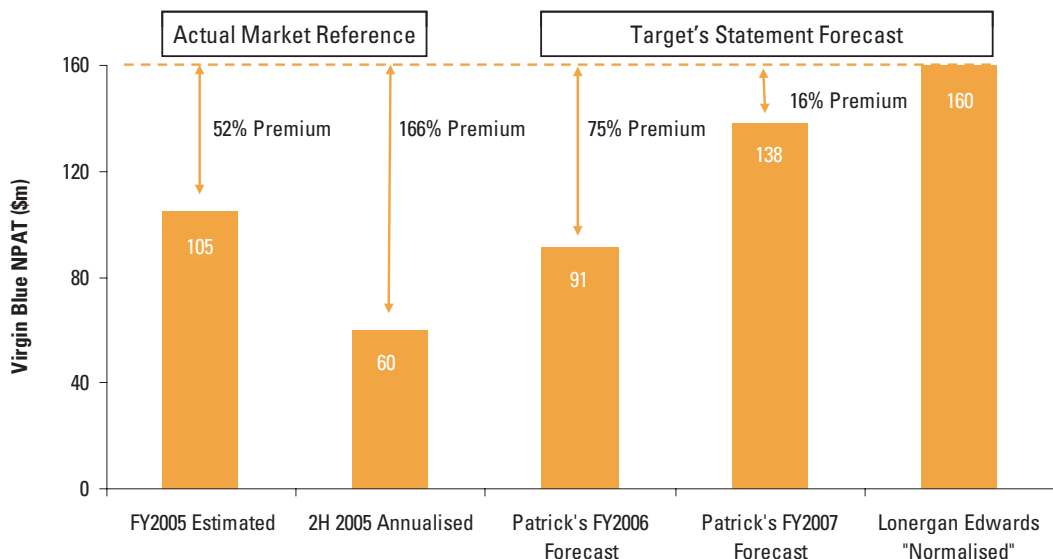
Lonergan Edwards valued Patrick’s shareholding in Virgin Blue at \$1.90 to \$2.06 per share. Toll considers this valuation to be excessive as:

- The only objective measure of the value for control of Virgin Blue is the price at which Patrick acquired control in March 2005, i.e. \$1.90 per share. Since the announcement of Patrick’s bid, oil prices have risen by approximately 30% (while Virgin Blue remained unhedged), which has had a material adverse impact on the value of Virgin Blue. The inverse relationship between oil prices and Virgin Blue’s value (measured by its share price) over this period is illustrated below:



Given the increase in oil prices, Toll believes the current value of a controlling shareholding in Virgin Blue is materially lower than \$1.90 per share.

- Lonergan Edwards’ valuation assumes that Virgin Blue has “normalised” NPAT of \$160 million per annum. This earnings level is higher than Virgin Blue has ever achieved and significantly higher than both Virgin Blue’s current earnings and Patrick’s forecast earnings for Virgin Blue. Patrick’s forecasts for Virgin Blue for the years ending 30 September 2006 and 2007 do not appear to have been approved or endorsed by the Virgin Blue board.



- The market price of Virgin Blue Shares on 28 October 2005 was \$1.51. If Patrick was valued using this price, its value would be \$0.32 to \$0.46 lower than using the Virgin Blue valuation included in Lonergan Edwards’ valuation.

Lonergan Edwards’ valuation of Patrick is based on a Ports Division EBITA multiple of around twice recent port acquisitions, and “normalised” earnings for Virgin Blue which are significantly above Patrick’s own forecasts.

2.3. Toll’s earnings track record is strong

Patrick describes Toll’s core business as being in an industry that is currently in a mature phase of its life cycle and generally growing no more quickly than GDP (Target’s Statement, page 72).

Contrary to suggestions by Patrick in its Target’s Statement, Toll is not simply a road freight or “trucking” company. Toll is an integrated logistics provider with services covering freight forwarding and linehaul services by road, rail, sea and air express as well as integrated logistics and distribution services including warehousing, port operations and refrigerated freight services. Toll is a leading integrated logistics provider in Australia and New Zealand and has expanding Asian operations in Singapore, Thailand, Malaysia and Vietnam. Toll has over 40,000 customers. Toll’s primary customers are not shipping lines or freight forwarders, but end use customers ranging from small businesses to Australia’s largest retailers and manufacturers. The strength of Toll’s customer relationships and broad service offering have contributed to Toll’s strong organic growth rates.

Toll believes the Australian freight industry offers exciting and substantial growth opportunities. Strong growth is expected to result from increasing levels of international trade and increased outsourcing of in-house transport. Toll itself has experienced organic revenue growth rates substantially higher than GDP – averaging approximately 8% per annum over the last five years.

Future growth opportunities are not limited to Australia. Toll’s customers’ level of trade into and out of Asia has been expanding dramatically and is expected to continue to do so. In order to provide its customers with an integrated logistics service, Toll is continuing to grow with its customers in Asia. Toll believes there will be substantial growth opportunities in Asia in the future.

Patrick outlined in its Target’s Statement plans to grow in sectors in which Toll is very active, including freight forwarding (evidenced by its attempted acquisition of FCL Interstate Transport Services Pty Ltd (FCL)) and express (evidenced by its attempted acquisition of Star Track Express). Toll is a leading participant in Australian express freight through its Toll Fast, Toll IPEC and Toll Priority businesses. Patrick describes this sector as a “growing” sector, contradicting its own statements about Toll’s growth outlook, and states that it “retains an intention to gain a substantial share” of this sector (Target’s Statement, page 43), but does not say how it intends to do so.

Patrick suggested that you should question whether Toll's current trading multiple is sustainable relative to the current average trading multiple of three domestic companies, which it considered to be Toll's peer group: K&S Corporation, Lindsay Australia and Mainfreight. Toll's integrated logistics business is substantially different to the businesses of these three companies in its operations.

