

This document is a supplementary bidder's statement under section 643 of the Corporations Act 2001 (Cth) (**Corporations Act**) and notice under section 650D of the Corporations Act. It is the seventh supplementary bidder's statement (**Seventh Supplementary Bidder's Statement**) 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 Seventh Supplementary Bidder's Statement supplements, and must be read together with, the Bidder's Statement, the first Supplementary Bidder's Statement dated 2 November 2005 (**Supplementary Bidder's Statement**), the second Supplementary Bidder's Statement dated 11 November 2005, the third Supplementary Bidder's Statement dated 24 November 2005 (**Third Supplementary Bidder's Statement**), the fourth Supplementary Bidder's Statement dated 3 February 2006, the fifth Supplementary Bidder's Statement dated 17 February 2006 (**Fifth Supplementary Bidder's Statement**), and the sixth Supplementary Bidder's Statement dated 6 March 2006 (**Sixth Supplementary Bidder's Statement**) (together, the **Earlier Statements**). Unless the context otherwise requires, terms defined in the Bidder's Statement have the same meaning in this Seventh Supplementary Bidder's Statement. This Seventh Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Earlier Statements.

# Seventh Supplementary Bidder's Statement

22 March 2006

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's Offer is Due to Close on 13 April 2006**

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



22 March 2006

Dear Patrick Shareholder,

We are writing to inform you of several important developments in Toll Holdings' takeover bid for Patrick Corporation:

- One of the key conditions of Toll's Offer has now been satisfied by the ACCC announcing on 11 March 2006 that it had withdrawn its opposition to the acquisition of Patrick by Toll.
- Toll has increased its Offer to now comprise 0.4 Toll Shares and \$1.90 cash per Patrick Share (**Revised Offer**).<sup>1</sup>
- Toll will further increase the Offer by an additional:
  - **\$0.20** cash per Patrick Share, if Toll's relevant interest in Patrick Shares exceeds 90% of Patrick Shares by the end of the Offer Period; and
  - **\$0.10** cash per Patrick Share, if Patrick has not exercised its option to acquire or otherwise agreed to acquire FCL Interstate Transport Pty Ltd (FCL) as at the date the Offer becomes or is declared to be unconditional,<sup>2</sup>

(together, the **Additional Cash**).

- Toll has established an Institutional Acceptance Facility (**IAF**) and will pay Broker Handling Fees for retail acceptances of the Offer.
- Toll intends to waive its 90% minimum acceptance condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period.
- Toll has made a takeover bid for SembCorp Logistics Limited (**SembLog**), one of Asia's premier logistics providers, and SembCorp Industries Limited (**SembCorp**) has accepted the takeover bid for its entire 60% stake in SembLog. The takeover bid is now unconditional.

The value of the Revised Offer (based on the closing price of Toll Shares on 17 March 2006 of \$14.05) is \$7.52 and would increase to \$7.82 if the Additional Cash becomes payable (**Enhanced Offer**).<sup>3</sup> Together with the \$0.32 Patrick dividend paid on 19 December 2005 (**Patrick Dividend**), the values of both the Revised Offer and the Enhanced Offer (i.e. **\$7.84** and **\$8.14** per Patrick Share respectively) are within Patrick's independent expert's valuation range of \$7.75 to \$8.31 per Patrick Share.

As the Offer Consideration is predominantly Toll Shares, Patrick Shareholders will own up to 47%<sup>4</sup> of the combined Merged Group and will participate in the unique and substantial on-going benefits expected from combining Toll and Patrick.

The SembLog acquisition provides Toll with a substantial strategic logistics footprint in Asia, with established operations and strong customer relationships and contracts in key Asian countries. The combination of Toll, SembLog and Patrick provides a unique opportunity to create the leading integrated logistics business in Australia/Asia, with enhanced customer service capabilities.

We encourage all Patrick Shareholders to take advantage of this opportunity to become part of a truly unique integrated logistics business and accept Toll's Offer before 13 April 2006. A replacement Acceptance Form is enclosed with this Seventh Supplementary Bidder's Statement in case you have misplaced the original. If you have any questions, please call the Toll Shareholder Information Line on **1300 769 346** (for calls made from inside Australia) or **+61 3 9415 4005** (for calls made from outside Australia), Monday to Friday between 8:30am and 5:30pm (Melbourne time).

Yours sincerely

**John Moule**  
Chairman

**Paul Little**  
Managing Director

<sup>1</sup> The Cash Consideration of \$1.90 per Patrick Share includes \$0.54 in substitution for the in specie Special Dividend of Virgin Blue Shares. See Section 16.3 for further information.

<sup>2</sup> See Sections 1.2 and 8.5 for further information.

<sup>3</sup> The Value of the Revised Offer and the Enhanced Offer will vary with change in the Toll Share price. See Page 3 for further information.

<sup>4</sup> Assuming all Patrick Senior Executive Options are exercised and all CRANES are converted to Patrick Shares.

# 1. Summary of the Offer

## 1.1. The Revised Offer

Toll is offering to buy all of your Patrick Shares, by way of an off-market takeover offer. For each Patrick Share:

- Toll will issue 0.4 Toll Shares (**Toll Share Consideration**); PLUS
- Toll will pay \$1.90 cash (**Cash Consideration**).<sup>5</sup>

## 1.2. The Enhanced Offer

Toll will increase the Cash Consideration by an additional:

- \$0.20 cash per Patrick Share, if on or before the close of the Offer, Toll has a relevant interest in not less than 90% of Patrick Shares (**90% Condition**); and
- \$0.10 cash per Patrick Share, if Patrick has not exercised its option to acquire FCL (**FCL Option**) or otherwise agreed to acquire FCL as at the date the Offer becomes or is declared to be unconditional (**FCL Condition**).<sup>6</sup>

**Unless otherwise stated, calculations of the value of the Enhanced Offer assume that both the 90% Condition and the FCL Condition are satisfied.**

All Patrick Shareholders who accept, or have accepted, Toll's Offer will be entitled to the Additional Cash of \$0.20 and/or \$0.10 in the respective circumstances described above, regardless of when they accept Toll's Offer. Toll will lodge a formal variation of the Offer within 2 Business Days of a relevant condition becoming fulfilled. If an increase occurs in the last seven days of the Offer Period, the Offer Period will be automatically extended for a further period of 14 days under the Corporations Act.

## 1.3. Broker Handling Fee

Toll will pay a handling fee to brokers who handle acceptances on behalf of retail clients. For further details see Section 14.

## 1.4. Offer Conditions

### 1.4.1. ACCC

On 11 March 2006 the ACCC announced its decision not to oppose Toll's takeover of Patrick on the basis of undertakings from Toll (**ACCC Undertakings**). Accordingly, on this date the ACCC condition set out in Section 16.12(b) of the Bidder's Statement was fulfilled. Toll gave notice under section 630(4) of the Corporations Act that this condition was fulfilled on 13 March 2006. The terms and effect of the ACCC Undertakings are described in Section 8.3.

### 1.4.2. Minimum Acceptance

Toll intends to declare the Offer free from the 90% minimum acceptance condition set out in Section 16.12(a) of the Bidder's Statement if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period.

### 1.4.3. Other

The Offer remains subject to other conditions. You should read Section 16.12 of the Bidder's Statement which sets out the conditions in full.

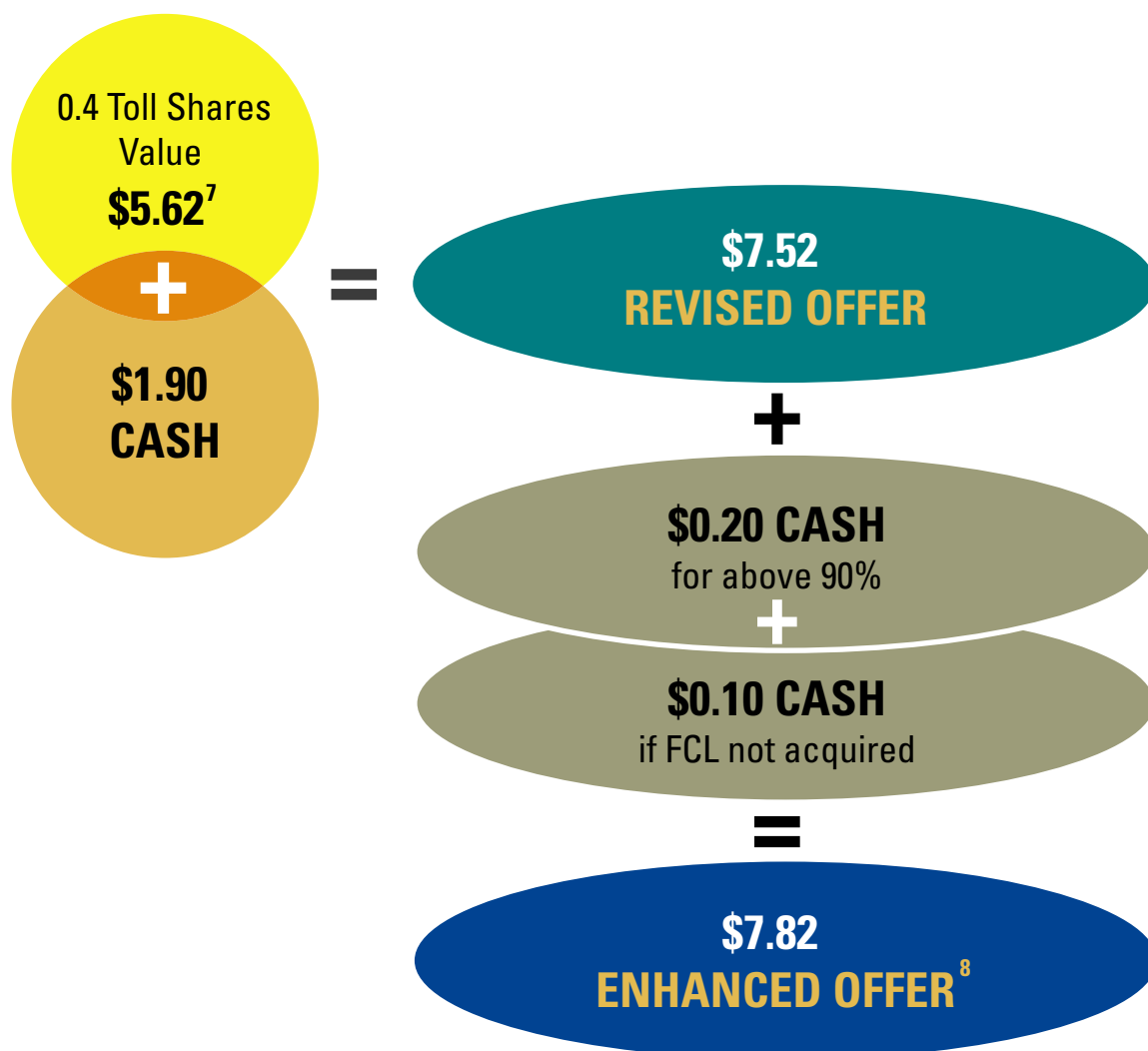
## 1.5. Closing Date

The Offer is scheduled to close at 7:00pm (Melbourne time) on 13 April 2006, unless extended (**Closing Date**).

<sup>5</sup> The revised Cash Consideration is made up of the following elements: \$0.75 (the original Cash Consideration); less \$0.32 (for the \$0.32 Patrick Dividend); plus \$0.54 (to replace the in specie Special Dividend of Virgin Blue Shares); plus \$0.93 cash (by way of increase in the Cash Consideration). See the answer to question 2 in Section 4.1 for further information.

<sup>6</sup> See Section 8.5 for the circumstances in which Toll will declare this condition to be satisfied.

## 2. What You Will Receive for Your Patrick Shares



Ultimately the value of the Revised Offer and the Enhanced Offer will depend on the Toll Share price. The following table illustrates the value of the Revised and Enhanced Offer at different Toll Share prices. This table is not a forecast of the price at which Toll Shares will trade on ASX. Those prices may be higher or lower than those indicated.

Toll Share Price	Value of Toll's Offer		Total Potential Value Including Dividend <sup>(1)</sup>
	Revised Offer	Enhanced Offer	
\$13.00	\$7.10	\$7.40	\$7.72
\$13.50	\$7.30	\$7.60	\$7.92
\$14.00	\$7.50	\$7.80	\$8.12
\$14.05	\$7.52	\$7.82	\$8.14
\$14.50	\$7.70	\$8.00	\$8.32
\$15.00	\$7.90	\$8.20	\$8.52
\$15.50	\$8.10	\$8.40	\$8.72
\$16.00	\$8.30	\$8.60	\$8.92

Toll Share Price on 17 March 2006



<sup>(1)</sup> Includes the \$0.32 Patrick Dividend to enable comparison with Patrick's independent expert's valuation which was prepared prior to the Patrick Dividend.

<sup>7</sup> Based on the closing price of Toll Shares on 17 March 2006 of \$14.05.

<sup>8</sup> Assuming that both the 90% Condition (described in Section 1.2) are satisfied.

### 3. Why You Should Accept Toll's Offer

<b>1.</b>	You will receive full value for your Patrick Shares	✓
<b>2.</b>	You will receive a very attractive value for Patrick's Australian Ports Assets	✓
<b>3.</b>	You will own part of a unique and globally significant integrated transport and logistics group	✓
<b>4.</b>	You will participate in any potential re-rating of Toll Shares	✓
<b>5.</b>	Toll intends to reduce its minimum acceptance condition <sup>9</sup>	✓
<b>6.</b>	In the absence of Toll's Offer, the Patrick Share price is likely to fall	✓

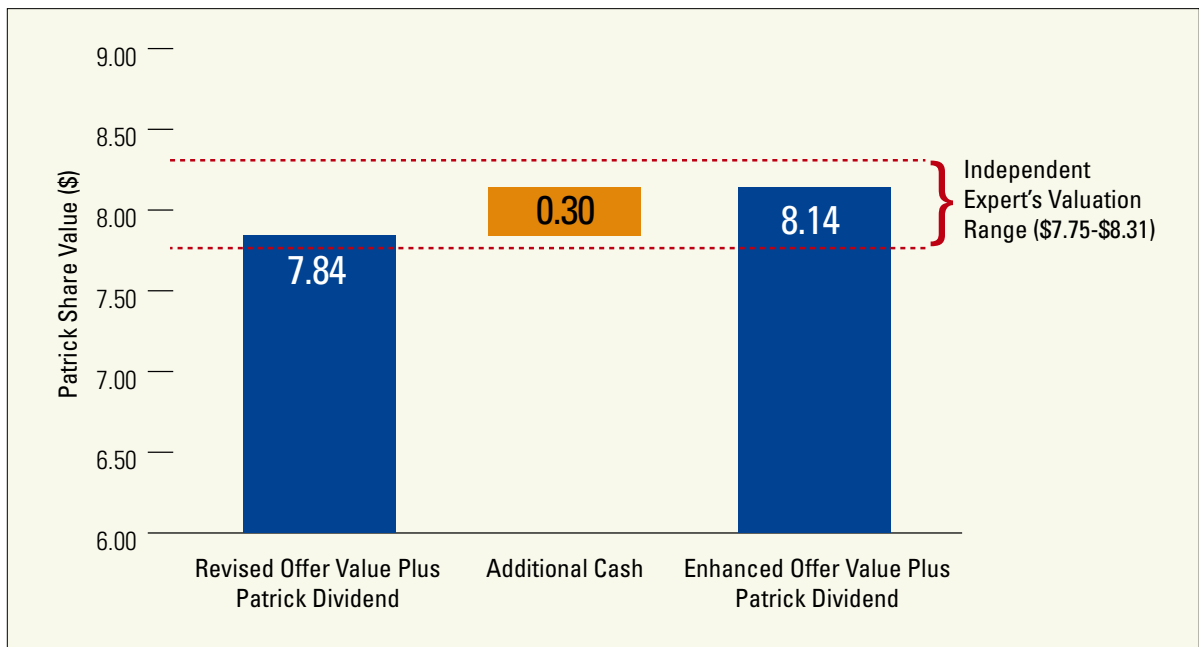
#### 3.1. Full Value for Your Patrick Shares

##### Increase in Toll's Offer Consideration

- Toll has increased its Offer Consideration to 0.4 Toll Shares plus \$1.90 (and potentially \$2.20) cash per Patrick Share. Based on the closing price of Toll Shares on 17 March 2006, Toll's Offer is valued at \$7.52 (and potentially \$7.82) per Patrick Share.<sup>10</sup>

##### Toll's Offer is Above the Mid-Point of Patrick's Independent Expert's Value Range

- Based on the closing price of Toll Shares on 17 March 2006 of \$14.05, both the Revised Offer and the Enhanced Offer are within the independent expert's valuation range (adjusted for the Patrick Dividend).



- The value of the Offer will vary with changes in the Toll Share price from time to time. At Toll Share prices above \$13.07, the value of the Enhanced Offer (adjusted for the Patrick Dividend) exceeds the bottom end of the independent expert's value range. At Toll Share prices above \$14.47, the value of the Enhanced Offer exceeds the top end of the independent expert's value range.<sup>11</sup>

<sup>9</sup> Toll intends to waive its 90% minimum acceptance condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period.

<sup>10</sup> The value of the Enhanced Offer which assumes that both the 90% Condition and FCL Condition (described in Section 1.2) are satisfied is \$7.82. The value of the Revised Offer assuming the same Toll Share price is \$7.52.

<sup>11</sup> Assuming that the FCL Condition and the 90% Condition are satisfied and including the Patrick Dividend to enable comparison with Patrick's independent expert's valuation which was prepared prior to the Patrick Dividend.

## The Independent Expert's Valuation is By No Means Conservative

- The independent expert's valuation was by no means conservative having regard to relevant earnings multiple benchmarks on a number of recent transactions in similar sectors.

Patrick Business	Loneragan Edwards' Valuation	Valuation Multiple
Ports	\$3,443m	24.5x (LTM EBITA)
Freight Forwarding	\$922m	12.1x (2006 EBITDA)
Virgin Blue	\$1,295m	21.1x (Forward PE)

Compared to 22.3x for P&O's highly strategic global ports business...

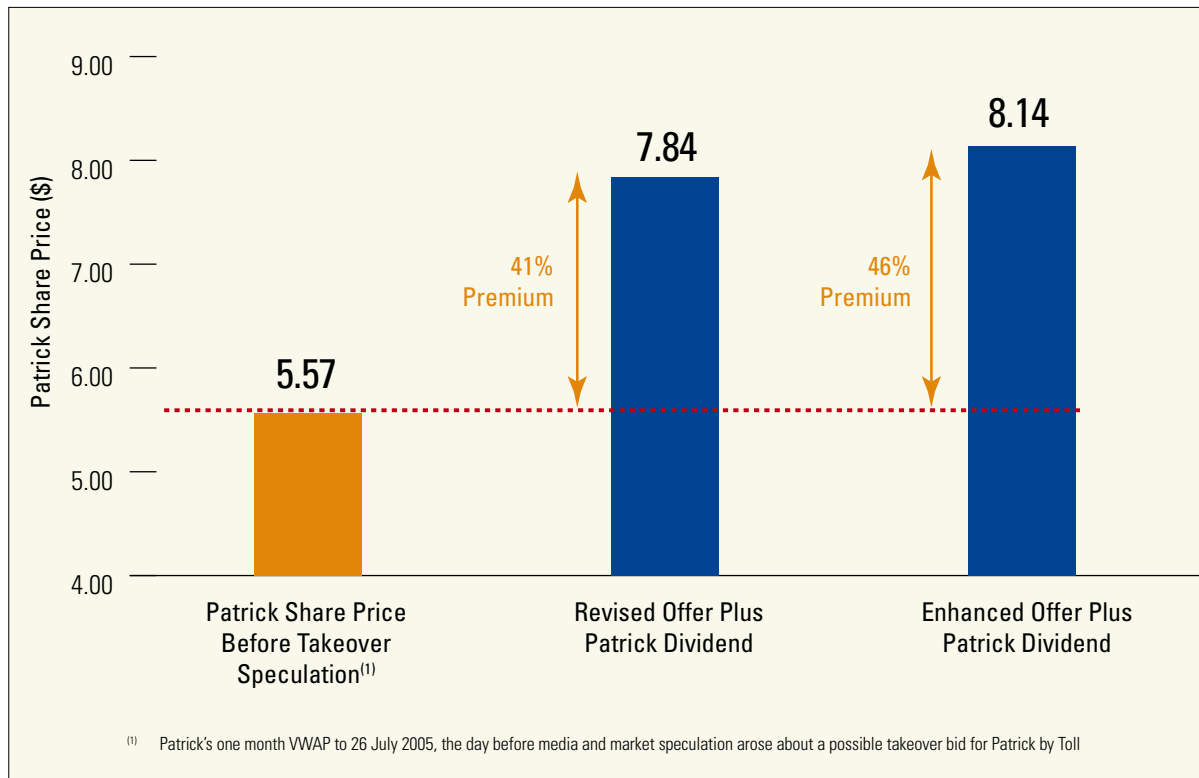
In its Target's Statement, Patrick quoted an "Average of Australian Trucking" multiple of 5.8x EBITDA (2006)

"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 it's so high as to be ludicrous."

