

24 February 2004

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

Lodged Through ASX On Line
Total No. of Pages: 8

MEDIA RELEASE

Toll Delivers Another Record Result

Toll Holdings, Australia's leading provider of transportation and logistics services today announced a 51% increase in after tax earnings to a record \$85.2 million for the six months to 31 December 2003.

Toll Managing Director, Mr Paul Little, said "the result was excellent, in a period when much had been done to position the company for continuing strong earnings and cash flow growth into the future.

All business metrics are on target, with growing return on capital and strong cash flow generation. These, together with the strength of our balance sheet provide ample scope to aggressively pursue value creating opportunities, both in terms of current operations and potential acquisitions".

The EBIT result of \$105m (pre Pacific National equity contribution) was 48% ahead of the previous corresponding period, and was based on a 28% increase in revenues to \$1.582 billion.

Mr Little said "the EBIT improvement came from a mixture of strong organic growth and solid contributions from acquisitions, leading to a group EBIT margin of 6.6% up 15% on the previous period."

Tranz Rail results were consolidated from 10 October 2003 and contributed an EBIT of \$16.9 million for the period on revenues of \$129m. These results were in line with expectations.

Toll's 50% owned rail venture, Pacific National, contributed after tax earnings of \$17.3m for the six months, an improvement of 34%. This result reflected both revenue growth and the continuing benefits of cost efficiency efforts.

Mr Little said "Growth across industry sectors remains strong, with the level of new contracts, customer outsourcing and the pipeline for new business collectively presenting outstanding opportunities for the company."

Directors also announced a record fully franked interim ordinary dividend of 8.5 cents per share, a 31% increase over last year.

Commenting on the full financial year outlook for 2004, Mr Little said "the second half of the year has commenced solidly, is well ahead of last year, and the company expects to meet its plan during the second half of the financial year and post a full year record result. Further, the company expected the momentum established through past acquisitions and prospects for organic growth will continue to generate superior shareholder returns."

For further information contact:

Paul Little
Managing Director
Toll Group
Telephone: 03) 9694 2820
Mobile: 0418 335 053

Neil Chatfield
Chief Financial Officer
Toll Group
Telephone: 03) 9694 2849
Mobile: 0419 566 847

24th February, 2004

TOLL GROUP PROFIT ANNOUNCEMENT – DECEMBER 2003

Financial

Toll Holdings, Australia's leading provider of transportation and logistics services, today reported a record after tax profit of \$85.2 million for the six months to December 2003, compared to \$56.3 million in the previous corresponding period.

Excluding the equity share of Pacific National, revenue grew 28% to \$1.582 billion. New contracts and organic growth remained strong representing 7% of the higher revenues, whilst acquisitions, with the inclusion of Tranz Rail, accounted for \$259 million or 21% of the increase in revenues.

Group EBIT (excluding Pacific National) was \$105 million an increase of 48% over the previous period.

EBIT margins (excluding Pacific National) continue to improve, reaching 6.6% for the six months, an increase of 15%. After eliminating the impact of the Tranz Rail contribution, margins grew from 5.75% to 6.06%, which reflects the continuing benefit of capital investment, technology and cost control as well as the expected improvement in results from Toll Priority and Toll Ipec.

The company's effective income tax rate, after excluding the impact of Pacific National equity contribution and Tranz Rail earnings, rose to 28.4% for the six months from 27.3% previously. No tax expense has been recorded in respect of Tranz Rail operations, due to expected tax losses arising from loss on sale of assets and restructuring costs. Tranz Rail is not expected to pay tax in respect of the 2004 financial year.

A summary of the composition of earnings is as follows;

\$AM	Base Operations	Tranz Rail	Subtotal	Pacific National (50% share)	Total
EBIT	88.1	16.9	105.0	33.6	138.6
Net Interest	7.6	4.3	11.9	10.0	21.9
Tax	22.9	-	22.9	6.3	29.2
Minority Interests	0.4	1.9	2.3	-	2.3
NPAT	57.2	10.7 *	67.9	17.3 *	85.2

* Excludes funding cost of original acquisition, which is included in base operations.

Operating cash flow pre interest and tax grew 72% to \$112 million for the six months and capital expenditure was \$52 million compared to \$78.0 million in the previous period. The group continues to invest heavily in innovative fleet, new properties and technology solutions designed to establish superior customer supply chain efficiency.