Lonergan Edwards, the valuer commissioned by Patrick, does not appear to have the same questions that Patrick does about Toll's trading multiple:

"340 While the PE multiples of Toll on a portfolio basis are high this reflects:

- (a) the leading market share held by Toll in the majority of industry sectors in which it operates
- (b) its demonstrated capacity to grow revenue and earnings in recent years at above average levels
- (c) market expectations of continued growth in earnings, as reflected in Toll management's expectation of 18.5% growth in diluted EPS in the year ending 30 June 2006."

Lonergan Edwards' report, page 204

Patrick does not understand or has misrepresented Toll's integrated logistics business model and track record of outstanding performance.

2.4. Toll's proposed Virgin Blue restructure does not destroy value

Patrick states in its Target's Statement that Toll's proposed restructuring of Patrick's shareholding in Virgin Blue will destroy the value of a control premium inherent in that shareholding. Toll believes this is not the case:

- A "control premium" is only applicable where there are parties who are interested in acquiring control. Neither Toll nor, based on its Target's Statement and lack of any other ASX disclosure, Patrick have received any approach from a party interested in paying a premium to acquire control of Virgin Blue since the announcement of Toll's Offer;
- Toll believes the likelihood of any party seeking control of Virgin Blue is diminished by:
 - The existence of the Ongoing Shareholders Agreement between Patrick Group and Virgin Group; and
 - Foreign ownership restrictions under the Air Navigation Act 1920 (Cth) which effectively empower the Commonwealth Government to limit foreign shareholdings in Virgin Blue to no more than 49% of the total Virgin Blue issued share capital, and Virgin Group already owns 25.6%;
- As discussed in Section 2.2, Patrick acquired control of Virgin Blue in March 2005 at \$1.90 per share. Since the announcement of Patrick's bid, oil prices have increased by approximately 30% while Virgin Blue remained unhedged. Toll believes the current value of Virgin Blue is materially below the \$1.90 at which Patrick acquired control earlier this year;
- With its air express businesses, Toll is one of the largest airfreight linehaul customers in Australia. Following completion of the Offer, Toll intends to enter into negotiations with Virgin Blue on an arms length basis to transfer Toll's requirements for airfreight linehaul services to Virgin Blue. Toll believes this proposed airfreight arrangement has capacity to add value to Virgin Blue (value which cannot be delivered by Patrick), which should be reflected in the value received by Patrick and its shareholders for their Virgin Blue Shares; and
- Under Toll's proposal, Patrick will reduce its exposure to the volatile and high risk passenger airline business.

3. WHAT PATRICK FAILED TO TELL YOU IN ITS TARGET'S STATEMENT

3.1. Patrick appears to have over \$700 million in net cash outflows in the 18 months to 30 September 2006

Patrick's Target's Statement includes unaudited estimated actual profits for FY2005 and forecasts for FY2006 and FY2007. It also includes a proforma balance sheet at 31 March 2005, which is six months prior to its unaudited profit result for FY2005, and capital expenditure forecasts for FY2006 and FY2007. Importantly, it does not include:

- Any actual or forecast cash flows;
- A current balance sheet, including its current debt position; and
- Details of its off balance sheet operating lease commitments.

In the absence of this important information, Toll has estimated Patrick's net cash flows and debt position based on the information included in the Target's Statement.

- **Approximately \$330 million net cash outflow since 31 March 2005**

Based on information in Lonergan Edwards' report and ASX disclosures by Patrick, it appears that Patrick (excluding Virgin Blue) had net cash outflow before financing of approximately \$330 million since 31 March 2005. As Patrick now consolidates Virgin Blue, any net cash outflow of Virgin Blue over this period will increase Patrick's consolidated net cash outflow.

- **Approximately \$400 million net cash outflow during FY2006**

Based on information in the Target's Statement it appears that Patrick will have net cash outflow before working capital requirements and financing of approximately \$400 million in FY2006 as summarised below:

	FY2006 Forecast (\$m)
EBITDA per Target's Statement	568
Non-cash option expense	8
Capital expenditure per Target's Statement	(666)
Additional working capital to support growth	Not Disclosed
Income tax	(102)
Interest expense	(83)
Ordinary dividends (40% payout)	(88)
Loan to FCL	(33)
Cash flows before financing	(396)
New acquisitions	?
Total cash outflow	???

- **Estimated Gearing**

Based on the above estimated cash flows, Toll has estimated Patrick's gearing ratio as follows:

Estimated Gearing as at 30 Sept 2006 ⁽¹⁾			
	Excluding Operating Leases	Including Operating Leases	Including Operating Leases and share of Pacific National Debt
Net Debt/Equity	78%	139%	155%
Net Debt/ Net Tangible Assets	128%	230%	256%

(1) Estimated by Toll based on disclosures in Patrick's Target's Statement.

- **Ability to access cash from Pacific National and Virgin Blue**

Patrick Shareholders should note:

- Pacific National has not paid any dividends since its inception in 2002; and
- Virgin Blue has not paid any dividends since its IPO in 2003.

Based on Toll's analysis, Virgin Blue appears to also have a net cash outflow in FY2006, which may impact its ability to pay dividends in that year. In any event, as Virgin Blue is now controlled by Patrick, any dividends it pays will not enhance the consolidated net cash flows of the Patrick Group.

- **Future acquisitions will increase cash outflow**

The Target's Statement indicates that Patrick will make future acquisitions as part of its growth strategy (Target's Statement, page 36). Any such acquisitions will increase Patrick's cash outflow and require an increase in gearing, equity raising or reduction in dividends.

