

## ANNUAL RESULTS ANNOUNCEMENT 2007

### TOLL NZ LIMITED

<b>Reporting period:</b>	Year ended 30 June 2007
<b>Previous reporting period:</b>	Year ended 30 June 2006

	<b>Year ended 30 June 2007 (NZ\$million)</b>	<b>Percentage change</b>
<b>Revenue from ordinary activities:</b>	725.8	Up 5.1%
<b>Operating profit (before unusual items):</b>	56.4	Up 3.1%
<b>Net profit before taxation:</b>	39.8	Down 11.6%
<b>Taxation expense:</b>	5.1	n/a
<b>Net profit after taxation:</b>	34.7	Down 34.9%

Toll NZ today announced a profit after tax of \$34.7 million for the year ended 30 June 2007, compared to last year's profit of \$53.3 million. No dividend will be paid.

The result was based on a 5.1% increase in trading revenues year on year to \$725.8 million with operating earnings before abnormal items, interest and tax increasing from \$54.7 million to \$56.4 million. The result reflects a generally positive second half of the year with revenue growth and cost management initiatives combining to lift operating earnings from \$24.2 million in the first half to \$32.2 million in the second.

On the 29<sup>th</sup> June Toll Holdings Ltd lodged a takeover notice with Toll NZ, under which it intends to move to compulsory acquisition of 100 percent of the outstanding shares and to de-list Toll NZ from the New Zealand Stock Exchange. The offer is subject to approval of the Overseas Investment Office, and is anticipated to be completed by the end of October 2007.

Over the course of the year the company continued to make good progress in moving increased tonnage of freight by rail. For example the Auckland – Palmerston North sector has grown 39% in the past 12 months; Hawkes Bay - Christchurch has increased 13%; and significant increases have been recorded on the Auckland - Hamilton and Auckland - Wellington main trunk routes. In addition the extension of the Auto Express car-carrying service to the Invercargill - Christchurch sector has resulted in increased traffic on that sector. Successful trials of 40 wagon trains on the Midland line will also enable greater capacity for increased coal volumes as they arise.

Hillside Engineering continued its high quality contract work. Major contracts during the period included rail wagons for Genesis and Solid Energy, Wairarapa commuter carriages for the Greater Wellington Regional Council and new hopper ballast wagons for Ontrack.

The launching of the Chris Cairns Foundation to raise rail safety awareness and provide funding for rail safety initiatives was a highlight, and will assist in providing real impetus to this important cause. The need to keep the rail safety message uppermost in the public mind has been reinforced by the spate of level crossing accidents over the last 3 months. A major new billboard campaign with the support of Toll, Ontrack, the Chris Cairns Foundation and the Police has been launched.

Toll Tranzlink made further progress on the offering of tailored technology solutions for customers in freight tracking, asset utilisation and customer service delivery, and continues to win customer contracts as a result of these initiatives. Further progress was also made by Tranzlink in moving increased volumes of import/ export cargoes.

The world famous TranzAlpine carried a record 204,000 passengers during the year, including recording its largest one-day patronage, with in excess of 1100 passengers in February 2007. The company continued to run the Overlander, and now the focus is on turning the Overlander and TranzCoastal services into similar high-value tourist experiences to the TranzAlpine.

The Interislander ferry services again performed ahead of target, with record passenger loadings achieved in the summer peak periods. During the year the work carried out with Maritime NZ to implement new operating guidelines and achieve enhanced passenger safety standards paid dividends. The Kaitaki experience also enhanced the quality of service offering available on-board the ferry.

Despite a full year of continued negotiations on a revised track access arrangement not delivering an outcome for Toll or the Crown, an interim agreement has been reached which allows both parties to continue discussions without any risk to the operations of the rail network. Toll continues to remain optimistic that the right outcome for stakeholders will be found, and that it allows rail to play a full and sustainable long term part in the country's land transport infrastructure.

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