Chris Corrigan quoted in Patrick Media Announcement, 28 February 2005

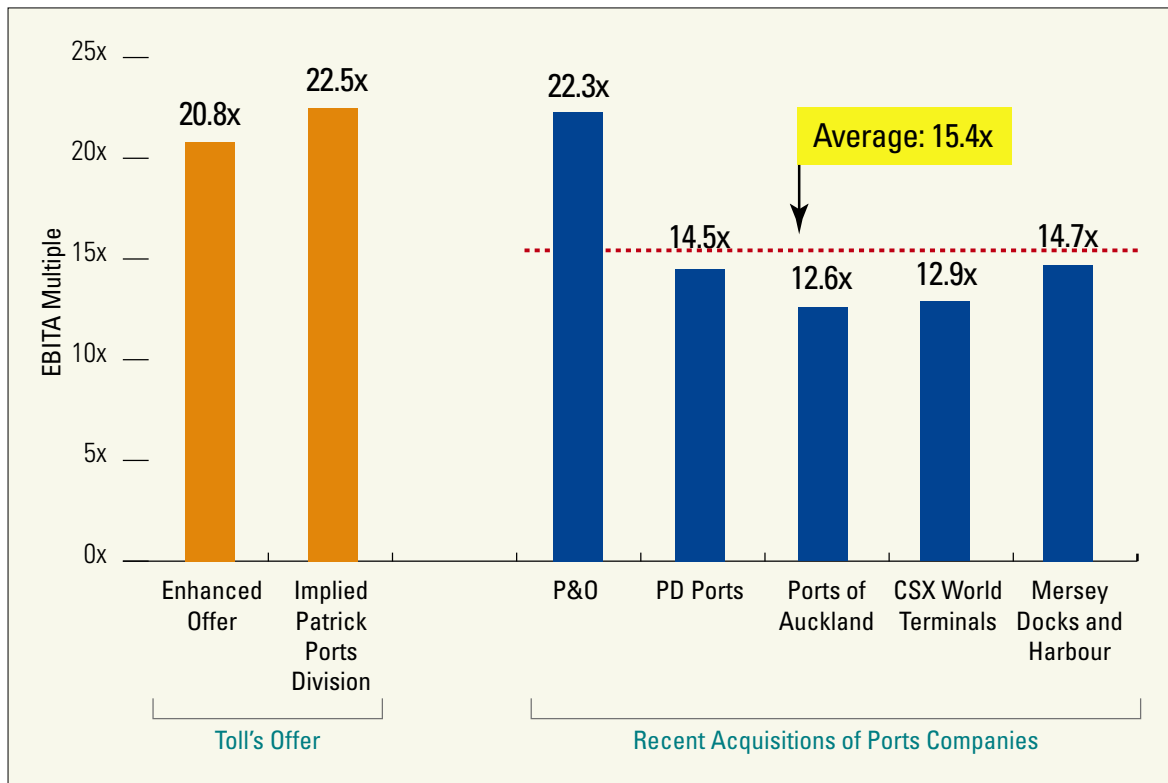
## Significant Premium

The value of Toll's Offer, together with the Patrick Dividends, represents a significant 41% to 46% premium for Patrick Shares:



### 3.2. Very Attractive Earnings Multiple for Patrick's Australian Ports

- The value of Toll's Offer represents a very attractive earnings multiple for Patrick's entire business and its Ports Division, even when compared to the recently announced acquisitions of P&O (which includes similar ports to those operated by Patrick in Australia), PD Ports and other ports companies.



- The blended average EBITA multiple<sup>12</sup> for the entire Patrick business of 20.8x exceeds the EBITA multiples on all recent port transactions except P&O. This highlights the attractiveness of Toll's Offer given:
  - less than 40% of Patrick's 2005 "economic EBITA" was from its Ports Division, and only around two-thirds<sup>13</sup> of that division's EBITA is from container stevedoring operations;
  - Patrick's non ports businesses would reasonably be considered to be valued at lower EBITA multiples than its ports;
- The implied EBITA multiple for Patrick's Ports Division of 22.5x is higher than the average of recent ports transactions and similar to the EBITA multiple of P&O. This highlights the attractiveness of Toll's Offer while P&O's Australian assets are similar to Patrick's, P&O also has a substantial and highly strategic portfolio of container ports with significant exposure to a number of higher growth markets, such as the China and India regions.

### 3.3. Own Part of a Unique and Globally Significant Integrated Transport and Logistics Group

#### Patrick Shareholders Will Own Almost Half of Merged Group

- As the consideration under Toll's Offer is predominantly Toll Shares, Patrick Shareholders will own up to 47% of the Merged Group.<sup>14</sup>
- In addition to receiving a substantial up-front premium for their Patrick Shares, Patrick Shareholders will participate in the on-going benefits arising from the unique combination of Toll and Patrick, including the benefits from Toll's recent acquisition of SembLog.

<sup>12</sup> The EBITA multiples for Patrick are based on the Enhanced Offer value of \$7.82 per Patrick Share assuming that both the 90% Condition and the FCL Condition (described in Section 1.2) are satisfied.

<sup>13</sup> Based on two analysts who provide a breakdown of estimated 2006 EBIT for Patrick's Ports division in research reports dated 30 June 2005 to 18 August 2005 (range 63% to 80%).

<sup>14</sup> Assuming all Patrick Senior Executive Options are exercised and all CRANES are converted to Patrick Shares.

### Share in Substantial Benefits from the Combination of Toll And Patrick

- Based on information available to it, Toll has identified short term pre-tax synergies of around \$61 million per annum from combining Toll, SembLog and Patrick (including 50% of Pacific National). Toll expects that the benefits from combining Toll, SembLog and Patrick are likely to be greater than this over the longer term as a result of further efficiencies and revenue enhancement opportunities.

### The Merged Group Will Be a Leading Australian/Asian Integrated Transport Company

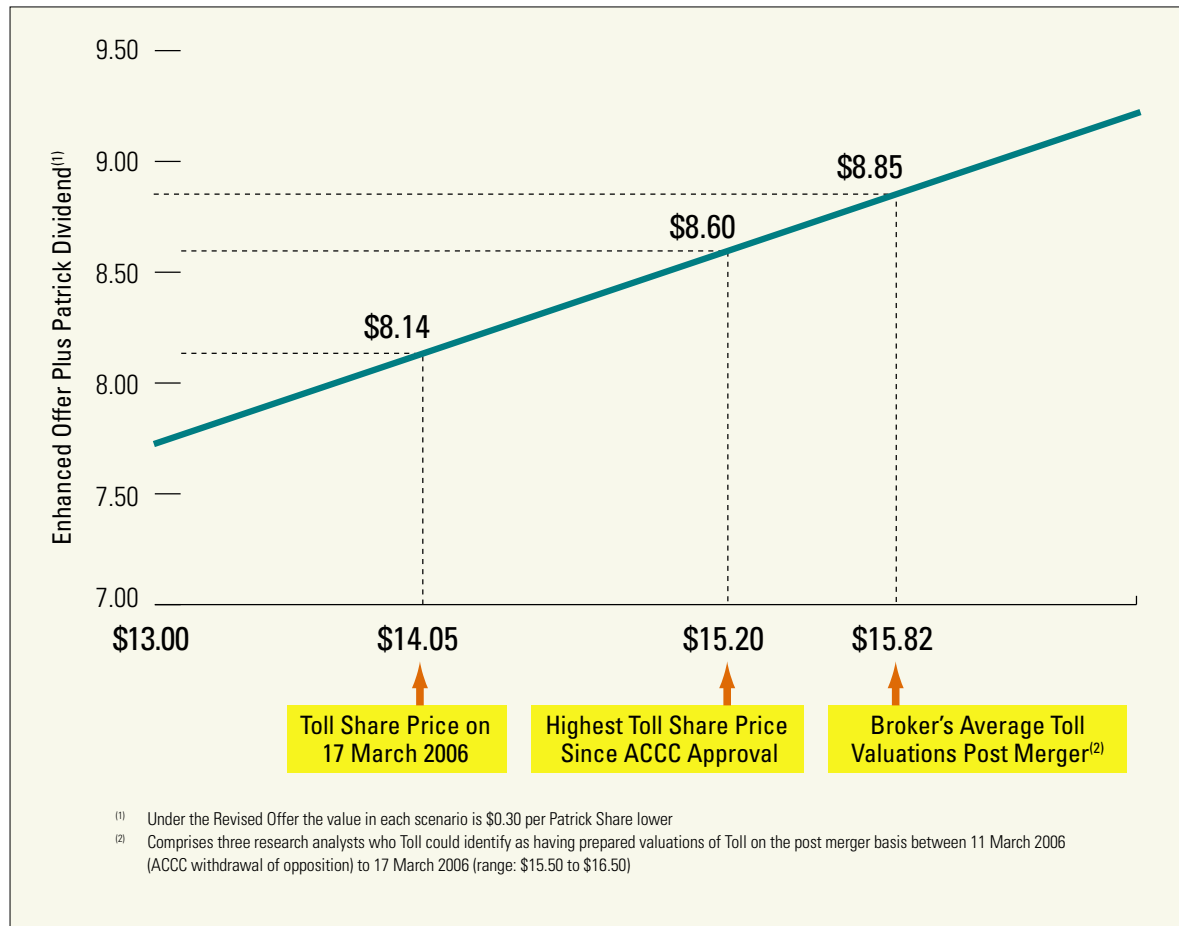
- The combination of Toll, SembLog and Patrick will be a unique and leading integrated transport group in the Australian and Asian region.
- In Australia and New Zealand, the group will be able to offer customers seamless logistics solutions with operations covering road, rail, sea, air and ports.
- Moreover, through the acquisition of SembLog, the group will expand its service capabilities into key Asian markets such as China, India, Korea, Singapore and Japan. Toll believes this will provide an important differentiation for a number of its customers who have increasing levels of trade throughout the Asian region.

### The Merged Group Will Be a Globally Significant Transport and Logistics Company

- The merged group will have a market capitalisation of approximately \$9 billion<sup>15</sup> and be Australasia's largest transport and logistics company.
- With an increasing trend of industry consolidation and international customer service capabilities, the Merged Group will be better placed than either Toll or Patrick individually to service customers and grow internationally.

## 3.4. You Will Participate in Any Re-Rating of Toll Shares

- As Patrick Shareholders will own up to 47% of the Merged Group, they will share in any re-rating of Toll Shares as a result of the Offer.
- The potential for re-rating is highlighted below:



<sup>15</sup> Based on the closing price of Toll Shares on 17 March 2006 of \$14.05.

### 3.5. Toll Intends to Reduce its Minimum Acceptance Condition

- One of the substantive conditions of Toll's Offer has now been satisfied by the ACCC withdrawing its opposition to Toll acquiring Patrick.
- The other main condition of Toll's Offer is a 90% minimum acceptance condition.
- Toll intends to waive the 90% minimum acceptance condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period.

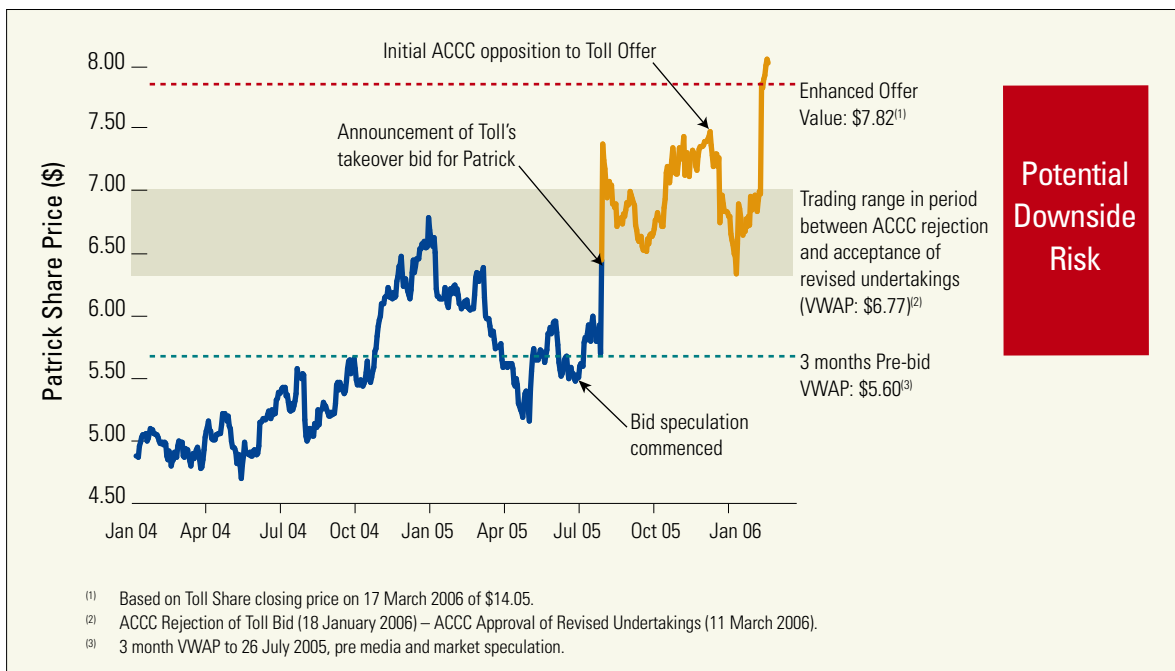
### 3.6. Patrick's Share Price is Likely to Fall Significantly if Toll's Offer Lapses

- Since Toll's Offer was announced on 22 August 2005, no alternative bids have emerged, nor has Patrick presented Patrick Shareholders with any alternative proposal to deliver superior shareholder value. Patrick's independent expert, Lonergan Edwards & Associates (**Lonergan Edwards**), stated:

*"...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 per share)"*

**Target's Statement pages 209 and 207**

- The downside risk in Patrick's share price, absent Toll's offer is highlighted below:



**ACCEPT TOLL'S OFFER  
BEFORE 13 APRIL 2006**

## 4. Key Questions

This Section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement, the Earlier Statements and this Seventh Supplementary Bidder's Statement.

### 4.1. Offer Structure

#### 1. What is the Revised Offer?

Toll is offering to buy all of your Patrick Shares, by way of an off-market takeover offer.

The Offer Consideration is, for each Patrick Share:

- 0.4 Toll Shares (Toll Share Consideration); PLUS
- Toll will pay \$1.90 cash (Cash Consideration).

#### 2. How is the \$1.90 Cash Consideration derived?

The revised Cash Consideration is derived as follows:

- \$0.75 cash (the original Cash Consideration);
- LESS \$0.32 cash (for the \$0.32 Patrick Dividend);<sup>16</sup>
- PLUS \$0.54 cash (to replace the in specie Special Dividend of Virgin Blue Shares);<sup>17</sup>
- PLUS \$0.93 cash (by way of increase).

#### 3. What is the Enhanced Offer?

Toll will increase the Cash Consideration by an additional:

- \$0.20 cash per Patrick Share, if on or before the close of the Offer, Toll's relevant interest in Patrick Shares is not less than 90% (i.e. the 90% Condition); and
- \$0.10 cash per Patrick Share, if Patrick has not exercised the FCL Option or otherwise agreed to acquire FCL as at the date the Offer becomes or is declared to be unconditional (i.e. the FCL Condition).<sup>18</sup>

#### 4. What Additional Cash will I receive under the Enhanced Offer?

The 90% Condition and the FCL Condition are independent with the result that the Additional Cash may comprise:

- \$0.10 – if the FCL Condition is satisfied but the 90% Condition is not;
- \$0.20 – if the 90% Condition is satisfied but the FCL Condition is not;
- \$0.30 – if both the FCL Condition and the 90% Condition are satisfied; or
- nil – if neither the FCL Condition nor the 90% Condition are satisfied.

**Unless otherwise stated, calculations of the value of the Enhanced Offer assume that both the 90% Condition and the FCL Condition are satisfied.**

<sup>16</sup> In accordance with Section 16.8(c) of the Bidder's Statement Toll has elected to reduce the original Cash Consideration by the value of the Patrick Dividend. See Section 16.2 for further information.

<sup>17</sup> In accordance with Section 16.9(b) of the Bidder's Statement Toll has elected to increase the original Cash Consideration by \$0.54 to replace the in specie Special Dividend of Virgin Blue Shares. See Section 16.3 for further information.

<sup>18</sup> See Section 8.5 for the circumstances in which Toll will declare this condition to be satisfied.

## 5. What are the value of the Revised and Enhanced Offers?

Based on the closing price of Toll Shares on 17 March 2006 of \$14.05, the Revised Offer is valued at \$7.52 and the Enhanced Offer is valued at \$7.82 per Patrick Share. The value of Toll's Offer will change from time to time in accordance with changes in the market price of Toll Shares. You can calculate the value of the Revised and Enhanced Offers per Patrick Share at any time by adding the following amounts:

- the Toll Share price on ASX at the relevant time multiplied by 0.4; PLUS
- either:
  - \$1.90 cash (for the Revised Offer); OR
  - \$2.20 cash (for the Enhanced Offer).

You should also see the table on page 3 which sets out the value of both the Revised Offer and the Enhanced Offer at a range of different Toll Share prices.

## 6. How do the values of the Revised Offer and the Enhanced Offer compare to Patrick's Independent Expert's valuation?

Patrick included in its Target's Statement an independent expert's valuation report prepared by Lonergan Edwards, who valued Patrick at \$7.75 to \$8.31 per share. After Lonergan Edwards prepared its valuation, Patrick declared and paid the \$0.32 Patrick Dividend. Toll believes it is appropriate to include the value of the Patrick Dividend with the value of the Revised Offer and the Enhanced Offer when comparing the offers to the Lonergan Edwards valuation range.

The values of both the Revised Offer and the Enhanced Offer together with the Patrick Dividend (i.e. \$7.84 and \$8.14 per Patrick Share respectively) are within Patrick's independent expert's valuation range.<sup>19</sup>

## 4.2. Offer Terms and Conditions

### 7. How do I accept the Offer?

To accept the Offer you should follow the instructions set out in Section 5. To be effective, your acceptance must be received by Toll before 7:00pm (Melbourne time) on the Closing Date.

### 8. What choices do I have as a Patrick Shareholder?

As a Patrick Shareholder, you have the following choices in respect of your Patrick Shares:

- accept Toll's Offer;
- sell your Patrick Shares on ASX (unless you have previously accepted Toll's Offer for your Patrick Shares); or
- do nothing.

### 9. Can I withdraw my acceptance?

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. In Toll's Sixth Supplementary Bidder's Statement, Toll extended its Offer by more than 1 month. Accordingly, in accordance with the Corporations Act, Patrick Shareholders who have validly accepted the Offer on or before 6 March 2006 may withdraw their acceptance by giving notice to Toll within 1 month beginning on the day after the day on which they received the Sixth Supplementary Bidder's Statement. Further information on this statutory withdrawal right is set out in Section 3.1 of the Sixth Supplementary Bidder's Statement.

### 10. What happens if I do not accept the Offer?

If you do not accept the Offer and Toll acquires more than 90% of Patrick and the other conditions of Toll's Offer are satisfied or waived, Toll intends to proceed to compulsorily acquire your Patrick Shares. If this occurs, you will be allotted the Toll Share Consideration and paid the Cash Consideration at the conclusion of this process. You will receive the Toll Share Consideration and the Cash Consideration sooner if you accept the Offer. You should also see Section 8.2 which sets out Toll's intentions for Patrick as a partly-owned subsidiary.

### 11. When does the Offer close?

The Offer is currently scheduled to close at 7:00pm (Melbourne time) on 13 April 2006, unless extended.

<sup>19</sup> Based on the closing price of Toll Shares on 17 March 2006 of \$14.05.

**12. Can Toll extend the Offer period?**

Yes, the Offer can be extended at Toll's election or otherwise in accordance with the Corporations Act. You will receive written notification of any extension.

**13. Will I receive any Patrick dividends?**

If you hold Patrick Shares on the record date for any Patrick dividend or other distribution, then you will receive that dividend or distribution from Patrick (unless you have ceased to hold Patrick Shares prior to that record date). However, the value of Toll's Offer has been and will continue to be reduced by the amount of any Patrick dividend or distribution announced after the Announcement Date. In accordance with Section 16.8(c) of the Bidder's Statement, Toll has elected to reduce its Cash Consideration by \$0.32 as a consequence of the \$0.32 Patrick Dividend. See Section 16.2 for further information and see Section 8.2(d) for Toll's intentions regarding the level of Patrick's and Virgin Blue's dividends.

**14. What are the Capital Gains Tax (CGT) consequences of accepting the Offer?**

If Toll does not become the owner of 80% or more of the Patrick Shares and the Patrick Shareholder is an Australian resident and holds the Patrick Shares on capital account, the capital gain or loss arising for the Patrick Shareholder is calculated as the difference between the amount of capital proceeds received and the cost base of the Patrick Shares. If Toll becomes the owner of 80% or more of the Patrick Shares and the Patrick Shareholder would otherwise make a capital gain in respect of the disposal of the Patrick Shares, partial CGT scrip-for-scrip rollover relief should be available. The CGT scrip-for-scrip rollover relief is partial because there is no rollover available in relation to those Patrick Shares in respect of which Patrick Shareholders receive cash (ineligible proceeds). Generally, non-residents should not be subject to CGT on the disposal of Australian listed shares.