3.2. Patrick failed to outline a coherent and deliverable stand-alone growth strategy

Toll believes Patrick's Target's Statement did not outline a coherent and consistent vision and strategy for Patrick as a stand-alone company as an alternative to Toll's Offer. In particular, Toll notes the following statements by Patrick which create the appearance of a confused strategy:

- **Acquisition or organic growth?**

Patrick 2004 Annual Report:	"Patrick has grown, mainly by acquisition..." (page 1)
22 August 2005:	"[Toll's Offer] means Patrick's shareholders would [experience] a change in exposure in management approach from organic growth to growth via acquisition" (Patrick ASX announcement)
18 October 2005:	"Patrick ... intends to continue to make strategic purchases of transport companies" (Target's Statement, page 36)

- **Ports strategy or replicate Toll's integrated logistics model?**

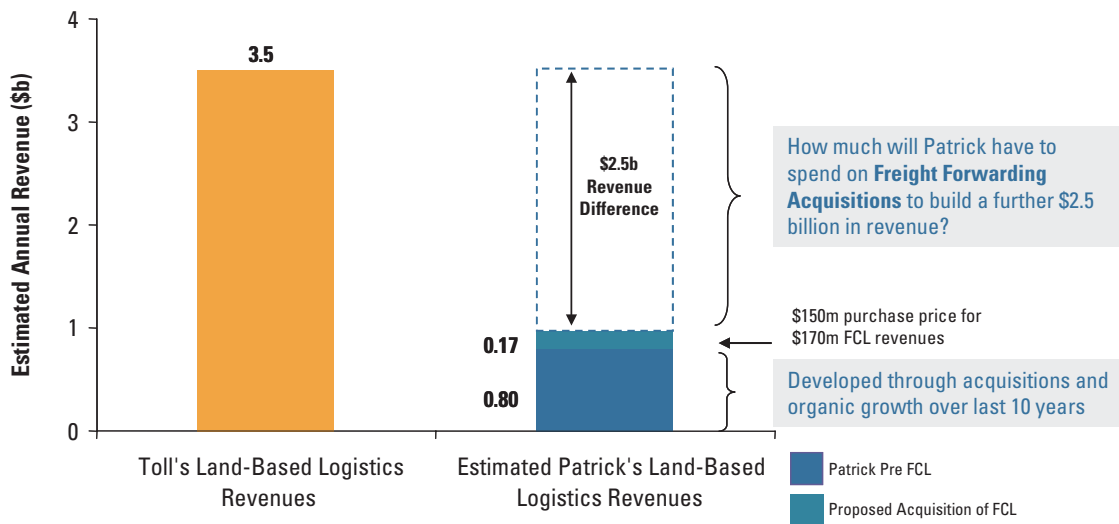
22 August 2005:	"[The Offer] ... means Patrick Shareholders would be substantially lowering their exposure to the Ports Business in return for an increased exposure to the freight forwarding business" (Patrick ASX announcement)
13 October 2005:	"The alliance with FCL is an important step for Patrick in continuing to expand its freight forwarding operations" (Patrick ASX announcement)
18 October 2005:	"Patrick made a well publicised attempt to acquire Star Track Express ... Patrick retains an intention to gain a substantial share of the growing express market..." (Target's Statement, page 43)

Patrick refers to its container terminal volumes increasing at 2 to 2.5 times domestic GDP growth (Target's Statement, page 35), which reflects the growing level of international trade. Yet its freight strategy appears to be confined to the domestic market. Toll believes that there are substantial growth opportunities within Asia as part of an integrated logistics business which Patrick has failed to recognise.

3.3. Patrick does not have a proven ability to execute its growth strategy

Patrick has identified freight forwarding and express freight segments as being attractive growth targets. Toll is very active in both of these segments. Patrick also states in its Target's Statement that Toll is a business "which Patrick is quite capable of building on its own, largely organically." (page 72)

Patrick Shareholders face significant execution and operational risk should Patrick attempt to emulate Toll's strategy.



Patrick's recent unsuccessful attempts to grow in these segments have included:

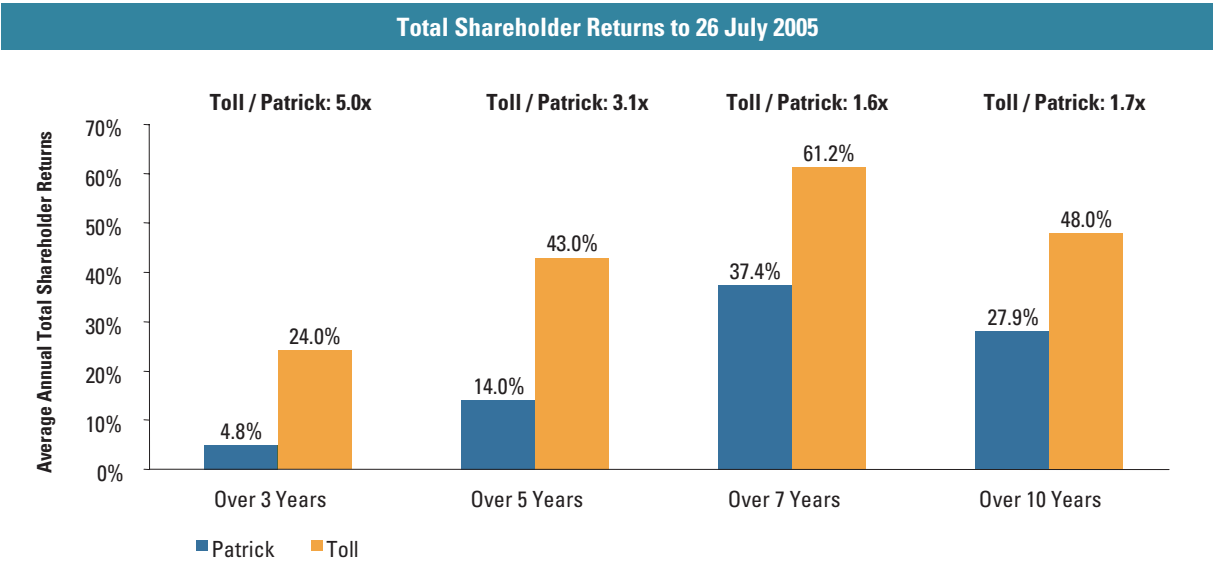
- A failed bid for Star Track Express, which was sold for \$750 million – a 8.9x projected EBITDA multiple - in 2003; and
- The proposed acquisition of FCL for a reported \$150 million – for a business with \$170 million in revenues which Toll understands to be barely profitable.