As at 31 December, the company had net debt of \$332 million, with net debt to equity being 33%. During the six months the company's equity base was expanded by the highly successful issue of \$250 million of Reset Preference Shares. Interest cover remained very strong at over 8 times.

Earnings per share (fully diluted) increased 40% to 26.3 cents, another record for the company. Directors have declared a fully franked ordinary dividend of 8.5 cents per share compared to 6.5 cents previously, an increase of 31%. The interim dividend payout is \$ 27.04 million or 37% ahead of last year.

Operations

All industry sectors performed well during the six months as the Australian and New Zealand economies maintained solid growth.

In the food, beverage and retail sectors, volumes remained strong with activities surrounding supply chain initiatives of major retailers providing exciting new opportunities for Toll.

The company is focussing heavily on supporting customers engaged in broad ranging supply chain re-engineering activities in areas including factory gate pricing, distribution centre configuration and inventory management.

The significant growth in automotive volumes has challenged the company and the industry in general. With the continued investment in technology, greater use of rail and improvement in fleet efficiency, Toll is best placed to enable its customers to realise supply chain efficiencies for both their domestic and cross border demands.

Ports and Resources activity grew further for the company, with volumes generally in line with expectations. The company's Queensland and Western Australian operations continued to provide solid growth, with the resource sector keenly seeking greater efficiency throughout the total supply chain.

Customers in the industrial and manufacturing sector continued to operate in a relatively low growth environment and the company's volumes remained stable.

In the relocations sector, trading was generally in line with plan, with the company being successful in winning several new contracts, which will stimulate future growth.

The company continues to drive high levels of technology throughout the business, enabling greater customer supply chain visibility and integration, issues which are now at the forefront of challenges faced by customers. Through the Toll Solutions unit, the management transport services model (Toll – MTS) and related models are being highly

S:\050 ASX\2003 half year accounts\203.d.rc.halfyearaccounts media release.240204.doc

INCORPORATING TOLL HOLDINGS LIMITED ACN 006 592 089 AND SUBSIDIARIES
A.B.N. 25 006 592 089

The Total Logistics Solution

supported by customers, initially in the retail and automotive sectors and now receiving greater traction in other industry sectors.

New Contracts

Over the last few months a number of exciting new contracts have been signed.

In December, the defence logistics contract known as 'DIDS' was signed with the Federal Government in conjunction with our joint venture partners Tenix. This 10-year, \$900 million plus contract will implement the transition phase during the next twelve months.

The company has also won a major outsourcing contract with BOC, which will involve bulk gas distribution across eastern Australia and the acquisition of a fleet of over 40 vehicles, with a planned fleet upgrade expected in the next two to three years.

During February 2004, the company signed a contract with Origin Energy to provide transportation of condensate from its newly constructed gas plant at Lang Lang Victoria, to the Geelong oil refinery.

Also in mid February, Coles Myer Ltd announced Toll as the successful supplier for the major component of its interstate general merchandise linehaul requirements.

This 5-year contract reflects Toll's strength in delivering tailored technology and operational supply chain solutions.

In September 2003, the company signed a long-term contract with the Queensland Government to supply relocation services, expected to involve over 3,500 relocations per year.

The success in winning new contracts is a clear reflection of all customers focussing on improving supply chain efficiencies and successfully responding to dynamics in the markets in which they operate. Toll has positioned itself to provide an unparalleled service offering to meet those customers needs.

Divisional Performances

All divisions again improved revenues during the six months and posted higher earnings than in the previous corresponding period.

Toll Networks

Toll Networks (formerly Toll Long Distance) increased revenues from \$554 million to \$808 million which reflected the full six months trading of Toll Priority and Toll Shipping, both operations of which were acquired in November 2002.

Networks division revenue was also bolstered by the inclusion of Tranz Rail's road and rail operations of \$106 million, which was consolidated from 10 October 2003.

Networks posted an EBIT of \$54.1 million, an increase of 68% over the previous period. The division's results were highlighted by a strong performance from Toll Ipec, which is now showing the benefits of new depot infrastructure and technology upgrades. Toll Priority has continued to reflect the integration efforts, with margins slowly improving in line with plan. Tranz Rail contributed an EBIT of \$8.2 million in respect of road and rail operations for the network division.