For further details see Sections 11.3.4(b) and 12.

**15. What are the conditions to the Offer?**

On 11 March 2006 the ACCC announced its decision not to oppose Toll's takeover of Patrick on the basis of the ACCC Undertakings from Toll. Accordingly, on this date the ACCC condition set out in Section 16.12(b) of the Bidder's Statement was fulfilled. The Offer remains subject to other conditions. In summary, these conditions include:

**Minimum acceptance**

Toll intends to waive the 90% minimum acceptance condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period.

**No material adverse change in Patrick**

No material adverse change occurring in relation to Patrick between the Announcement Date and the end of the Offer Period.

**No material transactions**

Patrick does not acquire or sell any property or assets the value of which exceeds \$100 million (except in accordance with any public announcement by Patrick made before 22 August 2005).

You should read Section 16.12 of the Bidder's Statement which sets out these and other conditions in full.

**16. What happens if the conditions of the Offer are not satisfied or waived?**

If the conditions to the Offer are not satisfied or waived by the Closing Date, the Offer will lapse.

### 4.3. General

**17. Is there a number that I can call if I have further queries in relation to the Offer?**

If you have any further queries in relation to the Offer, you can call the Toll Shareholder Information Line on **1300 769 346** (for calls made from inside Australia) or **+61 3 9415 4005** (for calls made from outside Australia), Monday to Friday between 8:30am and 5:30pm (Melbourne time). For legal reasons, all calls will be recorded. Any further material information relating to Toll's Offer will be lodged with ASX and included on Toll's website at [www.toll.com.au](http://www.toll.com.au).

**18. What are the ACCC Undertakings?**

The ACCC withdrew its opposition to Toll's proposed acquisition of Patrick on the basis of certain undertakings provided by Toll. The ACCC Undertakings are described in Section 8.3.1.

**19. What is the impact of the ACCC Undertakings on the Merged Group?**

The expected effect of the ACCC Undertakings on the operation of the Merged Group are set out in Section 8.3.2. The estimated financial impact of ACCC Undertakings is included in the pro forma financial forecasts for the Merged Group in Section 9.

**20. What are the consequences if Toll waives its minimum acceptance condition?**

If Toll waives its minimum acceptance condition and acquires less than 90% of Patrick it will not be able to proceed to compulsorily acquire all of the remaining Patrick Shares. If this occurs, Patrick will not become a wholly owned subsidiary of Toll. Toll's intentions for Patrick in this circumstance are outlined in Section 8.2. If Toll acquires less than 100% of Patrick it will have an impact on the financial position of the Merged Group. Section 9 includes pro forma balance sheets and financial forecasts on the basis that Toll acquires either 50.1% or 100% of Patrick. You should also read Section 11.3.4 which sets out various risks factors associated with Toll acquiring less than 100% of Patrick, and Sections 11.3.4(b) and 12 which set out the CGT implications of Toll acquiring less than 80% of Patrick.

**21. Why is the Special Dividend of Virgin Blue Shares no longer included in the Offer Consideration?**

Given the payment of the Patrick Dividend the Toll Directors are no longer confident that the Special Dividend can lawfully be paid. Accordingly, in order to provide certainty to Patrick Shareholders, in accordance with Section 16.9(b) of the Bidder's Statement, the Special Dividend will be replaced with additional Cash Consideration of \$0.54. For further information see Section 16.3.

**22. What is the SembLog acquisition?**

Toll has made a takeover bid for SembLog, one of Asia's premier logistics providers, and SembCorp has accepted the takeover bid for its entire 60% stake in SembLog. The acquisition is part of Toll's strategy of becoming the leading integrated logistics company in the Asian region. See Section 6.2 for further information.

**23. What is the status of the disputes between Toll and Patrick on Pacific National?**

See Section 15 for further information.

## 5. What You Should Do Next

### 5.1. What You Should Do Next

- Step 1:** Read this Seventh Supplementary Bidder's Statement and the Earlier Statements carefully.
- Step 2:** Consider the information provided on Toll and Patrick, including all the risk factors set out in Section 13 of the Bidder's Statement and Section 11 of this Seventh Supplementary Bidder's Statement.
- Step 3:** If you are in any doubt as to what to do, 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.
- Step 4:** If you wish to accept this Offer, follow the steps in Section 5.2.

### 5.2. How to Accept the Offer

You may only accept the Offer for all of your Patrick Shares. To accept the Offer:

- if your Patrick Shares are held on Patrick's issuer sponsored sub-register, either:
  - complete and sign the replacement Acceptance Form enclosed with this Seventh Supplementary Bidder's Statement and return it to the address indicated on the form; or
  - complete and sign the replacement Acceptance Form enclosed with this Seventh Supplementary Bidder's Statement and fax it to +61 3 9473 2123 and send the original to the address indicated on the form before the Offer closes; or
- if your Patrick Shares are in a CHESS Holding, either:
  - complete and sign the replacement Acceptance Form enclosed with this Seventh Supplementary Bidder's Statement and return it to the address indicated on the form;
  - complete and sign the replacement Acceptance Form enclosed with this Seventh Supplementary Bidder's Statement and fax it to +61 3 9473 2123 and send the original to the address indicated on the form;
  - call your broker and instruct your broker to accept the Offer on your behalf, before the Offer closes; or
  - if you are a Participant, initiate acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the Offer closes.

Instructions on how to accept are also set out on the enclosed replacement Acceptance Form.

### 5.3. Delivery and Mailing Addresses

Please use the reply paid envelope enclosed with this Seventh Supplementary Bidder's Statement. Alternatively, the mailing address is:

Computershare Investor Services Pty Limited  
Toll Offer  
GPO Box 1237  
Melbourne, Victoria 8060  
Australia

You may also deliver the replacement Acceptance Form and any associated documents to:

Computershare Investor Services Pty Limited  
Toll Offer  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067  
Australia

## 6. Profile of Toll

### 6.1. Overview of Toll

Toll is one of the Asian region's leading providers of integrated transport and logistics services. Full details of the Toll Group are set out in Section 7 of the Bidder's Statement.

Since the date of Toll's Sixth Supplementary Bidder's Statement (6 March 2006) there have been two significant developments, namely:

- the acquisition by Toll of a controlling interest in SembLog; and
- the execution of the binding ACCC Undertakings accepted by the ACCC on 11 March 2006 in connection with Toll's proposed acquisition of Patrick.

Further details of these matters are set out below and in Section 8.3.

### 6.2. Acquisition of Control of SembLog

#### 6.2.1. Overview

On 6 March 2006 Toll entered into an agreement with SembCorp under which Toll would acquire its 60% interest in SembLog, one of Asia's premier logistics providers.

As a consequence of that agreement on 20 March 2006 Toll, through Toll (Asia) Pte. Ltd. (**Toll Asia**), made a takeover offer for all the outstanding shares in SembLog and, SembCorp accepted the takeover bid for its entire stake in SembLog (approximately 60% of SembLog).

The acquisition of SembLog is in line with Toll's long-held strategy to become the pre-eminent integrated logistics provider in the Asian region. The acquisition complements the strategy underlying Toll's Offer for Patrick.

The SembLog acquisition will give Toll an outstanding footprint throughout Asia and complements Toll's existing operations in Thailand, Singapore, Malaysia, Vietnam and China.

The acquisition has the potential to create significant value for customers with cross-border logistics requirements and will also give Toll an excellent platform for future growth in its target markets.

#### 6.2.2. Strategic rationale for acquisition

Toll's vision is to be the most successful provider of integrated total logistics solutions within the Asian region. "Integrated logistics" is where Toll can either provide or has the capacity to coordinate provision of each stage of the supply chain.

Toll believes that integrated supply chains are in line with the evolving needs of Toll's target customer base because they create significant value through (for example):

- improved information flows and transparency;
- shortened and smoother supply chains that promote greater 'speed to market'; and
- reduced working capital needs.

Toll's strategy has been shaped by various forces but in particular is reflective of specific customer dynamics and global trends affecting the logistics industry. In particular:

- supply chain re-engineering is a priority for customers as they seek to reduce their logistics related costs and enhance competitive positioning (for example through direct offshore sourcing momentum);
- high levels of integration and transparency are being demanded at all stages of the supply chain in line with technology advancements; and
- global consolidation within the logistics industry (for example the Deutsche Post acquisition of Exel plc, and the DP World acquisition of P&O) and significant mergers and acquisitions activity around the ports and shipping sector.

These and other forces mean that Toll and other major service providers have to establish global capabilities, reach and growth to remain successful.

The acquisition of SembLog is consistent with Toll's vision and strategy. Specifically it will:

- significantly advance Toll's regional capability to provide integrated cross-border solutions to customers with logistics requirements into or out of Asia;
- enhance Toll's exposure to the rapidly growing Asian market, including cross-border and intra-country trade opportunities;
- align the highly complementary businesses of Toll and SembLog in terms of strategy, focus, capability, customers, industry segments and growth oriented culture;
- create customer overlap opportunities that can be leveraged both in country and cross-border; and
- maintain and enhance Toll's focus on building market leading technology solutions for its customers.

The SembLog acquisition will give Toll operational and technological capabilities that will enable and facilitate the provision of innovative solutions and supply chain efficiency gains to its customers.

### 6.2.3. SembLog profile

#### Overview

SembLog is a public company incorporated in Singapore and is listed on the Singapore Stock Exchange (Code: "SML SP").

SembLog is one of the largest third party logistics (**3PL**) providers in Asia, providing supply chain management and offshore logistics throughout Asia. Its stated vision is:

"To be a world-class integrated logistics service provider in Asia, leveraging technology and operational excellence, to provide high value added services for today's global businesses".

SembLog commenced operations in 1983 as a 3PL service provider to the Singaporean Armed Forces (**SAF**) and to Singapore's largest defence manufacturer. From its commencement to the early 1990s SembLog developed a strong strategic relationship with the SAF and ultimately secured all SAF contracts on a medium to long term basis.

In 1995 SembLog expanded into commercial sectors within Singapore and continued to expand into other Asian countries, most notably China in 1996 and India in 1997. Since then SembLog has grown significantly in size and presence throughout Asia.

SembLog's network now includes Singapore, China, India, Japan, Thailand, Malaysia, Taiwan, Korea, Indonesia, Vietnam, Australia, Philippines, Sri Lanka, the US and the UK.

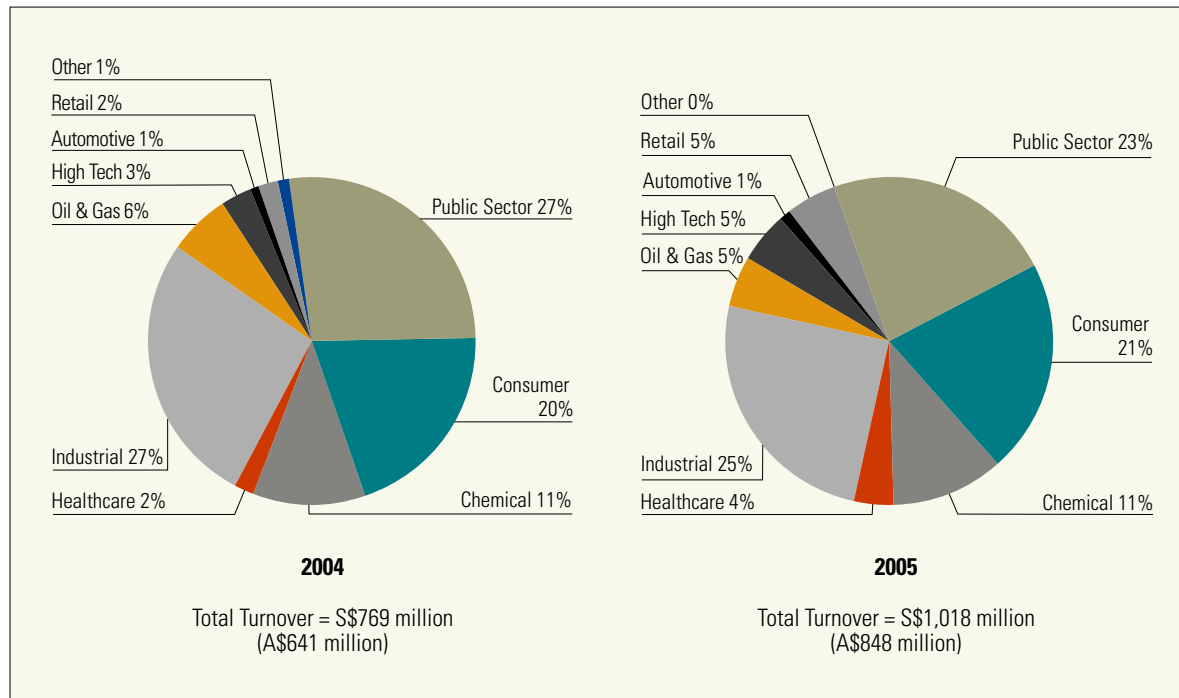
Throughout this network SembLog's sector (or industry) focus has been articulated as consumer, retail, hi-tech, auto, healthcare, industrial, public-sector and oil & gas. SembLog's service offering includes:

- contract logistics – In-country 3PL logistics services;
- freight management – Cross-border transport management services; and
- trade logistics – Procurement and trading related services.

Further information about SembLog can be found on SembLog's website at [www.semblog.com](http://www.semblog.com).

### SembLog's business profile

For the years ended 31 December 2004 and 2005, SembLog's reported revenues by sector were as follows:<sup>20</sup>



SembLog has a high quality customer base and customer contract profile. SembLog also has a number of major blue-chip customers in Asia that are also customers of the Toll Group. It is therefore anticipated that the acquisition of SembLog will provide the Toll Group with many opportunities to collaborate with SembLog to secure, among other things, joint business opportunities and revenue based synergies.

#### 6.2.4. SembLog's results for the year ended 31 December 2005

On 21 February 2006 SembLog announced its results for the year ended 31 December 2005, with highlights including:

- group revenues increased by 32% from the previous year to S\$1,018 million (A\$848 million);
- group EBIT increased by 17% to S\$81 million (A\$68 million); and
- net profit after tax and minority interest (before non-recurring items) increased by 33% to S\$62 million (A\$52 million).

<sup>20</sup> SembLog announcement dated 21 February 2006.

The group profit and loss of SembLog in A\$ was as follows:

**SembLog Income Statement for the year ended 31 December**

	SembLog SFRS 2004 A\$m	SembLog SFRS 2005 A\$m
Revenue from operating activities	641	848
<b>EBITDA</b>	<b>75</b>	<b>90</b>
Depreciation and amortisation	(17)	(22)
<b>EBIT</b>	<b>58</b>	<b>68</b>
Total net interest costs	(6)	(4)
<b>PBT and before share of associates' NPAT</b>	<b>52</b>	<b>64</b>
Income tax expense	(13)	(17)
Share of associates' NPAT	9	12
<b>NPAT</b>	<b>48</b>	<b>59</b>
Minority interest	(9)	(7)
<b>NPAT attributable to members (before non-recurring items)</b>	<b>39</b>	<b>52</b>
Non-recurring items	935	—
<b>NPAT attributable to members (after non-recurring items)</b>	<b>974</b>	<b>52</b>

Notes:

- (1) Source: SembLog Unaudited Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2005.
- (2) SembLog reported financial information has been translated into A\$ at S\$1.20:A\$1.00.
- (3) SFRS = Singapore Financial Reporting Standards; S\$ = Singapore Dollar.
- (4) The above information is prepared under SFRS. Differences between SFRS and AIFRS are described in Section 9.2.4.

The group balance sheet of SembLog in A\$ as at 31 December 2005 was as follows:

**SembLog Balance Sheet as at 31 December**

	SembLog SFRS 2004 A\$m	SembLog SFRS 2005 A\$m
<b>Current assets</b>		
Cash	1,108	276
Receivables	175	176
Other financial assets	1	–
Inventories	16	16
<b>Total current assets</b>	<b>1,300</b>	<b>468</b>
<b>Non-current assets</b>		
Receivables	66	56
Equity investments in associates	66	63
Other financial assets	85	19
Property, plant and equipment	145	147
Deferred tax assets	6	4
Intangibles	36	37
<b>Total non-current assets</b>	<b>404</b>	<b>326</b>
<b>Total assets</b>	<b>1,704</b>	<b>794</b>
<b>Current liabilities</b>		
Payables	166	161
Interest bearing liabilities	85	69
Current tax liabilities	15	13
Provisions	4	4
Other	625	–
<b>Total current liabilities</b>	<b>895</b>	<b>247</b>
<b>Non current liabilities</b>		
Interest bearing liabilities	145	64
Deferred tax liabilities	3	3
Provisions	16	16
Other	4	3
<b>Total non-current liabilities</b>	<b>168</b>	<b>86</b>
<b>Total liabilities</b>	<b>1,063</b>	<b>333</b>
<b>Net assets</b>	<b>641</b>	<b>461</b>
<b>Equity</b>		
Share capital	508	304
Reserves	8	5
Retained earnings	96	119
<b>Total shareholders' equity attributable to equity holders of the parent</b>	<b>612</b>	<b>428</b>
Minority interest	29	33
<b>Total equity</b>	<b>641</b>	<b>461</b>

Notes:

- (1) Source: SembLog Unaudited Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2005.
- (2) SembLog reported financial information has been translated into A\$ at S\$1.20:A\$1.00.
- (3) SFRS = Singapore Financial Reporting Standards; S\$ = Singapore Dollar.
- (4) The above information is prepared under SFRS. Differences between SFRS and AIFRS are described in Section 9.2.4.

The group cash flow statement of SembLog in A\$ for the year ended 31 December 2005 was as follows:

**SembLog Statement of Cash Flows for the year ended 31 December**

	SembLog SFRS 2004 A\$m	SembLog SFRS 2005 A\$m
Profit before taxation and minority interests	996	76
<b>Adjustments for:</b>		
Depreciation and amortisation	17	22
Share of results of associated companies	(57)	(12)
Gain on disposal of subsidiaries, associates and financial assets	(889)	(6)
Gain on disposal of property, plant and equipment	(3)	(4)
Write off and impairment loss made/(reversed) for:		
– associates	(1)	–
– goodwill	–	1
– property, plant and equipment	–	1
Share based payment	2	2
Interest income	(5)	(8)
Interest expenses	6	4
Operating profit before working capital changes	66	76
Increase in working capital	(11)	5
Cash generated from operations	55	81
Income tax paid	(13)	(18)
Interest paid	(6)	(4)
<b>Cash flows from operating activities</b>	<b>36</b>	<b>59</b>
<b>Investing activities</b>		
Interest received	5	8
Proceeds from disposal of financial assets	–	68
Proceeds from disposal of associated company	1,103	16
Proceeds from sales of property, plant and equipment	5	17
Purchase of property, plant and equipment	(35)	(43)
Acquisition of other financial assets	(68)	(1)
Net cash inflow from acquisitions of joint venture	(5)	2
Net cash inflow from acquisition & liquidation of subsidiaries	(1)	(3)
Payment for an intangible assets	(6)	(2)
Dividends received	22	4
<b>Cash flows from investing activities</b>	<b>1,020</b>	<b>66</b>
<b>Financing activities</b>		
Proceeds from issue of shares	24	4
Capital reduction	–	(208)
Borrowings (net)	(1)	(94)
Dividend paid	(26)	(653)
Dividend paid to minority shareholders of subsidiaries	(7)	(4)
Hire purchase and finance lease obligations	19	–
<b>Cash flows from financing activities</b>	<b>9</b>	<b>(955)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,065</b>	<b>(830)</b>
Cash and cash equivalents at beginning of period	44	1,108
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)
<b>Cash and cash equivalents at end of period</b>	<b>1,108</b>	<b>276</b>

Notes:

- (1) Source: SembLog Unaudited Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2005.
- (2) SembLog reported financial information has been translated into A\$ at S\$1.20:A\$1.00.
- (3) SFRS = Singapore Financial Reporting Standards; S\$ = Singapore Dollar.

### **6.2.5. Transaction details and timing**

Toll's acquisition of a controlling stake in SembLog has been effected by a voluntary takeover offer under the Singapore Takeovers Code.

Specific details of the voluntary takeover offer are as follows:

- on 20 March 2006 Toll made a takeover bid of S\$1.70 per share for SembLog and SembCorp accepted the takeover bid for its entire stake in SembLog (approximately 60% of SembLog);
- on 20 March 2006 the takeover bid became unconditional;
- the offer price will be increased to S\$1.80 per share if acceptances are not less than 90% recognising the benefits of reaching the compulsory acquisition threshold – however achieving 90% acceptance is not an imperative for Toll; and
- the offer document was dispatched to SembLog shareholders on 20 March 2006 and is open for acceptance for a period of 28 days (unless extended up to a maximum period of 60 days, being 18 May 2006).