3.4. Patrick’s track record in delivering shareholder value is significantly inferior to Toll’s

Patrick’s Target’s Statement makes no mention of its track record in generating value for Patrick shareholders. The reality is Patrick has spent over \$2.3 billion on acquisitions and capital over the last five years compared to Toll’s \$1.2 billion and during this period has only produced:

- Average annual diluted EPS growth of 14%, compared to 31% for Toll;
- Estimated average annual operating cash flow per share (**OCFPS**) growth of 6%⁵, compared to 30% for Toll; and
- Average annual total shareholder returns (i.e. share price appreciation prior to speculation of Toll’s Offer assuming reinvestment of dividends) of 14%, compared to 43% for Toll.

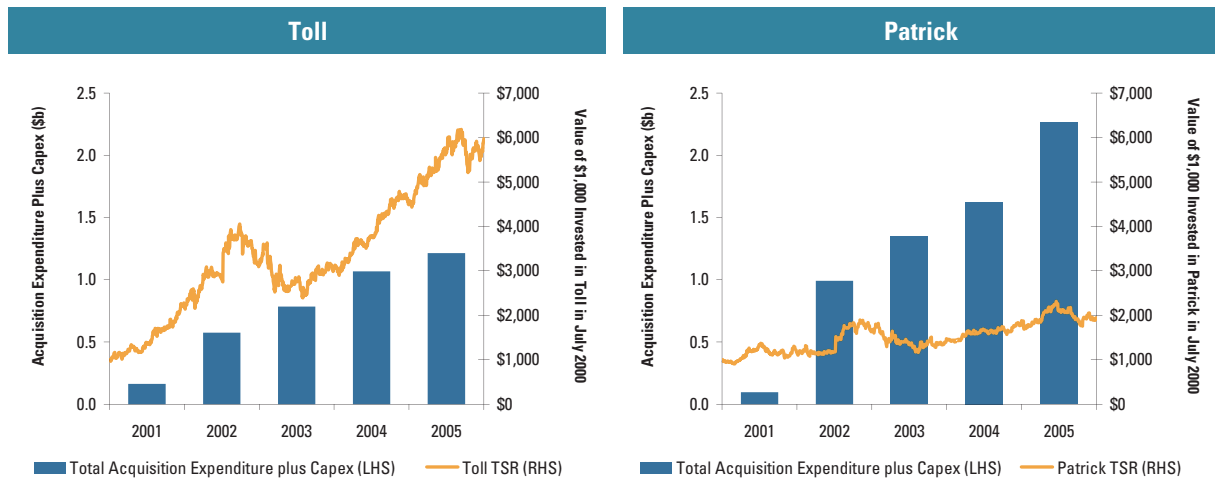
Toll’s outperformance of Patrick in generating superior total shareholder returns is evident over different time periods (to 26 July 2005, the day before speculation of Toll’s Offer) as illustrated below:



5 Based on the estimated OCFPS for 2005 as per the Bidders’ Statement (page 17).

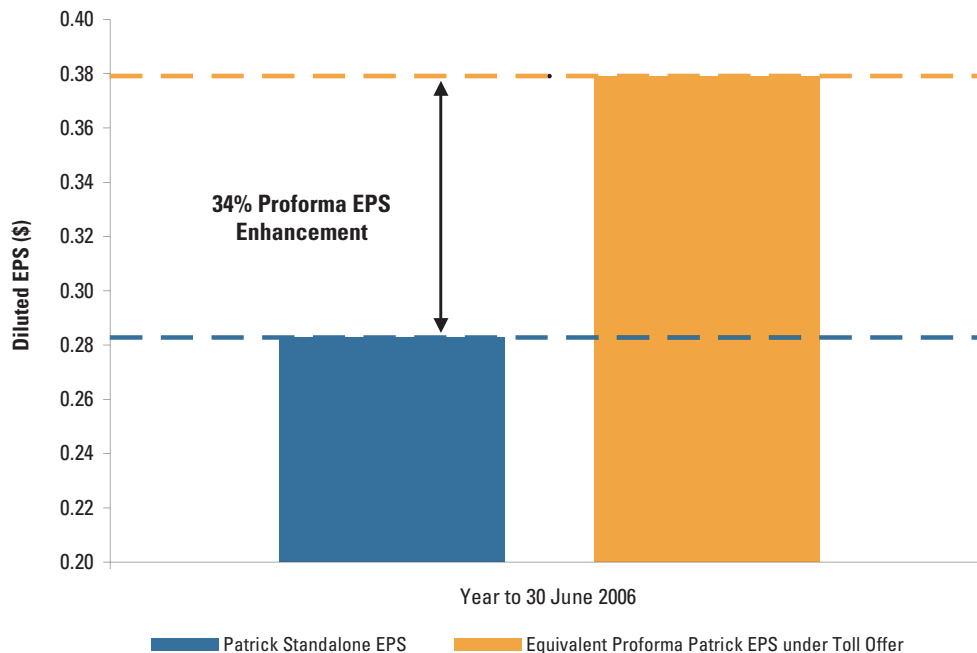
3.5. Patrick's track record in making business acquisitions and capital investment is uninspiring