Other operations including, Toll Express, Toll SPD and Toll Tasmania all traded well. Toll Refrigeration performed according to plan and broke even for the period, notwithstanding planned revenue reductions.

Toll North

Revenue grew strongly across the division from \$210 million previously to \$237 million. EBIT also improved to \$15.8 million an increase of 9% over last year.

NQX continues to perform well and has been successful in securing new volumes particularly in the resource sector.

QRX, Toll's Queensland rail forwarding operation performed in line with plan, albeit slightly lower than in the previous year, due to the absorption of higher rail linehaul charges from Queensland Rail. It is expected that QRX will have access to fully dedicated rail services during the course of 2005 calendar year, in the meantime we are working to increase service efficiency as much as possible.

During the last six months Toll acquired the remaining 49% minority interest in R&H Transport, and is focussing on developing the specialised resource sector activities contained within that business.

Logistics

The logistics division increased revenues from \$473 million to \$536 million for the six months, and lifted EBIT 44% to \$35.1 million.

Tranz Rail contributed revenues of \$23.2 million and an EBIT of \$8.7 million in relation to Inter-island shipping services for the Logistics division from the period since acquisition

A number of new contracts, together with the benefit of new fleet and investment in technology supported the result for the division.

Since 31 December, the company has acquired the New Zealand based stevedoring business of Leonard & Dingley including a 50% share of Auckland Stevedoring. This business further expands Toll's port activities, in particular providing general stevedoring presence in the port of Auckland.

Asia

Operations in Thailand continue to perform well, with a number of growth opportunities being explored with customers. The acquisition of Zari Haulage in Malaysia in late 2003,

S:\050 ASX\2003 half year accounts\203.d.rc.halfyearaccounts media release.240204.doc

**INCORPORATING TOLL HOLDINGS LIMITED ACN 006 592 089 AND SUBSIDIARIES
A.B.N. 25 006 592 089**

The Total Logistics Solution

whilst small, has enabled the company to further develop its strategy and customer relationships particularly in the Oil, Gas and Automotive sectors.

Toll International, which provides our customer base with freight forwarding and project logistics capabilities throughout Asia, has continued to gather momentum, particularly as domestic customers seek to manage their supply chains from the point of manufacture.

The company will continue to pursue opportunities to support customers in the Asian region, in areas where Toll has a competitive advantage.

Tranz Rail

The company acquired the majority controlling interest in the Tranz Rail group in New Zealand on 10 October 2003. Currently Toll has an 84.2% holding in the business, the results for which have been consolidated from 10 October.

For the period from acquisition to 31 December, revenue attributed to Tranz Rail was \$129 million, with an EBIT of \$16.9 million. Trading results since acquisition have generally been in line with the company's plans, and in line with the prior period.

For the period to December '03, Tranz Rail contributed an attributable after tax and minority interests result, before acquisition funding costs, of \$10.7 million.

During the last six months Toll has provided re-financing facilities to Tranz Rail in order to close out the vessel "Aratere's" leasing arrangement and to repay the New Zealand Government advance. Since 31 December Toll has provided a facility to repay secured banking facilities.

These facilities are the first in a number of steps required to position Tranz Rail to fund commitments and enable future growth.

Since assuming management control, and installing Toll executives, a detailed restructure plan has been formulated, which will see a greater focus on providing an integrated service delivery to our customer base.

Following the Heads of Agreement reached with the New Zealand Government, the company has been finalising formal documentation to give effect to the sale of rail track back to the Government. The financial impact in respect of the transfer of the track infrastructure asset write downs and Australian GAAP accounting policy realignment, which are pre-acquisition adjustments for Toll, have been adjusted in the Toll acquisition balance sheet, whilst it has resulted in a major asset write-down at the Tranz Rail group level.

Pacific National

Pacific National traded in line with plan and contributed an after tax equity share of \$17.3 million, which was a 34% increase on the previous corresponding period. The result was based on total revenues of \$545 million, compared to \$543 million last year and an EBIT of \$66 million, 22% ahead of last year.