As at the date Toll announced its proposed voluntary takeover offer for all of the shares in SembLog, there were various options outstanding in connection with various option schemes of SembLog. The rules of each option scheme provide, among other things, that the options cannot be transferred by the holders. In view of this, Toll has also made an option proposal to deal with optionholders' rights.

In the event Toll Asia receives acceptances under the terms of its offer representing 90% or more of shares the subject of its offer in SembLog, then Toll Asia will proceed to compulsorily acquire all outstanding minority holdings. A process for compulsory acquisition is available under the Singapore Companies Act where acceptances are received by more than 90% of the shares the subject of an offer, as in Australia.

The acquisition of SembLog will be fully funded through existing debt facilities available to Toll as at the date of this document which are separate and independent from the facility in place to fund the Cash Consideration set in Section 10.

### **6.2.6. Pro forma financials for Toll and SembLog**

On the assumption that Toll acquires 100% of SembLog the summary pro forma Toll Group financials are set out in Section 9.3 below.

### **6.2.7. Integration plan**

Toll has a proven track record of successfully integrating businesses and leveraging acquisitions (through among other things capitalising on cross-selling initiatives) to generate further organic growth.

To ensure Toll maintains its strong track record in this regard, a high-level integration plan for SembLog is already in place and Toll will work closely with SembLog's senior management to finalise exact details of this integration program.

Toll is confident that SembLog will be rapidly and successfully integrated into the Toll Group in a manner that maximises value and positively contributes to Toll's future financial performance.

## **7. Profile of Patrick**

### **7.1. Introduction**

Section 8 of the Bidder's Statement contains an overview of Patrick's business. You should read this Section in full. Section 7.2 of this Seventh Supplementary Bidder's Statement provides an update on earnings guidance provided by Patrick.

The following information about Patrick has been prepared by Toll using publicly available information, including, but not limited to, annual reports, Patrick announcements, Patrick's Target's Statement and other publicly available information and has not been independently verified. Accordingly Toll does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. Section 13.4.7 of the Bidder's Statement sets out the risk factors arising from Toll's limited ability to conduct due diligence in relation to Patrick and Virgin Blue. You should read this Section in full.

### **7.2. Earnings Guidance Update**

On 18 October 2005 Patrick released its Target's Statement which included group NPAT forecasts of \$220.8 million for the year ending 30 September 2006 and \$293.9 million for the year ending 30 September 2007.

On 17 November 2005 Patrick announced its NPAT before individually significant items for the year ended 30 September 2005 of \$181.8 million, a 3% decrease on the prior year. Patrick reaffirmed its confidence in achieving double digit profit growth for the next two years on the back of strong performances expected from its ports and air businesses.

On 28 February 2006 Patrick announced that it expected that its equity accounted profit for Pacific National for the year ending 30 September 2006 would be \$8.2 million less than that previously disclosed in its Target's Statement. Patrick also announced at this time that it did not expect the lower results of Pacific National to have a material effect on the group's 2006 forecast NPAT published in its Target's Statement.

### **7.3. Dividend Update**

In accordance with Section 16.8(c) of the Bidder's Statement Toll has elected to reduce its Cash Consideration by \$0.32 as a consequence of the \$0.32 Patrick Dividend. See Section 16.2 below for further information.

## 8. Toll's Intentions

### 8.1. Introduction

Section 9 of the Bidder's Statement sets out the intentions of Toll concerning:

- Patrick's business and assets (including Pacific National and Virgin Blue);
- compulsory acquisition and de-listing of Patrick; and
- future employment of the present employees of Patrick.

You should read this Section in full. Section 8.2 of this Seventh Supplementary Bidder's Statement sets out Toll's revised intentions for Patrick as a partly-owned subsidiary and replaces Section 9.3 of the Bidder's Statement. Further intentions of Toll concerning Patrick have been set out in this Section and these intentions prevail to the extent of any inconsistency with those set out in the Bidder's Statement. Toll's revised intentions have been determined on the basis of facts and information concerning Patrick which are publicly available to Toll at the time of preparation, and the existing circumstances affecting the business of Patrick so far as are known to Toll.

### 8.2. Intentions for Patrick as a Partly-owned Subsidiary

The Offer remains subject to a number of conditions, including a condition that Toll and its associates in effect become entitled to compulsorily acquire all outstanding Patrick Shares, Patrick Senior Executive Options, CRANES and any other Patrick convertible securities (refer Section 16.12(a) of the Bidder's Statement). Toll has stated its intention to waive this condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period. If Toll waives this condition, then Toll intends to:

- (a) maintain Patrick's listing on ASX while it meets ASX requirements for maintaining a listing;
- (b) subject to the Corporations Act and the constitution of Patrick, seek to reconstitute the board of Patrick. Toll would seek to appoint one or more of Mr Paul Little, Mr Mark Rowsthorn and Mr Neil Chatfield. Toll would also seek to appoint independent directors to represent minority shareholders of Patrick. The independent directors may be sourced from the current board of Patrick or elsewhere. Other board members may be sourced from the existing board of Toll. Possible future board candidates have not yet been identified by Toll and their appointment will depend upon circumstances at the relevant time;
- (c) exercise general compulsory acquisition rights under the Corporations Act, if Toll becomes entitled at some later time to do so;
- (d) conduct a detailed review of Patrick's cash position, uncontracted expenditure plans and financing plans. Depending on the outcome of this review, it is possible that Toll may curtail or delay some planned expenditure or adopt alternative financing plans. Toll will also consider the appropriateness of Patrick's and Virgin Blue's current dividend policy in light of this review. It is possible that Toll may decrease Patrick's and Virgin Blue's dividend payout ratio;
- (e) implement the ACCC Undertakings set out in Section 8.3.1; and
- (f) seek to implement such of the intentions as are detailed in Section 9.2 of the Bidder's Statement and Sections 8.4 and 8.5 of this Seventh Supplementary Bidder's Statement as are consistent with Patrick being a controlled entity of Toll but not a wholly-owned subsidiary.

The extent to which Toll will be able to implement these intentions will be subject to:

- the law and the ASX Listing Rules, in particular in relation to related party transactions and directors' duties;
- the legal obligation of the directors of Patrick to act in the best interests of Patrick Shareholders as a whole; and
- the outcome of the general operational review referred to in Section 9.2(c) of the Bidder's Statement.

### 8.3. ACCC

#### 8.3.1. The ACCC Undertakings

On 11 March 2006 the ACCC accepted the ACCC Undertakings from Toll under section 87B of the Trade Practices Act and withdrew its opposition to Toll's Offer to acquire all of the outstanding shares in the capital of Patrick. Accordingly, on 11 March 2006 the ACCC condition set out in Section 16.12(b) of the Bidder's Statement was fulfilled.

On this date the ACCC also discontinued the Federal Court proceedings which it had commenced against Toll on 9 February 2006 seeking an injunction to prevent Toll from acquiring Patrick. Toll agreed to pay the ACCC's costs in relation to the matter. As a

consequence of the ACCC discontinuing the Federal Court proceedings, on 16 March 2006 Justice Merkel released Toll from the procedural undertakings it gave to the Court on 27 February 2006. These procedural undertakings were described in Section 3.2 of the Sixth Supplementary Bidder's Statement.

The ACCC Undertakings provide as follows:

- (a) Toll will not waive its 90% minimum acceptance condition until it has received acceptances sufficient to give it a relevant interest in more than 50% of the Patrick Shares;
- (b) Toll will, upon the occurrence of the Trigger Date (see below), divest or procure Patrick to divest (as the case may be), to purchasers approved by the ACCC:
  - (i) a 50% interest in Pacific National;
  - (ii) Patrick's Bass Strait shipping business;
  - (iii) Patrick's Tasmanian freight forwarding business;
  - (iv) either Toll or Patrick's vehicle transport business at Toll's election prior to the Trigger Date; and
  - (v) Toll's interest in PrixCar Services Limited (**PrixCar**),

(together, the **Divestment Businesses**);

The Trigger Date is the first date on which Toll both achieves the receipt of a relevant interest in more than 50% of the Patrick Shares and either declares the Offer free from the conditions in Section 16.12 of the Bidder's Statement, or gives notice under section 630 of the Corporations Act that those conditions have been satisfied;

- (c) Toll will enter into a shareholders agreement with the purchaser of a 50% interest in Pacific National which is to include specified terms and conditions relating to Toll's involvement in Pacific National. Toll will not increase its economic interest in Pacific National beyond 50% following the sale of the 50% interest (except where approval is obtained from the ACCC or the Australian Competition Tribunal, or no objection is raised by the ACCC);
- (d) Toll will use its best endeavours to identify prospective purchasers for each of the Divestment Businesses prior to the Trigger Date. If no suitable purchaser is identified prior to the Trigger Date, Toll will divest the Divestment Businesses as soon as practicable after the Trigger Date following a tender process. The exception is Toll's interest in PrixCar which is to be sold in accordance with the PrixCar Shareholders Agreement. If the Divestment Businesses remain unsold after a specified confidential period, Toll will appoint an agent (to be approved by the ACCC) to sell the unsold Divestment Businesses. Also see paragraph (m) below and Section 11.3.1 for what occurs if a divestment referred to above cannot be implemented. The ACCC may object to a proposed purchaser identified by Toll on competition grounds and if so it must provide reasons to Toll;
- (e) Toll will procure Pacific National to lease or make available the east-west rail assets for a three year start up period to a rail operator (to be independent of Toll, Patrick and Pacific National) (**Operator**), to commence within 12 months of the Trigger Date (**Start-up Period**). These assets comprise the following:
  - (i) Selected Train Paths – Toll will cause Pacific National to relinquish:
    - a. all rights to five return train paths per calendar week on the east-west corridor as nominated by the Operator. Toll has the right to nominate substitute equivalent train paths for two of those nominated paths. In the event of a dispute, an independent Leasing Agent (to be appointed by Toll and approved by the ACCC) will determine which of these alternative train paths is to be relinquished;
    - b. corresponding rights to train paths under the control of WestNet Rail Pty Ltd and Rail Infrastructure Corporation and Rail Corporation as required; and
    - c. its train path carry over entitlements on expiry of the ARTC Track Access Agreement on 30 June 2006;
  - (ii) Rolling Stock – Toll will cause Pacific National to make available at the option of the Operator for purchase or lease up to 12 "NR class" locomotives or a combination of up to three "NR class" and up to nine "G class" locomotives and sufficient wagons to make up three train sets up to the maximum length permitted by track operators on the east-west corridor. The purchase or lease terms are to be at fair market rates and as determined by the Leasing Agent. The locomotives and wagons may be leased for a period up to three years, with, in the case of the locomotives only, a 12 month option to extend the leases;
  - (iii) Ancillary Services – Toll will procure that Pacific National offers to provide crewing, fuelling, provisioning and maintenance services to the Operator for the Start-up Period in relation to rail services on the east-west corridor at fair market rates as determined by the Leasing Agent; and

- (iv) Terminal Access – Toll will:
  - a. cause Pacific National to give notices of termination under the lease of the Dynon Terminal and the leases or licences for selected tracks and land east of the Dynon Terminal;
  - b. cause Pacific National to provide access to the Operator for the purpose of loading and unloading trains, storage and all necessary ancillary activities to either or both the South Dynon Terminal and the Chullora Terminal sufficient to accommodate the five east-west corridor services per week. Terms and conditions of access will be negotiated between Toll and the Operator or, failing agreement, will be determined by the Leasing Agent; and
  - c. offer to sell and cause Patrick to offer to sell to the owner, each of Toll and Patrick's freehold interests in the rail siding at the intermodal terminal at Minto known as the Macarthur Intermodal Shipping Terminal at fair market value;
- (f) Toll will provide details of the Operator to the ACCC which may object to the Operator on competition grounds. The Operator cannot also acquire the 50% share in Pacific National. An Operator can choose to take up some or all of the east-west rail assets. Any remaining assets comprising the east-west rail assets can be taken up by another Operator;
- (g) Toll will use best endeavours to cause Pacific National:
  - (i) not to discriminate (on price or service quality) in the operation of Pacific National's intermodal business in favour of Toll's freight forwarding or logistics operations;
  - (ii) to include Key Performance Indicators (**KPIs**) in customer contracts with Pacific National's intermodal business (if requested by customers) and provide to an auditor every 12 months a report which sets out key KPIs achieved by Pacific National's intermodal business for Toll's freight forwarding operations compared with KPIs achieved for other freight forwarding customers; and
  - (iii) to inform at least the largest 20 customers (by revenue received) of Pacific National's intermodal business of the undertakings relating to Toll's freight forwarding and logistics operations and Pacific National's intermodal business, and the auditor;
- (h) Toll will not participate in the appointment or supervision of the executive management of Pacific National's intermodal business other than through its representation on the Pacific National board. All dealings between Toll and Pacific National's intermodal business are to be conducted on an arms length commercial basis. A confidentiality regime will be put in place in respect of information Toll obtains as a shareholder of Pacific National. Toll may only second or otherwise provide senior management to Pacific National's intermodal business where the board of Pacific National has given its prior approval in writing;
- (i) Toll will ensure that neither Toll nor Patrick discriminate in favour of Toll's or Patrick's freight forwarding or logistics operations (as to price or service offering) provided by Patrick in relation to the landside operations of containerised freight at Patrick's container terminals in Sydney, Melbourne, Brisbane and Fremantle. Toll will include KPIs relating to container transaction time performance in its Patrick container terminal customer contracts if requested by the customer;
- (j) Toll will provide annually an auditor's report to the ACCC reporting on Toll, Patrick and Pacific National's compliance with the non-discrimination obligations provided for in the undertakings;
- (k) Toll will cause Pacific National to extend the current hook and pull contract with SCT from its expiry on 13 October 2007 until the date on which SCT's new locomotives are available and operational;
- (l) Toll will cause Patrick:
  - (i) to unwind, terminate or otherwise set aside any arrangement entered into by Patrick between 22 August 2005 and the Trigger Date that the ACCC considers is likely to have the effect of substantially lessening competition in a market;
  - (ii) not to exercise Patrick's option to acquire FCL or if that option has been exercised, Toll will procure that Patrick sell the interest acquired in FCL;
  - (iii) to lawfully terminate the Alliance Agreement dated 14 October 2005 between Patrick and FCL; and
  - (iv) to act reasonably in the exercise of any of its rights, powers and remedies under the Term Loan Agreement between FCL and Patrick dated 31 October 2005, and to advise the ACCC of its intention to demand final payment under the agreement before the Final Repayment Date for any cause other than a prescribed Event of Default;
- (m) if Toll is prevented from or is otherwise unable to complete the divestment and sale of any Divestment Business or to procure Pacific National or Patrick to perform the arrangements contemplated under the undertakings, Toll will sell and dispose of such other assets and/or businesses within Toll's power and control and otherwise take such steps in the manner contemplated by the undertakings sufficient to address and remedy the competition concerns raised by the ACCC in its Statement of Claim; and

- (n) Toll will indemnify Patrick in respect of:
- (i) the amount (if any) by which the gross sale price received for the Patrick businesses to be divested under the undertakings is less than the fair market value of the businesses as determined by an independent expert together with all sale transaction costs and expenses;
  - (ii) all liabilities incurred by way of warranties and indemnities provided to a purchaser of the relevant Patrick business or otherwise in connection with the sale of the Patrick business to a purchaser; and
  - (iii) any loss suffered by Pacific National by reason of its compliance with the arrangements provided for in the undertakings, so as to ensure that minority shareholders in Patrick are not adversely affected by the implementation of the undertakings.

Toll intends to implement the ACCC Undertakings, including those undertakings which relate to assets it does not own, such as:

- the divestment of Patrick businesses; and
- transactions involving Pacific National.

In complying with the ACCC Undertakings and implementing the divestment of Patrick assets and the transactions involving Pacific National, the directors of the Patrick and/or Pacific National entities must act in accordance with their statutory and fiduciary duties and be satisfied that the transactions are in the best interests of the relevant entity.

Toll considers that significant merger synergies and cost savings would accrue to Patrick and Pacific National (and their relevant controlled entities) upon Toll obtaining control of Patrick, even if Patrick is not wholly owned by Toll. For further details of the change in key expected synergies where Patrick is 50.1% owned by Toll see Section 9.4.2. Further, Toll considers that the directors of Patrick and Pacific National will be entitled to consider such benefits accruing to Patrick and Pacific National in determining whether the implementation of the ACCC Undertakings is in their best interests.

Based on the information currently available and having regard to the indemnities set out above and the merger synergies and cost savings which will accrue to Patrick and Pacific National and their relevant subsidiaries, Toll expects that the directors of those companies will be satisfied that compliance with the ACCC Undertakings is in the best interests of each relevant company. Accordingly, Toll is unaware of any reason why the ACCC Undertakings cannot be implemented if its Offer is Successful.

A copy of the public ACCC Undertakings can be obtained from the ACCC's website at [www.accc.gov.au](http://www.accc.gov.au). Toll will also make available a copy of the document free of charge to Patrick Shareholders who request it during the Offer Period. To obtain a copy of this document, 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.

You should read Section 11.3 which sets out various risk factors associated with Toll's implementation of the ACCC Undertakings.

### **8.3.2. The Operational Effect of the ACCC Undertakings on the Merged Group**

Toll does not expect the ACCC Undertakings to have a material impact on the operations of the Merged Group. Specifically, with respect to the ACCC Undertakings:

(a) Divestment Businesses

The Divestment Businesses (excluding the 50% interest in Pacific National (see paragraph (b) below)) are each independent, stand-alone businesses within the Merged Group. Toll does not believe any of the assets to be divested are material in the context of the Offer or the Merged Group. After the divestitures, the Merged Group will retain assets in the relevant markets enabling it to be an effective competitor. Given its track record of delivering strong organic business growth in competitive transport and logistics markets, Toll is confident of its ability to continue to operate successful businesses for the Merged Group in Bass Strait shipping, Tasmanian freight forwarding and auto-logistics notwithstanding the ACCC Undertakings.

Toll expects that the sale processes in respect of the Divestment Businesses will allow all genuinely interested parties the opportunity to bid for the relevant assets. It is expected these processes will result in genuine interest for the relevant assets and should result in the relevant assets being sold for fair market value, with the sale proceeds redeployed within the Merged Group. Given its track record, Toll considers it will be able to generate attractive returns from the sale proceeds being redeployed within the Merged Group.<sup>21</sup>

(b) 50% interest in Pacific National

The requirement to divest the 50% interest in Pacific National means that the Merged Group in the 100% ownership scenario will (after effecting the required sale) be in substantially the same position as Toll is today given that Toll currently owns 50% of Pacific National.

<sup>21</sup> See Section 3 of the Bidder's Statement for details of Toll's track record.

(c) Rail asset and service undertakings

The requirement for Toll to procure that Pacific National makes available the train paths, assets, services and terminal access described in paragraph (e) of Section 8.3.1 is not expected to adversely or materially impact the Merged Group's operations. Toll believes the primary impact of the relevant undertakings (as summarised in paragraph (e) of Section 8.3.1) will be to facilitate a potential new competitor, should one emerge, in a shorter time frame than might otherwise be the case.

Specifically, it is anticipated that Pacific National's current operations can be reconfigured (through, among other things, amendment of daily service frequencies) to ensure the requirement to make available prescribed rolling stock is met without impacting daily service requirements.

In relation to the ancillary services that Toll must procure that Pacific National provides to the Operator for the Start-up Period, Toll considers that additional staffing and other related resources can be sourced to meet any requirements in addition to Pacific National's current operational requirements. The cost of sourcing these additional resources would be recovered on a fair market basis from the relevant Operator.

Given this, Toll does not believe that the operational or financial impact of the relevant ACCC Undertakings will be material in the context of the Merged Group, particularly after having regard to:

- the anticipated overall growth in Australian freight volumes;
- Toll's improved capacity as an integrated logistics service provider to achieve efficiencies; and
- the synergies expected to be derived from the combination of Toll and Patrick.

(d) Behavioural and performance audit requirements

Toll considers that the behavioural undertakings it is required to procure in respect of its port and rail operations are in all respects consistent with good business practice and the manner in which Toll would ordinarily conduct the relevant businesses. Accordingly, apart from any additional administrative or reporting requirements (the impact of which will not be material from an operational or financial perspective), these behavioural and reporting undertakings are not expected to have any material operational or financial impact on the Merged Group.

For a description of the anticipated financial impact of the ACCC Undertakings, see Section 9.4.1.

## 8.4. Virgin Blue

As is set out in Section 9.4 of the Bidder's Statement, on 18 August 2005, Toll entered into an agreement with Virgin Group (**Underwriting Agreement**).

The Underwriting Agreement is conditional on (amongst other things) Patrick reducing its shareholding by at least 18.2% of Virgin Blue (whether by paying the Special Dividend or otherwise) to persons holding less than 9.9% of Virgin Blue within 12 months after the date of the Underwriting Agreement, or three months after Toll obtains control of the Patrick board, whichever occurs first.