A significant amount of Patrick's "economic interest" EBITDA growth in the last five years has been achieved through capital investment and acquisitions including Virgin Blue, Pacific National (jointly with Toll), F&H, Liberty Distribution, Phillips Transport, Jetcare, United Transport, Ansett International Cargo Handling, Refrigerated Freight Lines, TDG Logistics and MPG Port Services. While Patrick has spent almost twice as much as Toll on acquisitions, it has generated substantially less shareholder value as illustrated below:



3.6. Patrick Shareholders' equivalent proforma EPS is higher under Toll's Offer

Patrick Shareholders' equivalent proforma EPS⁶ for the year to 30 June 2006 is 34% higher than Patrick's stand-alone EPS as illustrated below:



6 Equivalent EPS calculated as forecast proforma post merger EPS for Toll (based on Toll forecasts as contained in the Bidder's Statement and Patrick forecasts as contained in the Target's Statement) multiplied by the 0.4 Toll scrip ratio, forecast EPS for Virgin Blue (based on Virgin Blue forecasts as contained in the Target's Statement) multiplied by the 0.3 Virgin Blue Shares Special Dividend and assuming the Cash Consideration is reinvested in Toll Shares at a price of \$13.58. Assumes the Offer was completed on 1 July 2005.

4. PATRICK'S INTENTIONS FOR PACIFIC NATIONAL

4.1. Public statements inconsistent with Target's Statement

Toll notes that there have been several reported comments by the Managing Director of Patrick, Mr Corrigan, which purport to cast doubt on the future of Pacific National. However, the position of the Patrick Board is self-evident from the following statements in Patrick's Target's Statement:

- "The forecast financial information has been prepared on a **"business as usual"** basis broadly reflecting the **assumed continuation of current circumstances** and the Directors' assumptions about likely operating and economic conditions over the forecast period" (page 44);
- "The Directors consider that they have used **reasonable care** in the preparation of the forecast financial information and **consider the assumptions to be reasonable** when taken as a whole" (page 48);
- "For forecast purposes, it is assumed that **Pacific National will continue in its current form...**" (page 58);
- "The outlook for Patrick described in section 5 includes an assumption that **the Pacific National business will continue in its current form**" (page 111); and
- "The [financial forecasts in relation to Pacific National] **assume ... Pacific National continues to operate as a going concern** and is not divided and sold to shareholders by a sale facilitator..." (Lonergan Edwards' report, page 185).

(emphasis added)

It should be noted that the assumptions referred to above extend out to 30 September 2007, being the end of the Patrick forecast period. Further, in the section where Patrick states the risks which "may **materially and adversely affect the future operating and financial performance of Patrick and the value of Patrick Shares**" there is no reference to a potential break-up of Pacific National.⁷ This is despite Patrick conceding that the business of Pacific National "is material to Patrick's financial performance..." (page 69) and identifying several other risks with respect to Pacific National.⁸

Under the Corporations Act, Patrick's Target's Statement is required to include all information required by shareholders and their professional advisors to make an informed assessment as to whether to accept Toll's Offer. Further, the Target's Statement must not contain statements which are misleading or deceptive or likely to mislead or deceive, and a forecast is deemed to be misleading unless Patrick and its directors have reasonable grounds for making the statement.

Media comments from Patrick's Managing Director cannot override the carefully considered position that Patrick's Board has formally adopted in its Target's Statement in light of their obligations under the Corporations Act. Accordingly, Toll believes that statements in the media about a break-up of Pacific National have been inconsistent and are designed to achieve a tactical objective which could not be sustained when subjected to the requirements applicable to the Target's Statement.

⁷ Target's Statement (pages 68-70).

⁸ Target's Statement (pages 69).

4.2. Toll's statement on the Pacific National dispute

Toll's Managing Director's address to its annual general meeting on 27 October 2005 included the following statement concerning Pacific National:

" ... Mr Corrigan has tried to manufacture the appearance of a major dispute over the provisions of a contract between Pacific National and Toll that Mr Corrigan signed of his own free will and volition.

This has included a scurrilous and completely unjustified attack on Toll personnel who have contributed strongly to Pacific National's growth and success since acquisition.

Mr Corrigan signed this contract in August 2003, but it wasn't until more than 2 years later that he made any mention to his shareholders that he had a problem with it a problem he says is now so fundamental that it merits potentially breaking up the whole Pacific National business.

For the record, Pacific National continues to operate exceedingly well."

4.3. Status of arbitration

On 4 October 2005 Patrick Rail Investments Pty Limited, a subsidiary of Patrick, sought to invoke the deadlock breaking mechanism for major disputes under the Pacific National Shareholders' Agreement as a result of the resolutions referred to in section 15.4.1 of Toll's Bidder's Statement (Bidder's Statement, page 120) not being passed.

An arbitration to determine whether Patrick is entitled to issue a notice seeking to invoke the deadlock breaking mechanism for major disputes under the Pacific National Shareholders' Agreement is underway and has been agreed to be determined by 8 November 2005.

5. PATRICK SHARES ARE LIKELY TO TRADE AT A DISCOUNT TO TOLL'S OFFER VALUE IF THE OFFER LAPSES

Patrick does not disclose in the first 123 pages of the Target's Statement prepared by it what will happen to its share price if Toll's Offer lapses and no higher alternative emerges. You need to read the detail of Lonergan Edwards' report to find the following statements:

"33 ... If the Offer lapses and no higher offer or alternative proposal emerges Patrick shares are likely to trade at a discount to the value of the consideration offered by Toll [\$6.19 to \$6.52 in Lonergan Edwards' assessment]"

Lonergan Edwards' report, page 140

"380 We have been advised by the Patrick Directors that no alternative offers have been received subsequent to the announcement of Toll's Offer ..."