S:\050 ASX\2003 half year accounts\203.d.rc.halfyearaccounts media release.240204.doc

INCORPORATING TOLL HOLDINGS LIMITED ACN 006 592 089 AND SUBSIDIARIES
A.B.N. 25 006 592 089

The Total Logistics Solution

Coal volumes remained strong during the six months, as was the case with Intermodal revenues. Grain revenues were significantly lower than in the prior year and continued to be depressed following the drought. Trading however is expected to improve over the coming months.

The company has recently concluded a new Enterprise Agreement for the entire workforce, and is awaiting Industrial Relations Commission certification. The new agreement importantly provides a consistent approach across all elements of the business and delivers flexibility to enable improved customer service.

The enterprise agreement, together with the previously announced ARTC and RIC rationalisation should position Pacific National to advance the transfer of freight from road to rail.

In addition, Pacific National is progressing well in developing other growth opportunities, including the plan to develop Queensland based services during 2005, which will benefit customers seeking national integrated solutions.

Restructure of Business Units

Since 31 December Toll has finalised plans to restructure the composition of existing business units. This will involve the consolidation of all shipping operations into the Logistics Division, transfer of Toll Refrigeration operations to Toll North and consolidation of international freight forwarding and all resource sector activities into Toll North.

This restructure will be effective from 1 January 2004, and will enable more efficient use of management resources and assets.

Outlook

During the last six months with the Tranz Rail acquisition, the strategic shareholding in Owens and additional port related investments, Toll has firmly established a unique platform for growth in New Zealand, with a number of attractive opportunities being pursued.

Since 31 December, trading has remained solid, and generally in line with expectations. Economic conditions continue to be stable and appear to have absorbed well the rises in interest rates, which have occurred over the past few months.

Based on current performance the company expects to post another record result for the 2004 financial year.

ASX Appendix 4D Half Year Report

Name of Entity	Toll Holdings Limited
ABN	25 006 592 089
Reporting Period	Half Year ended 31 December 2003
Previous Corresponding Period	Half Year ended 31 December 2002

Results for Announcement to the Market

Revenues from ordinary activities	up 29.6% to \$1.610 billion
Profit / (loss) from ordinary activities after tax attributable to members	up 51.4% to \$85.2 million
Net profit / (loss) for the period attributable to members	up 51.4% to \$85.2 million

Dividends (cents per share)

	Amount	Franked Amount
Final 2003 dividend	8.0	8.0
Interim 2004 dividend	8.5	8.5

Record date for determining entitlements to the dividend 5 March 2004.

Date dividend is payable 26th March 2004.

Net tangible asset backing per ordinary share \$2.84 (2002 \$1.53).

The Company has a Dividend Reinvestment Plan. Shares are issued at a discount of 2.5% to the weighted average market price for the five business days, up to and including the books close date. The last date for receipt of election notices for the Plan is 5 March 2004.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ACN 006 592 089

FINANCIAL STATEMENTS AND DIRECTORS REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

TOLL HOLDINGS LIMITED
CONTENTS

	Page
1. Directors' Report	1
2. Statements of Financial Performance	8
3. Statements of Financial Position	9
4. Statements of Cash Flows	10
5. Notes to the Financial Statements	11
6. Directors' Declaration	18
7. Independent Review Report to the Members of Toll Holdings Limited	19

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors present their report together with the financial report of Toll Holdings Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities ("the Toll Group"), for the half year ended 31 December 2003 and the auditors' report thereon.

Directors

The following persons held office as directors of the Company during or since the end of the half-year:

Mr John Moule AM
Mr Paul Little (Managing Director)
Mr Mark Rowsthorn
Mr William Farrands
Mr Neil Chatfield
Mr Ross Dunning AC
Mr Alastair Lucas

Principal Activities

The principal activities of the Toll Group during the year consisted of:

- Less than full load express and economy freight forwarding service using all modes of transport;
- Full load road freight forwarding service;
- Above rail freight transport and logistics services;
- Rail freight services for containerised freight, coal, industrial and agricultural products;
- Temperature controlled transport service for full load and less than full load clients;
- Warehousing and distribution of bulk dry and refrigerated goods in all capital cities;
- Wharf cartage, container handling and storage;
- Contract distribution services;
- Time sensitive parcel freight distribution services;
- Specialised international forwarding services;
- Ports management and stevedoring services;
- Removals and relocation brokerage service;
- Vehicle transport and distribution;
- Bulk liquid transportation;
- Trans Bass shipping linehaul operation
- Cook Strait shipping linehaul and passenger operations, and
- Local passenger rail services.