As a consequence of the replacement of the Special Dividend with an increased Cash Consideration (see Section 16.3 below), Toll will not procure Patrick to declare the Special Dividend. Otherwise, the transactions contemplated by the Underwriting Agreement and described in Section 9.4 of the Bidder's Statement are unaffected by the Revised Offer.

After obtaining control of Patrick, Toll intends to discuss with the Virgin Group the underlying objectives of the Underwriting Agreement, and to review the alternatives for Patrick's controlling shareholding in Virgin Blue in order to maximise the value of Virgin Blue and that shareholding. Toll remains strongly committed to adding value to Virgin Blue through initiatives such as the proposed air freight alliance outlined in Section 9.4 of the Bidder's Statement.

If following the outcome of discussions with the Virgin Group and the review, the conditions of the Underwriting Agreement are incapable of being satisfied, Virgin Group will be entitled to terminate the Underwriting Agreement and claim liquidated damages in the amount of \$12 million.

Until Toll completes this review and determines what, if any, actions to implement, Virgin Blue would remain a subsidiary of the Merged Group and accordingly the financial information in this Seventh Supplementary Bidder's Statement has been prepared on this basis.

## 8.5. FCL

On 13 October 2005, Patrick announced that it had agreed to form an "alliance" with FCL (**FCL Alliance**) and that Patrick Finance Pty Ltd would advance loans to FCL of up to \$32.5 million for a term of 18 months to finance FCL's existing borrowings and provide funding for FCL's working capital requirements (**FCL Loan**). On page 40 of Patrick's Target's Statement, Patrick stated that the FCL Loan is interest-free for the first 12 months and that security for the FCL Loan includes first-ranking mortgages over real property and a charge over FCL. Further, page 135 of Patrick's Target's Statement states that Patrick had advanced \$7.5 million to FCL. It is unclear whether the FCL Loan is inclusive or exclusive of this advance.

On 1 December 2005, Patrick announced that it had acquired the FCL Option to purchase FCL for the sum of \$142 million of which up to \$5 million will be subject to earnings performance tests, and adjusted for net asset movements since 30 June 2005. The exercise of the FCL Option is subject to ACCC approval. On 17 March 2006 the ACCC announced it would conduct market inquiries on undertakings that had been offered by Patrick to address competition concerns arising from Patrick's proposed acquisition of FCL. The ACCC requested that comments be provided on Patrick's proposed undertakings by 31 March 2006.

If Toll obtains control of the Patrick board and the conditions of its Offer are satisfied or waived, Toll intends as soon as practicable to procure Patrick to, in accordance with the ACCC Undertakings (see paragraph (I) of Section 8.3.1):

- terminate the FCL Alliance; and
- terminate (and in any event not to exercise) the FCL Option.

If Patrick exercises the FCL Option (which Toll considers would be in breach of the conditions of Toll's Offer) and Toll subsequently acquires control of Patrick, Toll has undertaken to the ACCC to cause Patrick to divest FCL (see paragraph (I) of Section 8.3.1 for further information). Based on its knowledge of FCL, Toll is concerned that the fair market value of FCL may be substantially below the purchase price that Patrick is willing to pay and, therefore, Patrick's acquisition of FCL would reduce Patrick's value. Accordingly, Toll has structured its Enhanced Offer so that Patrick Shareholders retain the majority of the financial exposure to a decision by Patrick directors to exercise the FCL Option or to otherwise agree to acquire FCL during the Offer Period. Toll will increase the Cash Consideration by an additional \$0.10 per Patrick Share if Patrick has not exercised the FCL Option or otherwise agreed to acquire FCL as at the date the Offer becomes or is declared to be unconditional.

If Patrick confirms by way of an unqualified announcement to ASX that it will not exercise the FCL Option or otherwise agree to acquire FCL during the Offer Period, then Toll will bring forward its variation of the Offer (i.e. increase the Cash Consideration by the additional \$0.10 per Patrick Share) to the second Business Day after the date of that announcement.

## 9. Financial Profiles

### 9.1. Important Information

#### 9.1.1. Source of Patrick and Virgin Blue Financial Information

Toll has not had access to information on Patrick and Virgin Blue other than that which is available in the public domain. Toll has not had access to the directors, management or staff of Patrick or Virgin Blue, or to any Patrick or Virgin Blue detailed budgets, work papers, accounting records or other documentation. Toll does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

#### 9.1.2. Source of SembLog Financial Information

Toll has not had access to information on SembLog other than that which is available in the public domain and limited financial information made available during due diligence. Toll has had some access to the directors and management of SembLog as part of the due diligence process but has not had access to any SembLog detailed budgets, work papers, accounting records or other documentation. Toll does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

#### 9.1.3. Presentation of Abbreviated Financial Information

The Merged Group financial information has been presented in abbreviated form. It does not contain all the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

### 9.2. Basis of Preparation of Merged Group Financial Information

#### 9.2.1. Toll Standalone versus Merged Group

Toll or Toll standalone relates to Toll prior to the acquisition of SembLog and the Offer occurring. Merged Group relates to Toll after the acquisitions of SembLog and Patrick are completed. The financial impact of the SembLog acquisition on Toll (prior to the acquisition of Patrick) is set out in Section 9.3.

#### 9.2.2. Source of Forecast Financial Information for Toll

The forecast financial information for Toll for the years ending 30 June 2006 and 2007 on a standalone basis represents the Toll Directors' best estimates.

The Toll standalone forecast income statement under AIFRS for the year ending 30 June 2006 is consistent with the Toll standalone forecast set out in Section 11.1.3 of the Bidder's Statement with the exception of adjustments for the following items:

- changes to the forecasts for Pacific National for the year ending 30 June 2006, considered necessary by Toll, based on the current performance and outlook of Pacific National (estimated decrease to NPAT of \$23 million before non-recurring items). The underlying factors causing the decrease in forecast profitability of Pacific National for the year ending 30 June 2006 are considered by Toll to largely represent the impact of events outside the normal course of operations, such as strikes and flooding, which have impacted the intermodal division performance, and delays in the shipment of grain. The decrease in forecast profitability of Pacific National for the year ending 30 June 2006 would also impact Toll and Patrick equally on a standalone basis. This has resulted in a \$11.5 million decrease in the underlying Toll forecast NPAT before non-recurring item for the year ending 30 June 2006;
- consistent with the Bidder's Statement, the forecasts for Pacific National included in this Seventh Supplementary Bidder's Statement assume the continuing operation of Pacific National's Tasmanian Intermodal Operations; and
- changes to the forecasts for Pacific National for the year ending 30 June 2006 in relation to legal and other one-off costs in connection with the Acacia Ridge terminal dispute (disclosed as a non-recurring item) (estimated decrease to NPAT after non-recurring items of \$9 million). This has resulted in a \$5 million decrease in the underlying Toll forecast NPAT after non-recurring items for the year ending 30 June 2006.

The key assumptions made by directors in preparing the Toll standalone forecast income statement under AIFRS for the year ending 30 June 2007 include:

(a) Overview of Toll Standalone Forecast

- forecast revenue of \$4.3 billion represents a 5.5% increase on the forecast for the year ending 30 June 2006. Revenue growth is primarily driven by Toll Networks and Toll North. Underlying forecast revenue growth rates are conservatively based and generally consistent with organic growth rates achieved by Toll in the last five years;

- forecast EBIT (excluding the equity accounted share of associates' NPAT) of \$345 million represents a 13% increase on the forecasts for the year ending 30 June 2006. EBIT margins are forecast to improve from 7.43% in the year ending 30 June 2006 to 7.95% for the year ending 30 June 2007. Forecast EBIT and EBIT margin growth is expected in all operating divisions. The individual key drivers of forecast divisional performance are set out below;
- at any point in time Toll has a range of new contracts it has tendered for. The forecast excludes the impact of any contracts which may be won or existing contracts which may be lost during the course of the year ending 30 June 2007;
- forecast profits from associates largely relate to Pacific National. For more details refer to the specific assumptions underlying the Pacific National forecast, which are set out at Section 9.2.3 below;
- Toll does not expect its forecast to be materially impacted by further increases in oil and fuel prices, as key businesses apply customer fuel surcharges. Toll's financial performance was not adversely impacted by oil prices in the year ended 30 June 2005 and has not been adversely impacted since that date;
- the standalone forecast is prepared on the assumption that Toll does not acquire any businesses;
- forecast net interest charges of \$41 million include the Toll RPS dividend of \$15.5 million. The balance of the interest charge of approximately \$25 million is comparable to the year ending 30 June 2006 and is based on consistent average interest rates and net debt levels with the year ending 30 June 2006;
- the forecast income tax expense for Toll for the year ending 30 June 2006 is based on the applicable statutory rates, adjusted for the impact of the share of associates' earnings, tax losses within the Toll Group, other non-assessable items and the effect of the accounting classification of the Toll RPS dividend as an interest cost. Additionally, income tax expense for the year ending 30 June 2007 includes a charge for Toll NZ which has previously had a nil tax expense due to the existence of unrecognised tax losses;
- no major change in workers compensation charges;
- no major change in interest rates; and
- no major change in inflation, foreign exchange rates, gross domestic product (GDP) or labour costs.

(b) Divisional Trading Assumptions Underlying Toll's Standalone Forecast

(i) Toll Networks

- continuing benefits from capital investment in technology, fleet and facilities, increasing efficiency and returns, especially within Toll Priority and Toll IPEC;
- continued expansion of the Toll Priority offerings to customers including New Zealand;
- full year impact of new customer contracts won in the year ending 30 June 2006;
- continuing strength in the resources industry;
- retail conditions continuing to be similar to the year ending 30 June 2006; and
- continued focus on cost management.

(ii) Toll Logistics

- improved results from start up contracts commenced during the year ending 30 June 2006 with the costs associated with initial set up not expected to recur;
- one off redundancy of \$2.4 million in Ports business in the year ending 30 June 2006 will not be incurred, thereby improving results;
- continuing improvement from Toll Personnel as the number of sites covered by its labour force expands throughout the Toll Group; and
- impact of renegotiated prices/terms on poor performing contracts compared to the year ending 30 June 2006.

(iii) Toll North

- full year contribution from Korn Transport – a mining services logistics supplier, which was acquired in October 2005;
- continued strength in the resources industry; and
- continuing benefits from capital investment in technology, fleet and facilities, increasing efficiency and returns.

(iv) Toll NZ

- continuing improvements from larger Interislander vessel with improved capacity. Initial set up costs regarding rebranding etc, not to recur;
- no major change in track access charges;
- reflects expectation of a general slowdown in the New Zealand economy based on trends discerned up to 31 December 2005;

- continuing benefits from track improvement program by New Zealand government to improve efficiency of Toll NZ Rail operations; and
- ongoing benefits from investment in technology and rolling stock.

### 9.2.3. Source of Forecast Financial Information for Pacific National

The forecast financial information for Pacific National for the years ending 30 June 2006 and 2007 on a standalone basis represents the Toll Directors' best estimates.

The Pacific National forecasts for the year ending 30 June 2006 have been revised to reflect the latest performance and outlook of Pacific National and include the impact of the changes referred to in Section 9.2.2 above.

The forecast results of Pacific National will be equity accounted as a 50% joint venture interest in both Toll standalone and the Merged Group. Toll's Directors' estimate the NPAT of Pacific National for the year ending 30 June 2007 will be \$112 million, representing a \$23 million increase on the forecast NPAT for the year ending 30 June 2006. The key assumptions relating to the performance of Pacific National made by Toll's Directors in preparing the Toll standalone forecast income statement under AIFRS for the year ending 30 June 2007 include:

- forecast revenue of \$1.6 billion represents a 3.9% increase on the forecast revenue of Pacific National for the year ending 30 June 2006; and
- forecast EBIT of \$211 million represents a 23% increase on forecast EBIT for the year ending 30 June 2006 and an EBIT margin improvement from 11.4% to 13.5%. Key drivers of the forecast EBIT and margin improvement of Pacific National are:
  - non-recurrence of one-off events, such as flooding, strikes and fires which have adversely impacted Intermodal division results in the year ending 30 June 2006;
  - potential increased operating costs at Acacia Ridge following the loss of the Acacia Ridge legal dispute;
  - improved export grain shipments compared to the year ending 30 June 2006. Despite a strong harvest in the year ending 30 June 2006, export shipments have been delayed due to third party logistical issues;
  - Pacific National continues its Tasmanian Intermodal Operations;
  - increase in interest costs of \$2 million resulting from an increase in underlying borrowings during the year ending 30 June 2006;
  - effective tax rate of 30%; and
  - one-off costs relating to the Acacia Ridge dispute are fully provided for as non-recurring items in the forecast for the year ending 30 June 2006.

### 9.2.4. Source of Forecast Financial Information for SembLog

The financial year end adopted by Toll is 30 June compared to 31 December adopted by SembLog.

The forecast statements of financial performance of SembLog under AIFRS for the years ending 30 June 2006 and 2007 represent the Toll Directors' best estimates based on publicly available financial information including independent broker forecasts. The principal difference identified by Toll's Directors between SembLog's accounting policies under Singapore Financial Reporting Standards and AIFRS relates to the method of accounting for SembLog's interests in joint ventures. Under AIFRS, the equity method is required while SembLog has applied the proportionate consolidation method permitted under Singapore Financial Reporting Standards. This adjustment impacts the presentation of the income statement but does not impact reported NPAT. In determining the impact of this difference, it has been assumed that the joint venture result for the 12 months ended 31 December 2005 is consistent with the forecast result for the years ending 30 June 2006 and 30 June 2007.

### 9.2.5. Source of Forecast Financial Information for Patrick

The forecast statements of financial performance of Patrick for the years ending 30 June 2006 and 2007 have been prepared based on the forecasts included in the Target's Statement issued on 18 October 2005.

The financial year end adopted by Toll is 30 June compared to 30 September adopted for Patrick and Virgin Blue. Patrick's forecast earnings for the year ending 30 June 2006 have been estimated by adding three quarters of the Target's Statement forecasts for the year ending 30 September 2006 and one quarter of the Target's Statement forecasts for the year ending 30 September 2005. The forecast earnings for the year ending 30 June 2007 have been estimated by adding three quarters of the Target's Statement forecasts for the year ending 30 September 2007 and one quarter of the Target's Statement forecasts for the year ending 30 September 2006.

The Target's Statement forecasts for Patrick include a forecast of the equity accounted profits from Pacific National during that period. The equity accounted profits of Pacific National within the Patrick forecasts have been adjusted to equate to 50% of the Toll Directors' forecast NPAT of Pacific National for the years ending 30 June 2006 and 2007.

### **9.2.6. Pro Forma Acquisition Date of 1 July 2006**

The pro forma forecast financial information for the year ending 30 June 2007 presented in this Section assumes that the acquisitions of both SembLog and Patrick are completed effective 1 July 2006.

The pro forma balance sheet of the Merged Group has been prepared based on the combination of Toll's unaudited balance sheet at 31 December 2005, Patrick's audited balance sheet at 30 September 2005 and SembLog's unaudited balance sheet at 31 December 2005 after making the pro forma adjustments described in Section 9.7. Assumptions have been made, as set out in Section 9.8, regarding necessary consolidation adjustments to include Patrick and SembLog within the Merged Group.

Toll's Directors anticipate that both the SembLog and Patrick acquisitions could be completed by 30 April 2006. Accordingly, in Section 9.6, Toll has presented the forecast statutory reported NPAT for the Merged Group for the year ending 30 June 2006 on that basis.

### **9.2.7. Merger Synergies and Restructure Costs**

Included within the Merged Group forecast financial information is an estimate of the synergies and one-off restructure and exit costs that are expected to accrue on the combination of Toll, Patrick and SembLog, after taking into account the impact of the divestments required pursuant to the ACCC Undertakings.

The estimated impact of the synergies and restructuring and exit costs is based on Toll's industry knowledge and information on Patrick that is available in the public domain.

Any final decisions and estimates on these matters will only be reached in light of all the material facts and information once Toll has had an opportunity to conduct a detailed review of Patrick's operations and any relevant internal information.

Toll currently estimates that full year gross synergies of approximately \$61 million pre-tax (including 50% of the pre-tax synergies estimated to be available in Pacific National) (\$43 million after tax) could be achieved within three years of Toll's acquisition of Patrick.

Toll currently estimates one-off restructuring costs of \$23 million pre-tax (including 50% of costs relating to Pacific National) (\$16 million after tax) will be incurred in order to achieve these estimated gross annual synergies.

Gross synergy benefits are expected to be generated in the following areas:

- operational cost savings (including technology systems);
- administration cost savings; and
- additional EBIT from revenue growth.

The Merged Group pro forma forecast income statement for the year ending 30 June 2007 incorporates the expected full year synergy benefits that are expected to be realised within three years of Toll's acquisitions of Patrick and SembLog, and one-off restructuring and exit costs that will be incurred to enable those ongoing benefits to be realised (disclosed as non-recurring items). This will differ from the actual synergies and restructuring and exit costs that are expected to be incurred in the year ending 30 June 2007 due to the time required to realise the full level of anticipated synergies. The pro forma forecast NPAT for the Merged Group for the year ending 30 June 2007 has been reconciled to forecast reported NPAT for that period in Section 9.5.

Due to the limited public information available on Patrick and SembLog, there is some uncertainty associated with the forecast financial information and actual synergies and restructure costs may differ from those estimated. To reflect this level of uncertainty, a sensitivity analysis has been included in Section 9.9.4 to illustrate the impact on NPAT and EPS of the Merged Group if EBITDA exceeds or is below the pro forma forecast.

### 9.3. Pro Forma Forecast Income Statement

Set out below is the pro forma forecast income statement for the year ending 30 June 2007 for the Merged Group assuming Toll acquires either 100% (on a fully diluted basis) or 50.1% (on an undiluted basis) of Patrick.

#### Pro Forma Forecast Income Statement – 2007 Merged Group (\$ millions)

Forecast Year Ending 30 June 2007	Toll	SembLog	Toll plus SembLog	Patrick	Merged Group (100% scenario)	Merged Group (50.1% scenario)
Revenue from operating activities	4,338	515	4,853	3,667	8,397	8,397
EBITDA	495	75	570	679	1,260	1,245
Depreciation	(150)	(22)	(172)	(203)	(364)	(364)
EBIT	345	53	398	476	896	881
Net interest expense	(25)	1	(82)	(93)	(165)	(126)
Toll RPS dividend	(16)	–	(16)	–	(16)	(16)
<b>Total net interest costs</b>	<b>(41)</b>	<b>1</b>	<b>(98)</b>	<b>(93)</b>	<b>(181)</b>	<b>(142)</b>
PBT and before share of associates' NPAT	304	54	300	383	715	739
Income tax expense	(93)	(11)	(87)	(127)	(218)	(231)
Share of associates' NPAT	56	20	76	60	91	91
NPAT	267	63	289	316	588	599
Minority Interest	(8)	(9)	(17)	(52)	(68)	(212)
NPAT attributable to members (before non-recurring items)	259	54	272	264	520	387
Non-recurring items	–	–	–	–	298	128
Minority interest (in non-recurring items)	–	–	–	–	–	(28)
NPAT attributable to members (after non-recurring items)	259	54	272	264	818	487
<b>Diluted EPS<sup>1</sup></b>			<b>80.4</b>		<b>81.4</b>	<b>82.7</b>

Notes:

(1) Diluted EPS is calculated based on NPAT attributable to members (before non-recurring items).

### 9.4. Key Assumptions Underlying the Pro Forma Merged Group Forecast Income Statement

The key assumptions applied in compiling the Merged Group pro forma income statement are:

#### 9.4.1. 100% ownership scenario

- pro forma acquisition date of both SembLog and Patrick is 1 July 2006;
- the ACCC Undertakings (refer Section 8.3.1) are implemented effective 1 July 2006. Toll has estimated the proceeds of the businesses that will be divested in accordance with the ACCC Undertakings to be in the region of \$1.5 billion and has estimated the post-tax profit on those divestments to be in the region of \$325 million. For the purpose of presenting the pro forma income statement of the Merged Group, the proceeds from the divestments are assumed to be utilised immediately to repay part of the bridging debt used to effect the acquisition of Patrick. The estimated after tax profit on sale is recorded as a non-recurring item. Given the limitations of publicly available information on Patrick, there is a degree of uncertainty around these estimates;
- the ACCC Undertakings as set out in Section 8.3.1 include increasing the availability of track and terminal access, the provision of 12 of Pacific National's locomotives for lease by a third party on the east-west route and the provision of services to a new operator on the east-west route. Toll is of the view that the ACCC Undertakings will not have a material direct financial impact on Pacific National in the year ending 30 June 2007. Any financial impact of these undertakings will be driven by the actions of competitors and Toll is not in a position to predict what these actions may be, their timing or their financial impact. In the event that competitors' actions result in a negative impact on Pacific National's revenue, Toll anticipates that there would be opportunities to reduce the Pacific National's cost structure to offset the financial impact of these actions;

- goodwill on acquisition is not amortised;
- for the purpose of calculating goodwill on the acquisition of Patrick and SembLog, Toll's Directors will need to estimate the fair value of the assets acquired and the contingent liabilities assumed, including the allocation of the purchase consideration over the net tangible assets and the various intangible assets that will be acquired. When that exercise is completed, adjustments may need to be made to the pro forma balance sheet and other intangible assets may need to be recognised. Those intangible assets may need to be amortised over the period of their economic benefit to the Merged Group and such amortisation charges would reduce future reported earnings and EPS. Due to the limited public information available on Patrick, it is not possible for Toll to identify any such intangible assets and consequent amortisation charges at this stage;
- SembLog is consolidated as a 100% owned entity of Toll;
- Singapore Dollar based revenues and costs are converted at a rate of 1.2 Singapore Dollars to 1 Australian Dollar;
- Virgin Blue is consolidated;
- the retained 50% stake in Pacific National is equity accounted;
- interest rates on debt finance used to acquire Patrick is 6.5%. The effective interest rate on finance used to acquire SembLog is 5.1%;
- the incremental effective tax rate of the Merged Group is 30%; and
- full year pre-tax synergy benefits of \$61 million (including 50% of benefits expected in Pacific National) are realised.