Lonergan Edwards' report, page 212

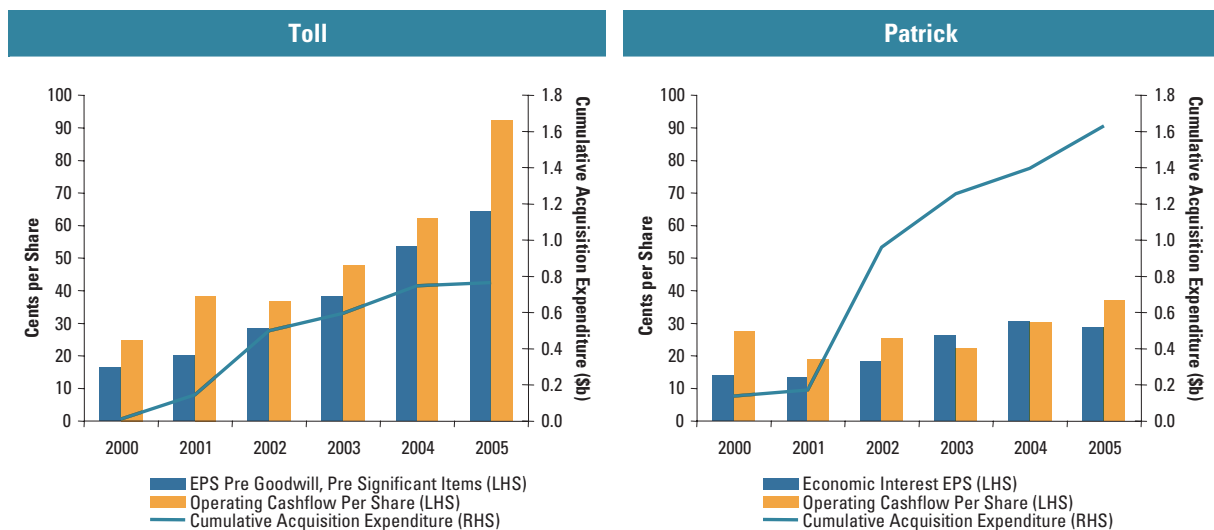
Toll believes that the Patrick Share price will fall if Toll's Offer lapses and there is no superior alternative proposal.

6. CORRECTING PATRICK'S MISLEADING STATEMENTS CONCERNING TOLL

6.1. Toll's acquisition accounting

In its Target's Statement, Patrick claims that Toll's reported earnings have been influenced by acquisition accounting, particularly the use of restructuring provisions. However, Patrick also states that it is not suggesting "any improper accounting treatment in the accounts of Toll as presented by its directors." Toll's acquisition accounting policies have always been transparent – it separately discloses both the balances of its restructuring provisions and cash payments made against those provisions.

Toll believes the ultimate test of how successful its acquisitions have been is the net operating cash flows (**OCF**) it generates (which are after taking into account actual restructuring costs paid). Illustrated below are Toll's EPS and OCFPS performance over the last six years relative to its cumulative acquisition expenditure, compared to the performance of Patrick under the same measures:



Toll notes that Patrick has disclosed a similar accounting policy to Toll regarding acquisition related restructuring provisions for the last five years, however, unlike Toll, Patrick has not separately disclosed the balance of provisions and payments against those provisions. As a shareholder in Pacific National, the equity accounted income historically reported by Patrick has also included the impact of restructuring provisions within Pacific National.

In addition, Patrick regularly reports income and expense items as "individually significant" in the expectation those items will be excluded from any analysis of its underlying earnings. This treatment has been adopted in the Target's Statement where Patrick states "significant items of income and expense have been excluded from the historical financial performance to allow a clearer depiction of underlying trends" and "the forecast financial performance does not include defence and related costs to be incurred by Patrick in responding to the bid from Toll" (page 45).

**Toll's accounting policies are clear and transparent.
The success of Toll's acquisitions is demonstrated by the
strong growth in operating cash flows.**

6.2. Toll NZ

In 2003, Toll acquired an 84% shareholding in Tranzrail (now named Toll NZ) at an aggregate cost of \$160 million. Toll NZ has been an important acquisition for Toll and it now forms part of Toll's leading integrated logistics business in New Zealand covering road, rail, ports, inter-island shipping and air express. Toll NZ's net cash flow from operating activities has increased threefold from NZ\$27.2 million in 2003 to NZ\$82.9 million (after incurring NZ\$12.8 million in restructuring costs charged against provisions) in 2005.

Based on Toll NZ's share price at 28 October 2005, Toll's investment in Toll NZ is valued at \$596 million (prior to any premium for control), a \$436 million premium to its investment, representing an internal rate of return of approximately 80% per annum. In contrast, Patrick's \$942 million net investment in Virgin Blue from 2002 to 2005 has not materially changed in value based on Virgin Blue's share price at 28 October 2005.

New rail based long-term contracts executed by Toll NZ during the 2005 year included contracts with Genesis Coal, Solid Energy and Fonterra, each providing further confidence in an ability to increase rail's share of the New Zealand freight task.

In its Target's Statement, Patrick raised questions regarding future track access charges in New Zealand and the impact of speed restrictions in Marlborough Sound on Toll NZ. Toll is working with the relevant authorities on these issues and is confident that their resolution will not have any material adverse impact on the future earnings of Toll NZ.

Since acquisition by Toll, the Toll NZ business has continued to grow, the business performance has strengthened and we consider its prospects to be positive. Toll remains confident of replicating the success of its Australian business model in New Zealand.

**Toll NZ is a leading integrated logistics business in New Zealand
– strong operational performance is demonstrated by operating
cashflows increasing threefold since its acquisition by Toll.**

6.3. Other

Section 2 of the Target's Statement includes Patrick's view of certain statements in the Bidder's Statement which it claims to be misleading. Toll does not accept Patrick's views and strongly denies that any of the statements in its Bidder's Statement are misleading.