Review of Operations

The Company recorded a record after tax profit of \$85.2 million for the six months to December 2003, compared to \$56.3 million in the previous corresponding period.

Excluding the equity share of Pacific National, revenue grew 28% to \$1.582 billion. New contracts and organic growth remained strong representing 7% of the higher revenues, whilst acquisitions, with the inclusion of Tranz Rail, accounted for \$259 million or 21% of the increase in revenues.

Group EBIT (excluding Pacific National) was \$105 million an increase of 48% over the previous period.

EBIT margins (excluding Pacific National) continue to improve, reaching 6.6% for the six months, an increase of 15%. After eliminating the impact of the Tranz Rail contribution, margins grew from 5.75% to 6.06%, which reflects the continuing benefit of capital investment, technology and cost control as well as the expected improvement in results from Toll Priority and Toll Ipec.

The company's effective income tax rate, after excluding the impact of Pacific National equity contribution and Tranz Rail earnings, rose to 28.4% for the six months from 27.3% previously. No tax expense has been recorded in respect of Tranz Rail operations, due to expected tax losses arising from loss on sale of assets and restructuring costs. Tranz Rail is not expected to pay tax in respect of the 2004 financial year.

A summary of the composition of earnings is as follows;

\$M	Base Operations	Tranz Rail	Subtotal	Pacific National (50% share)	Total
EBIT	88.1	16.9	105.0	33.6	138.6
Net Interest	7.6	4.3	11.9	10.0	21.9
Tax	22.9	-	22.9	6.3	29.2
Minority Interests	0.4	1.9	2.3	-	2.3
NPAT	57.2	10.7 *	67.9	17.3 *	85.2

* Excludes funding cost of original acquisition, which is included in base operations.

Operating cash flow pre interest and tax grew 72% to \$112 million for the six months and capital expenditure was \$52 million compared to \$78.0 million in the previous period. The group continues to invest heavily in innovative fleet, new properties and technology solutions designed to establish superior customer supply chain efficiency.

As at 31 December, the company had net debt of \$332 million, with net debt to equity being 33%. During the six months the company's equity base was expanded by the highly successful issue of \$250 million of Reset Preference Shares. Interest cover remained very strong at over 8 times.

Earnings per share (fully diluted) increased 40% to 26.3 cents, another record for the company. Directors have declared a fully franked ordinary dividend of 8.5 cents per share compared to 6.5 cents previously, an increase of 31%. The interim dividend payout is \$ 27.04 million or 37% ahead of last year.

Operations

All industry sectors performed well during the six months as the Australian and New Zealand economies maintained solid growth.

In the food, beverage and retail sectors, volumes remained strong with activities surrounding supply chain initiatives of major retailers providing exciting new opportunities for Toll.

The company is focussing heavily on supporting customers engaged in broad ranging supply chain re-engineering activities in areas including factory gate pricing, distribution centre configuration and inventory management.

Review of Operations (continued)

The significant growth in automotive volumes has challenged the company and the industry in general. With the continued investment in technology, greater use of rail and improvement in fleet efficiency, Toll is best placed to enable its customers to realise supply chain efficiencies for both their domestic and cross border demands.

Ports and Resources activity grew further for the company, with volumes generally in line with expectations. The company's Queensland and Western Australian operations continued to provide solid growth, with the resource sector keenly seeking greater efficiency throughout the total supply chain.

Customers in the industrial and manufacturing sector continued to operate in a relatively low growth environment and the company's volumes remained stable.

In the relocations sector, trading was generally in line with plan, with the company being successful in winning several new contracts, which will stimulate future growth.

The company continues to drive high levels of technology throughout the business, enabling greater customer supply chain visibility and integration, issues which are now at the forefront of challenges faced by customers. Through the Toll Solutions unit, the management transport services model (Toll – MTS) and related models are being highly supported by customers, initially in the retail and automotive sectors and now receiving greater traction in other industry sectors.

New Contracts

Over the last few months a number of exciting new contracts have been signed.

In December, the defence logistics contract known as 'DIDS' was signed with the Federal Government in conjunction with our joint venture partners Tenix. This 10-year, \$900 million plus contract will implement the transition phase during the next twelve months.