#### *Non-Recurring Items*

One off items included in the forecast pro forma income statement include:

- non-recurring restructuring costs of \$23 million (\$16 million post tax) (including 50% share of costs relating to Pacific National) that are expected to be incurred to provide the forecast synergy benefits;
- debt arrangement fees of \$15 million (\$10 million post tax) incurred on bridging finance associated with the acquisitions of Patrick and SembLog are written off on refinancing the bridging debt (one off financing costs); and
- the estimated after tax profits on the sale of divestments.

#### **9.4.2. 50.1% ownership scenario**

The 50.1% ownership scenario has been prepared on a consistent basis with the 100% ownership scenario described above, with the exception of the following adjustments:

- reduction in the estimated post-tax profit on divestments required pursuant to the ACCC Undertakings to approximately \$145 million;
- reduction in interest costs of \$66 million due to the lower total cash consideration for only 50.1% of Patrick Shares, offset by the additional costs of the CRANES, which are assumed not to have been converted or redeemed under a 50.1% undiluted ownership scenario;
- a reduction in the estimated level of gross synergies of \$14 million and a reduction in the associated gross one-off restructuring and exit costs of \$6 million;
- accounting for the minority interest in Patrick pro forma results; and
- as part of the ACCC Undertakings, Toll has agreed to indemnify Patrick for any reduction in the value of Patrick or Pacific National that arises as a result of these undertakings. Toll is of the view that there will be no material financial impact from providing this indemnity because Toll expects to divest of any relevant assets at fair market value and other undertakings are not expected to have a material adverse impact on the forecasts for the year ending 30 June 2007.

## 9.5. Comparison of the Pro Forma NPAT and the Forecast NPAT for the Year Ending 30 June 2007

The following table compares the pro forma forecast NPAT to the statutory reported forecast NPAT of the Merged Group for the year ending 30 June 2007.

### Reconciliation of Forecast Merged Group NPAT Before Non-Recurring Items

Forecast Year Ending 30 June 2007	100% ownership scenario		50.1% ownership scenario	
	\$ million	Diluted EPS (cents)	\$ million	Diluted EPS (cents)
Pro forma forecast NPAT before non-recurring items	520	81.4	387	82.7
Synergy Benefits (post tax)	(19)		(11)	
<b>Forecast reported NPAT before non-recurring items</b>	<b>501</b>	<b>78.5</b>	<b>376</b>	<b>80.5</b>

Significant reconciling differences between the pro forma forecast and the statutory forecast comprise:

- full year synergy benefits (which are expected to be realised within three years of Toll's acquisition of Patrick) are included in the pro forma income statement compared with only the portion expected to be realised within the year ending 30 June 2007 in the statutory forecast. It is assumed that the total non-recurring restructuring and exit costs are incurred in the first 12 months post-acquisition and are included in both scenarios (disclosed within non-recurring items); and
- the ACCC Undertakings require the divestment of certain businesses. In preparing the pro forma forecast NPAT for the year ending 30 June 2007, it has been assumed that these divestments are completed effective 1 July 2006. However the timing of these divestments is uncertain and as such any variance from this timetable will result in additional differences between the pro forma and statutory forecast. Such differences have not been quantified due to the uncertainty in timing.

## 9.6. Forecast NPAT for the Year Ending 30 June 2006

Toll's Directors anticipate that both the SembLog and Patrick acquisitions could be completed by 30 April 2006. Accordingly, presented below is the forecast statutory reported NPAT for the Merged Group for the year ending 30 June 2006 in this scenario.

The forecast reported NPAT for the Merged Group for the year ending 30 June 2006 has been determined based on the Toll standalone forecast for the year ending 30 June 2006 plus the estimates for SembLog and Patrick for the two months ending 30 June 2006. These estimates have been based on one-sixth of the full year forecasts. Adjustments have been made to consolidate the forecasts for Pacific National for the two months ending 30 June 2006 as it is not expected that the divestment required pursuant to the ACCC Undertakings will be implemented between 1 May 2006 and 30 June 2006. Additionally adjustments have been made for the forecast funding costs expected to arise between 1 May 2006 and 30 June 2006 pursuant to completion of the acquisitions of SembLog and Patrick.

No synergies or related non-recurring costs have been included in the forecast statutory reported income statement for the year ending 30 June 2006.

The forecast reported NPAT for the year ending 30 June 2006 is set out in the table below:

### Forecast Merged Group NPAT Before Non-Recurring Items

Forecast Year Ending 30 June 2006	100% ownership scenario		50.1% ownership scenario	
	\$ million	Diluted EPS (cents)	\$ million	Diluted EPS (cents)
Toll Standalone NPAT (before non-recurring items)	240	71.6	240	71.6
<b>NPAT Impact of two months trading:</b>				
SembLog	2		2	
Patrick	34		17	
Interest costs (post tax)	(12)		(5)	
<b>Forecast reported NPAT before non-recurring items</b>	<b>264</b>	<b>68.9</b>	<b>254</b>	<b>71.4</b>

## 9.7. Pro Forma Balance Sheet

Set out below is the pro forma balance sheet of the Merged Group as at 1 July 2006.

### Pro Forma Forecast Balance Sheet – Merged Group (\$ millions)

	Toll pro forma 31 Dec 05	SembLog pro forma 31 Dec 05	Toll post SembLog pro forma 31 Dec 05	Patrick pro forma 30 Sep 05	Merged Group (100% scenario) 1 July 06	Merged Group (50.1% scenario) 1 July 06
<b>Current assets</b>						
Cash	102	282	144	–	42	42
Receivables	501	110	611	306	917	917
Other financial assets	–	–	–	568	568	568
Inventories	14	16	30	12	42	42
Assets held for sale	15	–	15	–	15	15
Other	52	–	52	32	84	84
Total current assets	684	408	852	918	1,668	1,668
<b>Non-current assets</b>						
Receivables	53	47	100	61	160	160
Equity investments in associates	463	120	583	516	1,045	1,045
Other financial assets	221	16	237	4	66	66
Property, plant and equipment	1,031	70	1,059	2,065	3,004	3,004
Deferred tax assets	19	3	22	57	79	79
Intangibles	195	6	925	861	4,983	3,279
Other	10	–	10	20	31	31
Total non-current assets	1,992	262	2,936	3,584	9,368	7,664
Total assets	2,676	670	3,788	4,502	11,036	9,332
<b>Current liabilities</b>						
Payables	442	105	553	584	1,206	1,196
Interest bearing liabilities	245	40	285	114	112	114
Current tax liabilities	41	11	52	1	63	67
Provisions	174	3	177	38	215	215
Other	7	–	7	–	7	7
Total current liabilities	909	159	1,074	737	1,603	1,599
<b>Non current liabilities</b>						
Interest bearing liabilities <sup>1</sup>	539	15	1,446	1,852	3,160	2,657
Deferred tax liabilities	27	–	27	125	265	445
Provisions	76	4	80	44	124	124
Other	15	3	18	–	18	18
Total non-current liabilities	657	22	1,571	2,021	3,567	3,244
Total liabilities	1,566	181	2,645	2,758	5,170	4,843
Net assets	1,110	489	1,143	1,744	5,866	4,489
<b>Equity</b>						
Contributed equity	592	332	592	1,389	4,790	2,405
Treasury shares	(10)	–	(10)	–	(10)	(10)
Reserves	51	5	51	20	51	51
Retained earnings	435	119	435	132	756	547
Total equity attributable to equity holders of the parent	1,068	456	1,068	1,541	5,587	2,993
Minority interest	42	33	75	203	279	1,496
Total equity	1,110	489	1,143	1,744	5,866	4,489
<b>Gearing Ratio</b>						
Net debt to equity (%)					55.0%	60.8%
Net debt to net debt + equity (%)					35.5%	37.8%
<b>Interest cover ratio</b>						
EBITDA to interest (times)					7.0	8.8
EBIT to interest (times)					5.0	6.2

Notes:

- (1) The Cash Consideration will initially be financed through a short term bridging debt facility. Toll's intention is to refinance the bridging debt facility with new long term debt facilities following completion of the acquisition. In presenting the pro forma balance sheet, these debt facilities have been classified as non-current interest bearing liabilities reflecting the expected ongoing debt facility arrangements of the Merged Group.

The pro forma balance sheet of the Merged Group has been presented based on the combination of:

- Toll's unaudited balance sheet at 31 December 2005 as presented in Toll's Interim Financial Report for the half year ended 31 December 2005 after making a pro forma adjustment for the following item:
  - the interim dividend of \$0.14 per share declared by Toll on 21 February 2006, including the assumed reinvestment of 25% of the total dividend paid under Toll's dividend reinvestment plan;
- Patrick's audited balance sheet as at 30 September 2005 as presented in Patrick's Annual Report 2005 after making pro forma adjustments for the following items:
  - the final dividend of \$0.25 per share declared by Virgin Blue on 16 November 2005;
  - the final dividend of \$0.32 per share declared by Patrick on 17 November 2005;
  - the exercise of 3.2 million Patrick Senior Executive Options for consideration of \$15.4 million on 25 November 2005, 5.2 million Patrick Senior Executive Options for consideration of \$23.5 million on 13 December 2005 and a further 1.4 million Patrick Senior Executive Options for consideration of \$6.9 million on 20 March 2006. It has been assumed that Patrick has provided loans to option holders to facilitate the exercising of the above options;
  - the loan of \$32.5 million to FCL (see Section 8.5 for further information) is assumed to not have been repaid in the pro forma income statement and balance sheet;
  - the option fees paid to FCL up to the date of this Seventh Supplementary Bidder's Statement of \$2.5 million, which Toll expects Patrick will have capitalised. For the purpose of modelling the pro forma income statement and balance sheet, it has been assumed that there are no further option fees payable and no costs of exiting the option and alliance arrangements with FCL; and
  - the CRANES distribution of \$2.90 per CRANE declared by Patrick on 28 December 2005; and
- SembLog's unaudited balance sheet as at 31 December 2005 prepared in accordance with Singapore Financial Reporting Standards as presented in SembLog's Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2005 after making pro forma adjustments for the following items:
  - the assumed exercise of SembLog Executive Share Options as part of Toll's takeover offer for all of the outstanding shares in SembLog; and
  - the method of accounting for SembLog's interests in joint ventures has been adjusted from proportionate consolidation to the equity method as proportionate consolidation is not permitted under AIFRS.

## 9.8. Key Assumptions Used to Compile the Pro Forma Balance Sheet

The following key assumptions have been applied in compiling the pro forma balance sheet:

### 9.8.1. Cost of Investment

#### (a) 100% ownership of Patrick scenario

Acquisition of Patrick

- Toll acquires 100% of Patrick's Shares which it does not already own, for the following cost of investment:
  - 0.4 Toll Shares per Patrick Share, equating to \$4.2 billion based on a Toll Share price of \$14.05;
  - \$2.20 in cash per Patrick Share, equating to \$1.6 billion; and
  - Estimated transaction costs of \$57 million; and
- pro forma goodwill on the acquisition of Patrick by Toll is calculated to be \$3.0 billion.

Acquisition of SembLog

- Toll acquires 100% of SembLog for S\$1.80 per share on a fully diluted basis;
- Singapore dollar based assets and liabilities are converted at a rate of 1.2 Singapore dollars to 1 Australian dollar;
- estimated transaction costs of \$5 million; and
- pro forma goodwill on the acquisition of SembLog by Toll is calculated to be \$0.7 billion.

#### (b) 50.1% ownership of Patrick scenario

- 0.4 Toll Shares per Patrick Share, equating to \$1.8 billion based on a Toll Share price of \$14.05;
- \$2.00 in cash per Patrick Share, equating to \$645 million;

- estimated transaction costs of \$47 million;
- pro forma goodwill on the acquisition of Patrick by Toll is calculated to be \$1.3 billion; and
- no change in the accounting for the SembLog acquisition between the 100% and 50.1% Patrick ownership scenarios.

### 9.8.2. Fair Value of Net Assets Acquired

- In both the 100% and 50.1% ownership scenarios, the pro forma Merged Group balance sheet has been compiled assuming the book value of SembLog's and Patrick's assets and liabilities (including contingent liabilities) equals fair value, with the exception of the carrying values of Patrick's investment in Pacific National and the Patrick businesses that will be divested in accordance with the ACCC Undertakings. The limitations of these assumptions are set out in Section 11.4.2(f) of the Bidder's Statement.
- Any fair value adjustments will have an equal and opposite adjustment to goodwill on consolidation. As noted in Section 9.4.1 above, the completion of the allocation of the purchase consideration over the net tangible assets and the various intangible assets to be acquired may result in the identification of additional identifiable intangible assets which may need to be amortised over the period of their economic benefit to the Merged Group.

### 9.8.3. Patrick Senior Executive Options and CRANES

- (a) 100% ownership of Patrick scenario
- The assumptions applied in respect of the Patrick Senior Executive Options and CRANES are consistent with those set out in Section 11.4.13 of the Bidder's Statement, after updating for the current level of outstanding options and the conversion ratio on the CRANES.
- (b) 50.1% ownership of Patrick scenario
- The Patrick Senior Executive Options are not exercised and the CRANES are not converted or redeemed. CRANES financing costs are included in the pro forma Merged Group income statement under the 50.1% undiluted ownership scenario.

## 9.9. Sensitivity Analysis on the Pro Forma Merged Group Forecasts for the Year Ending 30 June 2007

The following sensitivity analysis is presented on the Merged Group financial information.

### 9.9.1. Sensitivity 1 – Ownership of SembLog is between 60% and 90%

The pro forma forecast financial information of the Merged Group assumes that Toll acquires 100% ownership of SembLog.

In the event that Toll does not achieve 100% ownership of SembLog, the table below illustrates the expected impact on NPAT, EPS and gearing of an ownership interest in SembLog of between 60% and 90%.

#### Sensitivity 1: Ownership of SembLog is between 60% and 90%

Percentage ownership	Revised pro forma NPAT for the year ending 30 June 2007 (\$ million)		Revised pro forma diluted EPS for the year ending 30 June 2007 (cents)	
	100% scenario	50.1% scenario	100% scenario	50.1% scenario
100% (per pro forma income statement)	520	387	81.4	82.7
75%	512	380	80.1	81.1
60%	511	379	80.0	80.9

### 9.9.2. Sensitivity 2 – 62.4% Stake in Virgin Blue is not retained

The pro forma forecast financial information of the Merged Group assumes that Patrick's 62.4% controlling interest in Virgin Blue is retained by the Merged Group.

If one of the outcomes of the review referred to in Section 8.4 results in the Merged Group reducing its shareholding in Virgin Blue, there will be an impact on the financial forecasts in this Section.

The table below illustrates the expected impact on NPAT and EPS of a retained stake in Virgin Blue below 62.4%.

### Sensitivity 2: Reduction of Virgin Blue interest

Percentage ownership	Revised pro forma NPAT for the year ending 30 June 2007 (\$ million)		Revised pro forma diluted EPS for the year ending 30 June 2007 (cents)	
	100% scenario	50.1% scenario	100% scenario	50.1% scenario
62.4% (per pro forma income statement)	520	387	81.4	82.7
50.0%	515	385	80.6	82.2
20.0%	500	377	78.3	80.7
10.0%	482	368	75.5	78.7

### 9.9.3. Sensitivity 3 – CRANES are Redeemed, Options are Acquired for Cash

The pro forma forecast financial information of the Merged Group assumes the following:

- 100% ownership scenario: CRANES are converted to Patrick Shares and options are exercised for Patrick Shares on Toll gaining control of Patrick;
- 50.1% ownership scenario: Toll obtains 50.1% control on an undiluted basis (i.e. this scenario assumes CRANES are not converted to Patrick Shares and options are not exercised for Patrick Shares).

Toll has not yet formed an intention as to whether it will cause Patrick to redeem or convert the CRANES or whether it will make an offer to Patrick Senior Executive Optionholders to acquire their Patrick Senior Executive Options. The ultimate treatment of the CRANES and Senior Executive Options will have an impact on EPS levels of the Merged Group.

The table below illustrates the expected impact on NPAT and EPS assuming different levels of CRANES and Options are converted to Patrick Shares and acquired by Toll under the Offer. In calculating the expected impacts illustrated below, it is assumed that those CRANES and Options which are not converted to Patrick Shares are acquired separately by Toll for cash consideration.

### Sensitivity 3: Redemption of CRANES and Acquisition of Options

Percentage ownership	Revised pro forma NPAT for the year ending 30 June 2007 (\$ million)		Revised pro forma diluted EPS for the year ending 30 June 2007 (cents)	
	100% scenario	50.1% scenario	100% scenario	50.1% scenario
<b>Percentage of CRANES redeemed</b>				
0%	520	387	81.4	82.7
100%	507	380	82.0	81.3
<b>Percentage of options acquired</b>				
0%	520	387	81.4	82.7
100%	514	384	81.5	82.1
<b>Percentage of CRANES redeemed and options acquired</b>				
0%	520	387	81.4	82.7
100%	501	378	82.0	80.8

#### 9.9.4. Sensitivity 4 – Forecast Sensitivity

The basis and rationale for this sensitivity is consistent with Sensitivity 3 set out in Section 11.4.14 of the Bidder's Statement except for the following items:

- Sensitivity 3 included in the Bidder's Statement modelled the particular risk in relation to the grain harvest and its potential impact on the results of Pacific National. For the purpose of Sensitivity 4 in this Seventh Supplementary Bidder's Statement, the forecast risk in relation to Pacific National has been calculated against the total business of Pacific National, as opposed to only the grain harvest.
- In this Seventh Supplementary Bidder's Statement, a sensitivity has been added to illustrate the impact on the pro forma Merged Group of a 1% increase or decrease in interest rates for the pro forma year ending 30 June 2007

#### Sensitivity 4: Forecast Sensitivity

Forecast year ending 30 June 2007	Revised pro forma NPAT of the Merged Group (\$ million)		Revised pro forma diluted EPS of the Merged Group (cents)		Impact on standalone entities	
	100% scenario	50.1% scenario	100% scenario	50.1% scenario	Toll standalone	Patrick standalone
Pro forma income statement	520	387	81.4	82.7		
<b>Synergy quantum sensitivity</b>						
Pre-tax synergy \$10 million above forecast	528	393	82.4	83.8	N	N
Pre-tax synergy \$10 million below forecast	513	382	80.2	81.6	N	N
<b>Pacific National EBITDA sensitivity</b>						
Pacific National EBITDA 5% above forecast	526	391	82.2	83.4	Y	Y
Pacific National EBITDA 5% below forecast	514	384	80.4	82.1	Y	Y
<b>SembLog EBITDA sensitivity</b>						
SembLog EBITDA 5% above forecast	523	390	81.7	83.3	Y	N
SembLog EBITDA 5% below forecast	517	385	80.9	82.1	Y	N
<b>Toll EBITDA sensitivity</b>						
Toll standalone EBITDA 5% above forecast	539	406	84.1	86.5	Y	N
Toll standalone EBITDA 5% below forecast	502	369	78.5	78.9	Y	N
<b>Patrick EBITDA sensitivity</b>						
Patrick EBITDA 5% above forecast	545	400	85.1	85.2	N	Y
Patrick EBITDA 5% below forecast	495	375	77.5	80.2	N	Y
<b>Interest rate on borrowings sensitivity</b>						
Interest rate 1% below forecast	538	401	84.0	85.4	Y	Y
Interest rate 1% above forecast	503	374	78.7	80.0	Y	Y

## 10. Funding Arrangements

### 10.1. Toll Share Consideration

Based on the number of Patrick Shares on issue at 17 March 2006, the maximum number of Toll Shares which would be required to be issued under the Enhanced Offer<sup>22</sup> if every Patrick Shareholder accepted the Enhanced Offer is approximately 269.4 million Toll Shares.

In addition, if the holders of all Patrick Senior Executive Options exercise those options and accept the Enhanced Offer in respect of the Patrick Shares issued to them, then approximately an additional 8.9 million Toll Shares would be issued. Further, if the holders of all CRANES convert those CRANES and accept the Enhanced Offer in respect of the Patrick Shares issued to them, then approximately an additional 20.4 million Toll Shares would be issued based on an Offer value of \$7.82, calculated using the price of the closing price of Toll Shares on ASX on 17 March 2006 of \$14.05. This could be higher or lower based on the price of the Toll Shares at a future date.