7. EXTENSION OF TOLL'S OFFER, STATUS OF CONDITIONS AND OTHER RELEVANT INFORMATION

7.1. Extension of Offer

Toll hereby gives notice under section 650D of the *Corporations Act* that it varies the Offer contained in Section 16 of the Bidder's Statement by extending the period during which the Offer will remain open by a further 22 days so that the Offer will now close at 7:00 pm (Melbourne time) on **2 December 2005**.

Accordingly, the Bidder's Statement is hereby amended by replacing all references to "10 November 2005" in the Bidder's Statement with references to "2 December 2005".

7.2. Conditions of the Offer

Toll hereby gives notice under section 630(2) of the *Corporations Act* that:

- the Offer is not free from any of the conditions set out in Section 16.12 of the Bidder's Statement;
- so far as it knows, none of the conditions set out in Section 16.12 of the Bidder's Statement were fulfilled as at the date of this Supplementary Bidder's Statement; and
- as a result of the extension of the period during which the Offer will remain open to 7:00 pm (Melbourne time) on 2 December 2005, the new date for giving notice of the status of the conditions set out in Section 16.12 of the Bidder's Statement is 24 November 2005.

Accordingly, the Bidder's Statement is hereby amended by replacing the reference to "2 November 2005" in Section 16.17 of the Bidder's Statement with a reference to "24 November 2005".

7.3. ACCC

Since lodgement of Toll's Bidder's Statement, Toll and the ACCC have held discussions in relation to Toll's Offer. The ACCC has also undertaken market enquiries in accordance with its usual procedure. Toll has offered to provide an undertaking under section 87B of the *Trade Practices Act* to ensure that Pacific National would not seek to have discriminatory terms apply as between Toll's freight forwarding businesses and independent freight forwarders. It was initially expected that the ACCC would publish its "phase one findings" (which will not be a decision but an identification of competition issues which are of concern to the ACCC and require further consideration and investigation) on 7 November 2005. It is currently expected that the ACCC will announce its phase one findings on 14 November 2005. The timetable was changed by mutual agreement between the ACCC and Toll in order for the ACCC to consider further information being provided by Toll.

If Toll offers any further material undertakings and/or agrees to the divestment of any material assets, then Toll will issue a supplementary bidder's statement which will set out particulars of these and the implications of same for the Offer and the Merged Group.

7.4. Special Dividend

Toll rejects Patrick's assertion that there are "significant legal issues" associated with payment of the Virgin Blue Special Dividend.⁹

Toll reiterates (as set out in Section 15.1 of the Bidder's Statement) that, in the unlikely event that it becomes aware that the Special Dividend cannot lawfully be paid for any reason, Toll will announce this to ASX and will issue a supplementary bidder's statement. As stated in Section 15.1.3 of the Bidder's Statement, Toll will then increase the Toll Share Consideration and/or the Cash Consideration (at Toll's election) such that Patrick Shareholders who accept or have accepted the Offer will be in no less favourable position (on a before tax basis) as if the Special Dividend had been paid in full. For this purpose Toll will use the one month VWAP of Virgin Blue Shares and (if the Toll Share Consideration is to be increased) the five day VWAP of Toll Shares ending on the Business Day before Toll's announcement to ASX as referred to above.

Any increased Toll Share Consideration and/or Cash Consideration will be allotted and/or paid (as the case may be) at the same time as the other Offer Consideration is paid (see Section 16.8 of the Bidder's Statement). The Special Dividend will be paid (to the maximum extent permitted by law) to all Patrick Shareholders as at the Special Dividend Record Date whether or not they have accepted the Offer. However, only Patrick Shareholders who accept the Offer will be entitled to any Toll Share Consideration and/or Cash Consideration and any Patrick Shares purchased on or after the Special Dividend Ex-Date will not confer on the purchaser an entitlement to receive the Special Dividend.

Patrick notes on page 87 of the Target's Statement that the Air Navigation Act 1920 (Cth) imposes restrictions on foreign ownership of Virgin Blue Shares as an "Australian international airline". Toll is aware of these restrictions which effectively empower the Commonwealth Government to limit foreign shareholdings in Virgin Blue to no more than 49% of the total value of Virgin Blue's issued share capital. Toll notes that the Underwriting Agreement requires that the Virgin Blue ownership restructure be implemented in accordance with all applicable laws, including these requirements.

7.5. Foreign Shareholders

Since the date of its Bidder's Statement, Toll has received a number of inquiries from Foreign Patrick Shareholders (and nominees holding Patrick Shares on their behalf) as to whether they will be entitled to receive the Toll Shares comprising the Toll Share Consideration.

As set out in Section 16.11 of the Bidder's Statement, Foreign Patrick Shareholders will not be entitled to receive Toll Shares comprising the Toll Share Consideration, but rather will receive the net cash sale proceeds of the Toll Shares which they would otherwise have received. However, Toll has a discretion under Section 16.11 of the Offer to determine that certain foreign Patrick Shareholders are not Foreign Patrick Shareholders for the purpose of the Offer and accordingly if they accept the Offer they will receive Toll Shares as part of the Offer Consideration.

Toll has now made such a determination in relation to Foreign Patrick Shareholders who are residents of the following countries on the following conditions:

Germany

Residents of Germany who own Patrick Shares beneficially and who accept the Offer will be permitted to receive the Toll Share Consideration.

⁹ See Target's Statement section 7.2, "concern no. 3" and "concern no. 4".

Hong Kong

Residents of Hong Kong who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration if the offer of Toll Shares is made to not more than 50 registered shareholders. As at 16 September 2005, Patrick had 21 registered shareholders resident in Hong Kong.