Accordingly, the maximum number of Toll Shares which may be required to be issued under the Enhanced Offer is approximately 298.8 million.

### 10.2. Cash Consideration

Based on the number of Patrick Shares on issue as at 17 March 2006, the maximum amount of cash that would be payable by Toll under the Enhanced Offer if acceptances were received for all Patrick Shares is approximately \$1,481.5 million.

In addition, if the holders of all Patrick Senior Executive Options exercise those options and accept the Enhanced Offer in respect of the Patrick Shares issued to them, an additional amount of approximately \$49.2 million will be payable by Toll under the Offer. Further, if the holders of all CRANES convert those CRANES and accept the Enhanced Offer in respect of the Patrick Shares issued to them, an additional amount of approximately \$112.5 million will be payable by Toll under the Offer based on an Enhanced Offer value of \$7.82, calculated using the closing price of Toll Shares on 17 March 2006 of \$14.05. This could be higher or lower based on the price of the Toll Shares at a future date.

Accordingly, the maximum cash amount which may be required to settle acceptances under the Enhanced Offer is approximately \$1,643.2 million.

### 10.3. Sources of Cash Consideration

#### 10.3.1. Overview of funding arrangements

In Section 12 of the Bidder's Statement, Toll set out an overview of the loan facility (**Facility**) and the formal agreement (**Facility Agreement**) which Toll has entered into with Citibank, N.A., Sydney Branch and Australia and New Zealand Banking Group Limited (together, the **Banks**).

Toll has agreed with the Banks to cancel the Facility and has obtained a commitment from the Banks and Westpac Banking Corporation (**Westpac**) to provide a new loan facility to Toll (**New Facility**) pursuant to a new formal agreement (**New Facility Agreement**).

Each Bank (including Westpac) has agreed to provide an equal amount of the New Facility.

Each of the Banks (including Westpac) has obtained all of the internal approvals necessary to provide the New Facility.

<sup>22</sup> In this Section 10, a reference to the Enhanced Offer assumes that both the 90% Condition and the FCL Condition are satisfied. See Section 1.2 for further information.

### 10.3.2. Particulars of the Facility

The New Facility will be on substantially the same terms and conditions as the original Facility provided under the Facility Agreement, save that:

(a) Amount

The amount of the New Facility has increased to an amount sufficient to fund the maximum Cash Consideration as set out in Section 10.2.

(b) Availability

The New Facility will be available:

- subject to the satisfaction of financing conditions (which are substantially the same as those set out in clause 1 of Annexure F of the Bidder's Statement) (**Financing Conditions**); and
- provided that any funding commitments which have been set aside for financing the Cash Consideration (as set out in Section 10.2) which are unused (if any) will automatically be cancelled when all Patrick Shareholder acceptances are financed or the Offer lapses or is cancelled,

until a date 12 months from the date of signing of the New Facility Agreement.

(c) Financing Conditions

The ability to drawdown under the New Facility is subject to substantially the same Financing Conditions being and remaining satisfied, save that the New Facility will be available for drawing if Toll and its associates have relevant interests in at least 50.1% (by number) of the Patrick Shares and the Offer is otherwise unconditional.

Toll is not aware of any reason why the Financing Conditions will not be satisfied in time to allow the proceeds to be able to be drawn down by Toll to pay the Cash Consideration under the Offers as and when required under the Offer.

(d) Mandatory prepayment events

The New Facility is subject to the same mandatory prepayment requirements as those set out in Section 12.5 of the Bidder's Statement. However, Toll is not obliged to apply the net proceeds of any asset disposals or new financing or capital raising in respect of its interest in SembLog towards repayment of drawings under the New Facility.

(e) Events of Default

In addition to the events of default set out in Annexure F of the Bidder's Statement, the New Facility is subject to a new event of default in the event that the asset dispositions required by the ACCC, in accordance with the ACCC Undertakings, do not take place within 6 months of first drawdown under the New Facility.

# 11. Risk Factors

## 11.1. Introduction

Section 13 of the Bidder's Statement sets out risks factors that affect the general economy and the stock market, and specific risk factors that may affect the Merged Group and the Offer. You should read that Section in full. This Section sets out further risk factors that may affect the Merged Group and the Offer. These further risks do not replace those risk factors set out in Section 13 and should be read in conjunction with those risks set out in that Section.

## 11.2. Specific Risk Factors that Affect the Merged Group

### 11.2.1. SembLog – Increased Exposure to Asia

On 20 March 2006 Toll (through Toll Asia) made a takeover bid for SembLog, and SembCorp accepted the takeover bid for its entire stake in SembLog. The takeover bid is now unconditional. SembLog provides supply chain management and offshore logistics in more than 15 countries including – Singapore, China, Thailand, Malaysia, India, Japan, Taiwan, Korea, Indonesia, Vietnam, Australia, Philippines, Sri Lanka, UK and US. Accordingly, if the acquisition succeeds, the Merged Group's exposure to Asia will be increased.

The Merged Group will face risks associated with operating in Asia. These may include unexpected changes in the fiscal or regulatory requirements, tariffs, customs, duties and other trade barriers. The Merged Group may risk nullification, modification or renegotiation of, or difficulties or delays in enforcing contracts with clients or joint venture partners, which are subject to local law. There may also be fluctuations in currency exchange rates, foreign exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Further, some countries may be exposed to greater political and social instability than occurs in Australia.

### 11.2.2. SembLog – Integration Risk

Integrating SembLog may produce some risks, including difficulties in integrating management and information systems in an efficient and timely manner, and the possible loss of knowledge of the businesses. However, due to Toll's previous experience with successful integration of acquired businesses, Toll believes that such risks can be effectively managed throughout the integration process.

### 11.2.3. Competition

In Section 13.3.6 of the Bidder's Statement Toll sets out the risk that increased competition in the Australian and New Zealand transport and logistics sector may have a material adverse effect on the Merged Group.

The ACCC Undertakings are designed to ensure that there is no substantial lessening of competition in markets in which Toll operates, including rail linehaul, Bass Strait shipping, Tasmanian freight forwarding, motor vehicle transportation and motor vehicle pre-delivery and inspection services. This may have a material adverse effect on the Merged Group's financial performance and position.

In Section 2.4 of the Fifth Supplementary Bidder's Statement, Toll noted the proposed sale of ARG to Babcock & Brown and Queensland Rail. If the sale of ARG receives regulatory approval and is implemented, this may directly impact upon Pacific National's financial performance. This may have a material adverse effect on the respective financial performance and positions of Toll and Patrick and of the Merged Group.

As disclosed in Section 9.4.1, the financial impact of the ACCC Undertakings in respect of increased access for competitors will be driven by the actions of competitors and Toll is not in a position to predict those actions. In the event that competitors take actions the impact of which cannot be identified by Toll then there may be a negative impact on Pacific National's and hence the Merged Group's financial performance.

#### 11.2.4. Acacia Ridge

As stated in Section 15.7, the management of Pacific National has entered into discussions with QR about Pacific National accepting Queensland Rail Network & Access' (**QRNA**) Terminal Services Agreement, under which QRNA will operate the Acacia Ridge terminal and service Pacific National's current and future requirements at the terminal. While Toll believes that an agreement with QRNA will be reached within the required time (i.e. by 17 May 2006), there is a possibility that a Terminal Services Agreement may not be approved by the board of Pacific National. If such an agreement were not concluded this could have a materially adverse effect on Pacific National.

#### 11.2.5. Gearing

As a result of the increased Cash Consideration payable to Patrick Shareholders and the cash consideration for SembLog, the Merged Group will have a higher level of debt than indicated in the Bidder's Statement, which will be partially reduced with the proceeds from the sale of 50% of Pacific National. This higher level of debt will increase financial risks for the Merged Group.

The Merged Group's ability to service its debt will depend on its future performance, which will be affected by many factors, some of which are beyond the control of the Merged Group and its Directors.

The Merged Group will need to refinance its debt from time to time. No assurance can be given that any refinancing required from time to time will be available on satisfactory terms.

Any inability of the Merged Group to service, refinance or repay debt may have a material adverse effect on the Merged Group.

### 11.3. Risk Factors that Arise From the Offer

#### 11.3.1. Ability to Implement the ACCC Undertakings

As discussed in Section 8.3.1, Toll has given the ACCC Undertakings to the ACCC. Certain ACCC Undertakings relate to assets Toll does not own, such as:

- the divestment of Patrick businesses; and
- transactions involving Pacific National.

In complying with the ACCC Undertakings and implementing the divestment of Patrick assets and the transactions involving Pacific National, the directors of the Patrick and/or Pacific National entities must act in accordance with their statutory and fiduciary duties and be satisfied that the transactions are in the best interests of the relevant entity.

As noted in paragraph (n) of Section 8.3.1, Toll will provide certain indemnities to Patrick and each Patrick related body corporate which is required to divest a Patrick business as a consequence of Toll implementing the ACCC Undertakings. Toll considers that the existence of these indemnities is a material consideration in the assessment of whether the transactions are in the best interests of Patrick Shareholders.

Further, Toll considers that merger synergies and cost savings would accrue to Patrick (and its relevant controlled entities) upon Toll obtaining control of Patrick. Moreover, Toll considers that the directors of Patrick and Pacific National will be entitled to consider such benefits accruing to Patrick in determining whether the implementation of the ACCC Undertakings is in the relevant company's best interests.

Toll believes that the existence of the indemnities will resolve any reasonable concern that directors may have arising out of these issues.

Based on the publicly available information on Patrick, Toll is not aware of any reason why the ACCC Undertakings may not be implemented if the Offer is Successful.

However, if Toll were to be prevented from implementing a transaction or was otherwise unable to implement a transaction which it was required to implement under the ACCC Undertakings (**Uncompleted Transaction**) then Toll would be required to follow the procedure set out in clause 10 of the ACCC Undertakings.

In summary, Toll is required to promptly notify the ACCC of an Uncompleted Transaction and provide the ACCC with information about the Uncompleted Transaction and Toll's proposal to address and remedy the circumstances arising as a result of the Uncompleted Transaction. If the ACCC decides that the circumstances arising from an Uncompleted Transaction will not be remedied to its reasonable satisfaction within a time which is acceptable to the ACCC, Toll is required to sell and dispose of such other assets and/or businesses within its power and control and take such steps as would be sufficient to remedy the circumstances arising as a result of the Uncompleted Transaction and the relevant competition issues. Further, if Toll notifies the ACCC of an Uncompleted Transaction, the ACCC may at any time apply to the Court seeking orders including that Toll sell

such assets or businesses to address and remedy the circumstances arising as a result of the Uncompleted Transaction and the relevant competition issues. Toll has provided undertakings to the ACCC that it will not oppose the bringing of such an application by the ACCC or contest such an application, although Toll may lead evidence and make submissions to the Court as to what Court orders should be made.

Accordingly, if Toll was prevented from implementing a transaction or was otherwise unable to implement a transaction which it was required to implement under the ACCC Undertakings then the Merged Group may suffer loss as a consequence of Toll following this procedure.

You should also read Section 11.3.4 which sets out various risk factors associated with Toll acquiring less than 100% of Patrick. This may be relevant to the implementation of the ACCC Undertakings.

### **11.3.2. Divestment of Assets**

As discussed in Section 8.3.1, Toll has undertaken to the ACCC to divest, and to procure that Patrick divest, certain businesses. Toll expects that it and Patrick will be able to realise the market value of the assets to be divested within the sale period required by the ACCC. However, there remains a risk that divestitures within the sale periods required by the ACCC could result in sales for prices which are less than fair market value. There is also a risk that the ACCC may not approve the potential purchaser who offers the highest price for the relevant assets to be divested with the result that the assets are sold for less than the highest price offered.

You should also read Section 11.3.4 which sets out various risk factors associated with Toll acquiring less than 100% of Patrick. This may be relevant to the implementation of the ACCC Undertakings.

### **11.3.3. Implementation of Pacific National transactions**

As discussed in Section 8.3.1, Toll has undertaken to the ACCC to procure that Pacific National implement certain transactions. Toll is not aware of any reason why the ACCC Undertakings will not be implemented within the period required by the ACCC.

However, there remains a risk that Pacific National will not be able to implement the transactions and arrangements provided for in the undertakings within the period provided for in the undertakings. See Section 11.3.1 for further information on the process which would occur in these circumstances.

You should also read Section 11.3.4 which sets out various risks factors associated with Toll acquiring less than 100% of Patrick. This may be relevant to the implementation of the ACCC Undertakings.

### **11.3.4. Acquisition of Less Than 100% of Patrick Shares**

In Section 1.4.2, Toll states its intention to waive the 90% minimum acceptance condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of the number of Patrick Shares.<sup>23</sup> If Toll waives this condition it is possible that Toll will acquire less than 100% of Patrick Shares under the Offer.

A shareholding of less than 100% of Patrick Shares may, amongst other things:

- reduce the ability of Toll to access the cash flows of Patrick; and
- limit the ability of Patrick generally to function as a member of the Merged Group.

The impact on the Merged Group of Toll acquiring less than 100% is further considered in specific areas below.

#### **(a) Synergies**

The impact on the Merged Group of Toll acquiring less than 100% of Patrick Shares will depend on the ultimate level of ownership acquired. In any event, the existence of a minority interest in Patrick may have an impact on the Merged Group's capacity to realise synergies from the acquisition of Patrick.

The expected synergies accruing to the Merged Group are set out in Sections 9.4.1 and 9.4.2 assuming a 100% ownership scenario and 50.1% ownership scenario respectively.

#### **(b) Tax**

If, after the Offer, Toll does not hold 80% or more of the Patrick Shares, Patrick Shareholders who are Australian residents for income tax purposes and who would make a capital gain from their disposal of Patrick Shares will be unable to elect for a rollover of that part of the capital gain attributable to the Toll Share Consideration resulting in a capital gain crystallising at the time of the sale of the Patrick Shares. Scrip-for-scrip rollover relief for capital gains tax is discussed further in Section 12.

<sup>23</sup> See Section 1.4.2 for further information.

(c) Implementation of ACCC Undertakings

It is possible that minority shareholders in Patrick may seek an injunction restraining Patrick or Pacific National from implementing those transactions which Toll has undertaken to the ACCC that it will procure. If an injunction (whether temporary or permanent) was granted then Toll may be prevented from implementing a transaction. See Section 11.3.1 for further information on the process which would occur in these circumstances.

As noted in paragraph (n) of Section 8.3.1, Toll will undertake to provide certain indemnities to Patrick and each Patrick related body corporate which is required to divest a Patrick business as a consequence of Toll implementing the ACCC Undertakings.

(d) Toll's interest in Patrick is diluted to less than 50% of Patrick

Toll has stated its intention to waive the 90% minimum acceptance condition if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period. Accordingly, Section 9 includes financial information of the Merged Group assuming Toll acquires 50.1% (on an undiluted basis) of Patrick. This financial information has been presented on the basis that Toll would control Patrick in this scenario. "Control" is defined in Australian Accounting Standard AASB 127 "Consolidated and Separate Financial Statements" as being "the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities".

Patrick has issued CRANES which can be converted to Patrick Shares following a change in control of Patrick and Patrick Senior Executive Options which can be exercised for Patrick Shares if a party acquires a relevant interest in over 30% of Patrick Shares under a takeover bid.<sup>24</sup> Depending on Toll's shareholding in Patrick at the Closing Date, it is possible that Toll's interest may subsequently be diluted to less than 50% depending on how many, if any, CRANES convert and Patrick Senior Executive Options are exercised. If this scenario was to occur, Toll's ability to control Patrick would depend upon the prevailing facts and circumstances at that time including, but not limited to the circumstance where Toll might hold less than 50% of the voting rights but its interest constitutes a majority of the voting rights which are exercised.

If the situation was to occur where Toll ceased to control Patrick, Toll's Directors believe significant influence over Patrick would exist. Significant influence is defined in Australian Accounting Standard AASB 128 "Investments in Associates" as being "the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies". In the situation where Toll had significant influence but not control over Patrick, the Merged Group's reported NPAT after minority interest would not change, however Toll's share of Patrick's NPAT would be shown as a single line item (Share of associates NPAT) within the Income Statement.

<sup>24</sup> See Sections 9.2(d) and (e) of the Bidder's Statement for further information on the conversion mechanism of CRANES and Patrick Senior Executive Options respectively.

## 12. Tax Considerations

As outlined in Section 14.3.2.1 of the Bidder's Statement, each Patrick Shareholder who accepts the Offer will be treated as having disposed of Patrick Shares for tax purposes. The CGT implications of a disposal of Patrick Shares will depend upon the tax attributes of the particular Patrick Shareholder.

All references to tax consequences of the Special Dividend in the Bidder's Statement should be disregarded when considering the tax implications of the Revised Offer as the Special Dividend has been replaced with cash under the Revised Offer.

For an outline of the CGT consequences of the disposal of Patrick Shares, see Section 14.3.2 of the Bidder's Statement.

Sections 14.3.2.3 to 14.3.2.5 of the Bidder's Statement provide an outline of the availability of partial CGT scrip-for-scrip rollover relief. The rollover relief is only available if Toll becomes the owner of 80% or more of Patrick Shares and Patrick Shareholders would otherwise make a capital gain in respect of the disposal of Patrick Shares.

## 13. Institutional Acceptance Facility

Certain professional investors may be unable to accept Toll's Offer (e.g. by reason of their investment mandates) until it is declared unconditional. Accordingly, Toll has established an acceptance facility (**Acceptance Facility**) open to all professional investors (as defined in section 9 of the Corporations Act) which hold at least 100,000 Patrick Shares (**Eligible Shareholders**). Toll has arranged for Citigroup Global Markets Australia Pty Ltd ABN 64 003 114 832 (**Collection Agent**) to act as acceptance collection agent for the Eligible Shareholders. Patrick Shareholders who are not Eligible Shareholders cannot participate in the Acceptance Facility.

The key features of the Acceptance Facility are as follows:

- (a) Eligible Shareholders may lodge Acceptance and Transfer Forms and/or directions to custodians to accept the Offer (**Acceptance Instructions**) in respect of their Patrick Shares with the Collection Agent, together with a direction to the Collection Agent to deliver the Acceptance Instructions to Toll in the circumstances described below. The Collection Agent will hold the Acceptance Instructions as agent only and will not acquire a "relevant interest" in any of the Patrick Shares the subject of the Acceptance Instructions;
- (b) If Eligible Shareholders lodge Acceptance Instructions with the Collection Agent, they will direct the Collection Agent to lodge the Acceptance Instructions as formal acceptances of the Offer once Toll provides written confirmation (**Confirmation Notice**) to the Collection Agent that, on or before the receipt of the acceptances of the Offer as a result of these Acceptance Instructions being implemented, Toll will declare the Offer to be free from all defeating conditions;
- (c) On receipt of the Confirmation Notice, the Collection Agent must deliver:
  - (i) the Acceptance and Transfer Forms to Computershare Investor Services Pty Limited (which is the Toll Share Registry, **Computershare**) (in the case of Issuer Sponsored Holdings) or the relevant broker or non-broker participant (in the case of CHESS Holdings); and
  - (ii) the custodian directions to the relevant custodian,provided that the aggregate of the Patrick Shares the subject of Acceptance Instructions and the shares in which Toll has a relevant interest of at least 50% of issued Patrick Shares at that time.
- (d) While Acceptance Instructions deposited with the Collection Agent will demonstrate the intention of the relevant Eligible Shareholders to accept the Offer, they will not constitute acceptances of the Offer. The Eligible Shareholders will retain all rights and control over their Patrick Shares and may withdraw their Acceptance Instructions at any time prior to the Collection Agent becoming entitled and required to deliver the Acceptance Instructions as described above.
- (e) No Confirmation Notice will be effective unless the aggregate of the number of Patrick Shares in which Toll has a relevant interest and the number of Patrick Shares the subject of Acceptance Instructions held by the Collection Agent exceeds 50% (by number) of issued Patrick Shares. The practical effect is that Acceptance Instructions cannot be released or processed even if Toll declares the Offer to be free from conditions at a time when its interest in Patrick Shares (including those the subject of Acceptance Instructions) is below 50%.

Following any movement of at least 1% in the aggregate of:

- the number of Patrick Shares which are the subject of Acceptance Instructions held by the Collection Agent; and
- the number of Patrick Shares in which Toll has a relevant interest,

Toll will disclose details of the above movements to ASX and Patrick by 9:30 am (Melbourne time) on the following Business Day together with a break-down of the aggregate amount between those categories.

The Collection Agent is also a financial adviser to Toll and will receive a fixed commercial fee for its role as Collection Agent.

## 14. Broker Handling Fees

In the event that the Offer becomes or is declared unconditional, Toll will pay handling fees to brokers in respect of valid acceptances received from retail Patrick Shareholders, on the terms set out in this Section 14.

Subject to the terms below, if the Offer becomes or is declared unconditional, Toll will pay a handling fee (**Handling Fee**) to participating organisations of ASX (**Brokers**) in respect of valid acceptances received from retail Patrick Shareholders in connection with the Offer (**Acceptances**). A retail Patrick Shareholder is one who is not a Broker or an associate of a Broker and who is, as at the date of Acceptance, recorded on the Patrick Share Register as holding less than 100,000 Patrick Shares.

The Handling Fee payable in respect of an Acceptance will be 0.75% of the consideration payable by Toll under the Offer as a result of that Acceptance. For the purpose of calculating the Handling Fee payable, the Toll Share Consideration payable by Toll under the Offer will, in respect of each Acceptance, be determined using the 10 day VWAP of Toll Shares ending on the Business Day before Toll's announcement that the Offer has become or has been declared unconditional.

The maximum Handling Fee payable in respect of any Acceptance by a retail Patrick Shareholder is \$750.

The fee is payable to Brokers only. In accepting the fee in respect of an application, the relevant Broker must represent to Toll that neither it nor its associate is the accepting Patrick Shareholder and the fee will not be passed on or otherwise shared directly or indirectly with the accepting Patrick Shareholder.

The Handling Fee will be payable to any Broker who submits to Computershare:

- a valid and duly completed claim form (**Claim Form**) which sets out:
  - the Broker's Participant Identification Number; and
  - a representation that neither the Broker nor its associate is the accepting Patrick Shareholder and that the fee will not be passed on or otherwise shared directly or indirectly with the accepting Patrick Shareholder; and
- a list of Acceptances (**Acceptance List**) which contains:
  - the registered name and address for each Patrick Shareholder to which the Claim Form relates;
  - the Holder Identification Number for each Patrick Shareholder to which the Claim Form relates;
  - the number of Patrick Shares accepted by each Patrick Shareholder and the date of the relevant Acceptance(s); and
- if the Acceptance(s) were effected by an Acceptance Form, a copy of such form bearing the Broker's stamp,

such that they are received by Computershare in the formats described below by 7:00pm (Melbourne time) on the day which is 10 Business Days after the end of the Offer Period.

Claim Forms may be requested by email from the Computershare email address below. The Claim Form and the Acceptance List must be submitted to Computershare in hard copy format. The Acceptance List must also be emailed in Microsoft® Excel® format to the Computershare e-mail address below.

Claim Forms and Acceptance Lists must be forwarded to:

Computershare Investor Services Pty Limited  
Attention: Sarah Howden  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067  
  
email: TollTakeoverFax@computershare.com.au

For any Patrick Shareholder on the CHESS subregister, where that Patrick Shareholder directly requests Toll (and not the relevant Broker) to initiate acceptance of the Offer on their behalf, that Broker will not be entitled to receive the Handling Fee. No Handling Fees are payable in respect of Acceptances that are withdrawn. Toll reserves the right to aggregate any Acceptances in determining the Handling Fees payable to any Broker if Toll believes that a party has structured holdings of Patrick Shares to take advantage of the Handling Fees. Toll may in its discretion determine any disputes regarding whether a Handling Fee is payable.

Subject to the terms set out above, payment of the Handling Fee in respect of an Acceptance will be made by cheque within 10 Business Days of the later of:

- the date of receipt by Computershare of:
  - an Acceptance Form (if applicable) bearing the Broker's stamp; and
  - the Claim Form and the Acceptance List in the formats described above; and
- the date the Offer becomes unconditional.

## 15. Pacific National

### 15.1. Patrick's PNQ Claim

Patrick has applied to the Supreme Court of Victoria for leave under section 237 of the Corporations Act to commence action on behalf of, and in the name of, Pacific National against Toll, certain Toll subsidiaries and Mr Paul Little and Mr Mark Rowsthorn personally, arising out of a Memorandum of Understanding between Toll and Pacific National Queensland in relation to intermodal freight (**PNQ Claim**). The background to the PNQ Claim is set out in Section 15.4.1 of the Bidder's Statement and Section 2.1 of the Fifth Supplementary Bidder's Statement. All of Patrick's allegations are emphatically denied.

The hearing of Patrick's application for leave has been listed for final hearing, together with Toll's Oppression Proceedings and Patrick's Winding-up Application (see Sections 15.2 and 15.3 below), to commence on 10 May 2006.

### 15.2. Toll's Oppression Proceedings

On 15 February 2006 Toll (through its wholly-owned subsidiary Toll Rail Investments Pty Ltd) commenced proceedings in the Supreme Court of Victoria against Patrick Rail Investments Pty Ltd (a wholly-owned subsidiary of Patrick), Mr Christopher Corrigan and Mr Allan Davies over the conduct of those parties in connection with Pacific National (**Oppression Proceedings**). The background to the Oppression Proceedings is set out in Section 2.2 of the Fifth Supplementary Bidder's Statement.

After the commencement of the Oppression Proceedings, Mr Davies resigned as a director of Pacific National and accordingly, Toll removed Mr Davies as a defendant in the proceeding. Mr William Hara (who is company secretary of Patrick) replaced Mr Davies as a director of Pacific National on 24 February 2006. In the Oppression Proceedings Toll seeks, among other orders:

- the removal of Mr Corrigan as a director of Pacific National;
- a sale of Patrick's shares in Pacific National to Toll; and
- an order:
  - that Patrick discontinue the Winding-up Application;
  - that Patrick be restrained from proceeding with the Winding-up Application; or
  - that there be a stay of the Winding-up Application.

Toll's Oppression Proceedings have been listed for final hearing with Patrick's application for leave in respect of the PNQ Claim and Patrick's Winding-up Application, to commence on 10 May 2006.

### 15.3. Patrick's Winding-up Application

On 15 February 2006 Patrick applied to the Supreme Court of Victoria for an order under section 461 of the Corporations Act to wind up Pacific National on the "just and equitable" ground (**Winding-up Application**). The background to the Winding-up Application is set out in Section 2.3 of the Fifth Supplementary Bidder's Statement.

The matter has been listed for final hearing with Patrick's application for leave in respect of the PNQ Claim and Toll's Oppression Proceedings, to commence on 10 May 2006.

The making of a winding-up application which is not withdrawn within 30 days constitutes an event of default under the financing facilities that Pacific National has with its banks. The banks have not as yet exercised their rights under the relevant facility agreements in relation to the Winding-up Application, and Pacific National management remains in discussions with the representatives of the banks in this regard.

### 15.4. Pacific National Shareholders Agreement – clause 5.5

On 17 March 2006, Patrick issued a notice to Toll and Pacific National, under which it purported to require Pacific National to make available to Patrick 50% of its inter-modal freight capacity from 1 July 2006. Toll believes there is no basis under the Pacific National shareholders agreement for Patrick to require Pacific National to make capacity available to it in the manner contemplated by the notice. Toll intends to vigorously oppose the action by Patrick, including through the courts if necessary.

### 15.5. Revised Pacific National Forecasts

On 20 January 2006 Patrick announced revised forecasts for Pacific National. Toll set out its revised forecasts for Pacific National in Toll's ASX announcements dated 20 and 24 January 2006 and 21 February 2006. Toll has set out further revised forecasts for Pacific National in Sections 9.2.2 and 9.2.3.

## 15.6. Sale of ARG

The sale of ARG to Babcock & Brown and Queensland Rail (**QR**) is summarised in Section 2.4 of the Fifth Supplementary Bidder's Statement.

The ACCC is still assessing the proposed acquisition, which remains subject to clearance by the ACCC.

QR's stated strategic objective since at least 2004 has been to operate nationally, and its proposed acquisition of ARG's above-rail operations is part of QR's advancement of that strategy.

ARG is a predominantly bulk operator with operations largely in Western Australia. The acquisition would reduce the number of bulk rail operators in Australia from three to two, namely QR and Pacific National.

ARG operates intermodal services between Perth and Kalgoorlie and between Melbourne and Adelaide. QR already operates intermodal services between Brisbane and Melbourne. It is possible that QR may integrate these with the existing ARG services and expand its operations to the Melbourne-Perth corridor. This would introduce a third operator on the Melbourne-Perth corridor, in addition to Pacific National and SCT.

Based on QR's expressed strategic objectives, the board of Pacific National has been predicting the entry of QR to the national intermodal market for some time. The board of Pacific National has not formed a view on the potential financial impact on the Intermodal Division of QR entering the Melbourne-Perth corridor.

## 15.7. Acacia Ridge

The background to the Acacia Ridge litigation is set out in Section 15.4.2 of the Bidder's Statement, and Section 2.5 of the Fifth Supplementary Bidder's Statement. Pacific National has not appealed against the judgment of Justice Jacobson and the time for such an appeal has expired. The board of Pacific National has authorised Pacific National management to enter into discussions with QR about transition of the control and management of the Acacia Ridge terminal to QRNA, the infrastructure management arm of QR.

This will involve discussions with respect to the terms of the QRNA's Terminal Services Agreement, under which QRNA will operate the Acacia Ridge terminal and service Pacific National's current and future requirements at the terminal.

Pacific National management are, in the course of discussing transitional arrangements with QRNA, assessing the financial impact of these new arrangements.

## 16. The Offer

### 16.1. Variation of the 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:

- increasing the Cash Consideration payable under the Offer from \$0.75 to \$1.90 (being \$0.75 less \$0.32 (being the amount of the Patrick Dividend which dividend Toll has elected to deduct in accordance with Section 16.8(c) of the Bidder's Statement), plus \$0.54 (being the increased Cash Consideration to replace the Special Dividend which Toll has determined for the purpose of Section 16.9(b) of the Bidder's Statement cannot lawfully be paid), plus \$0.93 cash (by way of increase)); and
- replacing all references to "\$0.75" in the Offer with references to "\$1.90 (being \$0.75 less \$0.32 (being the amount of the Patrick Dividend which dividend Toll has elected to deduct in accordance with Section 16.8(c) of the Bidder's Statement), plus \$0.54 (being the increased Cash Consideration to replace the Special Dividend which Toll has determined for the purpose of Section 16.9(b) of the Bidder's Statement cannot lawfully be paid), plus \$0.93 cash (by way of increase))".

Accordingly, the Bidder's Statement is hereby amended by replacing all references to "\$0.75" in the Bidder's Statement with references to "\$1.90 (being \$0.75 less \$0.32 (being the amount of the Patrick Dividend which dividend Toll has elected to deduct in accordance with Section 16.8(c) of the Bidder's Statement), plus \$0.54 (being the increased Cash Consideration to replace the Special Dividend which Toll has determined for the purpose of Section 16.9(b) of the Bidder's Statement cannot lawfully be paid), plus \$0.93 cash (by way of increase))".

### 16.2. Effect of Patrick Dividend

On 17 November 2005 Patrick announced that it would pay a fully franked dividend of \$0.32 per Patrick Share to Patrick Shareholders, comprising a final ordinary dividend of \$0.08 per Patrick Share and a special dividend of \$0.24 per Patrick Share. These dividends were paid by Patrick to ordinary Patrick shareholders on 19 December 2005.

In accordance with the Offer terms outlined in Section 16.8(c) of the Bidder's Statement, the Offer consideration payable to Patrick Shareholders who accept the Offer will be reduced by the amount of the dividend paid by Patrick.

Section 16.8(c) provides that Toll is entitled to deduct the amount of all Rights in respect of your Patrick Shares (which includes the Patrick Dividend) through a reduction in either the Toll Share Consideration or the Cash Consideration. In Section 1 of Toll's Third Supplementary Bidder's Statement, Toll stated its then current intention that the reduction in its Offer consideration will be applied through a \$0.32 reduction in the Cash Consideration. Toll has formally made a determination that the reduction in its Offer Consideration to reflect the Patrick Dividend will be applied through a \$0.32 reduction in the Cash Consideration.

For information on the premia calculations of Toll's Offer see Section 3.

### 16.3. Special Dividend

Toll originally proposed to include in the Offer Consideration an *in specie* fully franked Special Dividend of 0.3 Virgin Blue Shares. However, since that time:

- Patrick paid the Patrick Dividend (a \$222 million dividend of \$0.32 per Patrick Share) to Patrick Shareholders; and
- Toll's Directors are no longer confident that the Special Dividend can lawfully be paid due to uncertainties as to whether sufficient profits would be available.

Toll also notes that Toll's Directors resolved on 22 March 2006 to waive the 90% minimum acceptance condition set out in Section 16.12(a) of the Bidder's Statement if the aggregate of Toll's relevant interest in Patrick Shares and acceptances received under the IAF is at least 50.1% of Patrick Shares during the Offer Period, with the result that Patrick may not be a wholly-owned subsidiary of Toll at the time the Special Dividend was to be paid.

Accordingly, in light of the above, and in order to provide certainty to Patrick Shareholders in respect of the consideration, Toll has resolved to increase the Cash Consideration by \$0.54 (in accordance with Section 16.9(b) of the Bidder's Statement). As a result, if you accept or have accepted the Offer, you will be in no less favourable position (on a before tax basis) as if the Special Dividend had been paid in full. This increase has been determined, in accordance with Section 16.9(b) of the Bidder's Statement, using the one month VWAP of Virgin Blue Shares ending on 21 March 2006 (being the Business Day before the date of this Seventh Supplementary Bidder's Statement) which is \$1.79.

## 17. General

### 17.1. Consents

Citigroup Global Markets Australia Pty Ltd has given and has not before the date of this Seventh Supplementary Bidder's Statement withdrawn its consent to be named in this Seventh Supplementary Bidder's Statement as the Collection Agent in the form and context in which it is named.

Computershare Investor Services Pty Limited has given and has not before the date of this Seventh Supplementary Bidder's Statement withdrawn its consent to be named in this Seventh Supplementary Bidder's Statement as the Toll Share Registry in the form and context in which it is named.

SembCorp Logistics Limited has given and has not before the date of this Seventh Supplementary Bidder's Statement withdrawn its consent to be named in this Seventh Supplementary Bidder's Statement in the form and context in which it is named.

Each of the parties referred to in this Section:

- does not make, nor purport to make, any statement in this Seventh Supplementary Bidder's Statement, nor is any statement in this Seventh Supplementary Bidder's Statement based on any statement by any of those parties, other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Seventh Supplementary Bidder's Statement other than a reference to its name and a statement included in this Seventh Supplementary Bidder's Statement with the consent of that party as specified in this Section.

### 17.2. ASIC Class Order 01/1543

As permitted by ASIC Class Order 01/1543, this Seventh 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 Seventh 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 announcements to ASX dated 13 October 2005, 20 January 2006, 28 February 2006 and 17 March 2006; and
- ACCC's announcements to ASX dated 11 March 2006 and 17 March 2006.

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 **+61 3 9415 4005** (outside Australia). In accordance with legal requirements, calls to these numbers will be recorded.

### 17.3. Forward Looking Statements

This Seventh Supplementary Bidder's Statement includes certain forward looking statements. As such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the transport and logistics industry (including those risks described in Section 13 of the Bidder's Statement and Section 11 of this Seventh Supplementary Bidder's Statement) as well as matters such as general economic conditions, many of which are outside the control of Toll and its Directors. These factors may cause the actual results, performance or achievements of Toll, Patrick, SembLog, or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward looking statements. The past performance of Toll is not a guarantee of future performance.

## 17.4. Approval of Seventh Supplementary Bidder's Statement and Notice

This Seventh Supplementary Bidder's Statement and the notice pursuant to section 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).

## 17.5. Dated

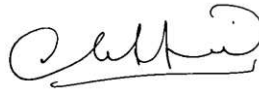
This Seventh Supplementary Bidder's Statement and the notice pursuant to section 650D of the Corporations Act herein are each dated 22 March 2006.

## 17.6. 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 Seventh Supplementary Bidder's Statement and the notice pursuant to section 650D of the Corporations Act herein were lodged with ASIC and sent to Patrick on 22 March 2006. Neither ASIC nor any of its officers takes any responsibility as to the contents of this Seventh Supplementary Bidder's Statement or the notice pursuant to section 650D of the Corporations Act herein.

## 18. Glossary

### 18.1. Defined Terms

In this Seventh Supplementary Bidder's Statement and in the Acceptance Form, the following terms have these meanings unless the contrary intention appears or the context otherwise requires:

**3PL** means third party logistics.

**90% Condition** means the condition described in Section 1.2 under which Toll will increase the Cash Consideration by \$0.20 cash per Patrick Share, if on or before the close of the Offer, Toll has a relevant interest in not less than 90% of Patrick Shares.

**ACCC Undertakings** means Toll's undertakings to the ACCC which were accepted by the ACCC on 11 March 2006 and which are summarised in Section 8.3.1.

**Additional Cash** means the additional Cash Consideration which is payable to Patrick Shareholders and calculated as the sum of \$0.20 cash per Patrick Share (if the 90% Condition is satisfied) and \$0.10 cash per Patrick Share (if the FCL Condition is satisfied).

**Cash Consideration** means \$1.90 cash per Patrick Share.

**CGT** means capital gains tax.

**Closing Date** means 7:00pm (Melbourne time) on 13 April 2006, unless extended.

**Collection Agent** means Citigroup Global Markets Australia Pty Ltd ABN 64 003 114 832.

**Divestment Businesses** has the meaning given in paragraph (b) of Section 8.3.1.

**Enhanced Offer** means Toll's offer to increase the Cash Consideration by a further \$0.20 cash per Patrick Share (if the 90% Condition is satisfied) and by a further \$0.10 cash per Patrick Share (if the FCL Condition is satisfied) and which is described in Section 1.2.

**Facility** has the meaning given in Section 10.3.1.

**FCL** means FCL Interstate Transport Pty Ltd ACN 007 429 567.

**FCL Condition** means the condition described in Section 1.2 under which Toll will increase the Cash Consideration by \$0.10 cash per Patrick Share, if Patrick has not exercised the FCL Option or otherwise agreed to acquire FCL as at the date the Offer becomes or is declared to be unconditional.

**FCL Option** means Patrick's option to acquire FCL which was announced to ASX on 1 December 2005.

**Handling Fee** means the handling fee described in Section 14.

**IAF** means the Institutional Acceptance Facility described in Section 13.

**Lonergan Edwards** means Lonergan Edwards & Associates Limited ACN 095 445 560.

**P&O** means Peninsula and Oriental Steam Navigation Company.

**Patrick Dividend** means the \$0.32 dividend paid by Patrick to Patrick Shareholders on 19 December 2005.

**PrixCar** means PrixCar Services Limited ACN 007 063 505.

**QRNA** means Queensland Rail Network & Access.

**Revised Offer** means 0.4 Toll Shares and \$1.90 cash per Patrick Share.

**SAF** means Singaporean Armed Forces.

**SembCorp** means SembCorp Industries Limited.

**SembLog** means SembCorp Logistics Limited.

**SFRS** means Singapore Financial Reporting Standards.

### 18.2. Interpretation

In this Seventh Supplementary Bidder's Statement, the following rule of interpretation applies unless the contrary intention appears or the context requires otherwise.

**S\$** is a reference to the lawful currency in Singapore, unless otherwise stated.

Terms defined in the Bidder's Statement have the same meaning herein unless otherwise defined in Section 18.1.

## Information for US Holders

Foreign Patrick Shareholders should note that part of the consideration under the Offer is securities of Toll, an Australian public company listed on ASX. The Offer is subject to the disclosure requirements applicable in Australia which are different from those applicable in the US and other countries. The financial statements included in this Seventh Supplementary Bidder's Statement and any such statements in the Earlier Statements have been prepared in accordance with Australian Accounting Standards and, to the extent that information is available, AIFRS, which were effective from 1 July 2005 for Toll and the Merged Group. These may not be directly comparable to the financial statements of US or other foreign countries. Foreign Patrick Shareholders should be aware that Toll may purchase Patrick Shares otherwise than pursuant to this Offer, such as in the open market or privately negotiated purchases, subject to the requirements of the Corporations Act.

It may be difficult for foreign Patrick Shareholders to enforce their rights and any claim they may have arising under US 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 US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

The securities referred to in this Seventh Supplementary Bidder's Statement and the Earlier Statements have not been and will not be registered under the US Securities Act of 1933, as amended (**Securities Act**), or under the securities laws of any jurisdiction of the US, and therefore may not be offered or sold in the US without registration or an applicable exemption from the registration requirements of the Securities Act. The Bidder's Statement, including the supplements thereto, does not constitute an offer to issue or sell or the solicitation of any offer to buy any such securities or any securities issuable in exchange for such securities in any jurisdiction in which the issue of shares under the Offer would be unlawful.

Toll has filed this Seventh Supplementary Bidder's Statement and the Earlier Statements with the US Securities and Exchange Commission (**SEC**), under cover of Form CB. Investors and holders of Patrick securities are strongly advised to read the Bidder's Statement and any other relevant documents filed with the SEC, as well as any amendments and supplements to those documents, because they will contain important information. Copies of the documents filed with the SEC are available at the SEC's public reference room at 100 F Street, N.E., Washington, DC 20549. Patrick has issued a target's statement and a supplementary target's statement in connection with the Offer which investors and holders of Patrick securities are strongly advised to read.

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Toll Holdings Limited ACN 006 592 089