Hong Kong law provides that the following statement must be given in order for Toll to be exempt from Hong Kong's prospectus requirements:

"WARNING

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice."

Ireland

Residents of Ireland who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration if the total combined number of registered and beneficial shareholders in Ireland is less than 100. As at 16 September 2005, Toll has ascertained that Patrick had 25 beneficial and no registered shareholders resident in Ireland.

Japan

Residents of Japan who own Patrick Shares beneficially and who accept the Offer will be permitted to receive the Toll Share Consideration.

Luxembourg

Residents of Luxembourg who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration if they are "qualified investors" within the meaning of the Luxembourg law of 10 July 2005 on prospectuses for transferable securities, or if their acceptance of the Offer will result in consideration with a value of at least €50,000 being paid to the relevant Luxembourg resident.

Netherlands

Residents of the Netherlands who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration if they are "professional market parties" within the meaning of the Exemption Regulation pursuant to the 1995 Supervision of the Securities Trade Act, or if the acceptance of the Offer will result in a consideration with a value of at least €50,000 being paid to the relevant Netherlands resident.

Singapore

Residents of Singapore who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration.

Switzerland

Residents of Switzerland who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration as the Offer will be treated as a private offer under Swiss law given the small number of Swiss residents who currently own Patrick Shares. As at 16 September 2005, Patrick had seven registered shareholders and Toll has ascertained that there are 18 beneficial shareholders resident in Switzerland.

United Kingdom

Residents of the United Kingdom who own Patrick Shares and who accept the Offer will be permitted to receive the Toll Share Consideration if they are "qualified investors" within the meaning of the Financial Services and Markets Act 2000.

US

Residents of the US who own Patrick Shares (**US Patrick Shareholders**) who accept the Offer will be permitted to receive the Toll Share Consideration pursuant to a registration exemption under the Rules of the US Securities and Exchange Commission. For the purpose of this exemption, a notice to US Patrick Shareholders is attached as Annexure A.

7.6. ASIC Class Order 01/1543

As permitted by ASIC Class Order 01/1543, this Supplementary Bidder's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. The Class Order permits certain statements to be included in this Supplementary Bidder's Statement without the consent of the person to whom the statement was attributed where the statement was made in a document lodged with ASIC or ASX.

Pursuant to the Class Order, Toll will make available a copy of the following documents (or of relevant extracts from those documents), free of charge, to Patrick Shareholders who request it during the Offer Period:

- Patrick's Target's Statement;
- Patrick's Annual Report 2004; and
- Patrick's ASX announcements dated 28 February, 22 August and 13 October 2005.

To obtain a copy of these documents (or the relevant extracts), Patrick Shareholders may call Toll's Offer Information Line on **1300 769 346** (within Australia) or **+613 9415 4005** (outside Australia). In accordance with legal requirements, calls to these numbers will be recorded.

7.7. Approval of Supplementary Bidder's Statement and notices

This Supplementary Bidder's Statement and the notices pursuant to sections 630(2) and 650D of the Corporations Act herein have each been approved by resolutions passed by all of the directors of Toll (other than Mr Lucas - see Section 15.2 of the Bidder's Statement).

7.8. Dated

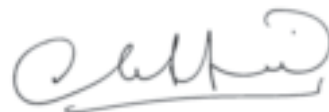
This Supplementary Bidder's Statement and the notices pursuant to sections 630(2) and 650D of the Corporations Act herein are each dated 2 November 2005.

7.9. Signed

For and on behalf of Toll Holdings Limited.



Mr Paul Little
Managing Director
Toll Holdings Limited



Mr Neil Chatfield
Director
Toll Holdings Limited

A copy of this Supplementary Bidder's Statement and the notices pursuant to sections 630(2) and 650D of the Corporations Act herein were lodged with ASIC and sent to Patrick on 2 November 2005. Neither ASIC nor any of its officers takes any responsibility as to the contents of this Supplementary Bidder's Statement or the notices pursuant to sections 630(2) and 650D of the Corporations Act herein.

ANNEXURE A

NOTICE TO U.S. SHAREHOLDERS IN PATRICK CORPORATION LIMITED

Toll Holdings Limited (**Toll**) refers to its Bidder's Statement dated 15 September 2005 and Offer dated 29 September 2005 for all of the fully paid ordinary shares in Patrick Corporation Limited (**Patrick**) which it does not already own (**Patrick Shares**).

Toll has since become aware that there are a number of residents of the United States of America who own Patrick Shares legally and/or beneficially (**U.S. Shareholders**). Toll is therefore taking steps to permit U.S. Shareholders who accept the Offer to receive the Toll Share Consideration pursuant to a registration exemption under the Rules of the U.S. Securities and Exchange Commission (**SEC**), including the lodgement of a copy of the Bidder's Statement and this Notice with the SEC.

For this purpose, Toll wishes to supplement the information on the inside front cover of the Bidder's Statement under the heading "Offers outside Australia" by adding the following:

"It may be difficult for Foreign Patrick Shareholders to enforce their rights and any claim they may have arising under U.S. federal securities laws, since Toll is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. Foreign Patrick Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment."



Bernard McInerney
Company Secretary
Toll Holdings Limited
ACN 006 592 089
2 November 2005

Corporate Directory

Registered and Head Office

Toll Holdings Limited
Level 8
380 St Kilda Road
Melbourne VIC 3004

Legal Adviser

Clayton Utz
Level 18
333 Collins Street
Melbourne VIC 3000

Investigating Accountant

KPMG Transaction Services (Australia) Pty Limited
161 Collins Street
Melbourne VIC 3000

Auditors and Tax Adviser

KPMG
161 Collins Street
Melbourne VIC 3000

Toll Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Toll's Offer Information Line

1300 769 346 (within Australia)

+61 3 9415 4005 (outside Australia)



Toll Holdings Limited ACN 006 592 089