The company has also won a major outsourcing contract with BOC, which will involve bulk gas distribution across eastern Australia and the acquisition of a fleet of over 40 vehicles, with a planned fleet upgrade expected in the next two to three years.

During February 2004, the company signed a contract with Origin Energy to provide transportation of condensate from its newly constructed gas plant at Lang Lang Victoria, to the Geelong oil refinery.

Also in mid February, Coles Myer Ltd announced Toll as the successful supplier for the major component of its interstate general merchandise linehaul requirements.

This 5-year contract reflects Toll's strength in delivering tailored technology and operational supply chain solutions.

In September 2003, the company signed a long-term contract with the Queensland Government to supply relocation services, expected to involve over 3,500 relocations per year.

The success in winning new contracts is a clear reflection of all customers focussing on improving supply chain efficiencies and successfully responding to dynamics in the markets in which they operate. Toll has positioned itself to provide an unparalleled service offering to meet those customers needs.

Divisional Performances

All divisions again improved revenues during the six months and posted higher earnings than in the previous corresponding period.

Review of Operations (continued)

Toll Networks

Toll Networks (formerly Toll Long Distance) increased revenues from \$554 million to \$808 million which reflected the full six months trading of Toll Priority and Toll Shipping, both operations of which were acquired in November 2002.

Networks division revenue was also bolstered by the inclusion of Tranz Rail's road and rail operations of \$106 million, which was consolidated from 10 October 2003.

Networks posted an EBIT of \$54.1 million, an increase of 68% over the previous period. The division's results were highlighted by a strong performance from Toll Ipec, which is now showing the benefits of new depot infrastructure and technology upgrades. Toll Priority has continued to reflect the integration efforts, with margins slowly improving in line with plan. Tranz Rail contributed an EBIT of \$8.2 million in respect of road and rail operations for the network division.

Other operations including, Toll Express, Toll SPD and Toll Tasmania all traded well. Toll Refrigeration performed according to plan and broke even for the period, notwithstanding planned revenue reductions.

Toll North

Revenue grew strongly across the division from \$210 million previously to \$237 million. EBIT also improved to \$15.8 million an increase of 9% over last year.

NQX continues to perform well and has been successful in securing new volumes particularly in the resource sector.

QRX, Toll's Queensland rail forwarding operation performed in line with plan, albeit slightly lower than in the previous year, due to the absorption of higher rail linehaul charges from Queensland Rail. It is expected that QRX will have access to fully dedicated rail services during the course of 2005 calendar year, in the meantime we are working to increase service efficiency as much as possible.

During the last six months Toll acquired the remaining 49% minority interest in R&H Transport, and is focussing on developing the specialised resource sector activities contained within that business.

Logistics

The logistics division increased revenues from \$473 million to \$536 million for the six months, and lifted EBIT 44% to \$35.1 million.

Tranz Rail contributed revenues of \$23.2 million and an EBIT of \$8.7 million in relation to Inter-island shipping services for the Logistics division from the period since acquisition

A number of new contracts, together with the benefit of new fleet and investment in technology supported the result for the division.

Since 31 December, the company has acquired the New Zealand based stevedoring business of Leonard & Dingley including a 50% share of Auckland Stevedoring. This business further expands Toll's port activities, in particular providing general stevedoring presence in the port of Auckland.

Review of Operations (continued)

Asia

Operations in Thailand continue to perform well, with a number of growth opportunities being explored with customers. The acquisition of Zari Haulage in Malaysia in late 2003, whilst small, has enabled the company to further develop its strategy and customer relationships particularly in the Oil, Gas and Automotive sectors.

Toll International, which provides our customer base with freight forwarding and project logistics capabilities throughout Asia, has continued to gather momentum, particularly as domestic customers seek to manage their supply chains from the point of manufacture.

The company will continue to pursue opportunities to support customers in the Asian region, in areas where Toll has a competitive advantage.

Tranz Rail

The company acquired the majority controlling interest in the Tranz Rail group in New Zealand on 10 October 2003. Currently Toll has an 84.2% holding in the business, the results for which have been consolidated from 10 October.

For the period from acquisition to 31 December, revenue attributed to Tranz Rail was \$129 million, with an EBIT of \$16.9 million. Trading results since acquisition have generally been in line with the company's plans, and in line with the prior period.

For the period to December '03, Tranz Rail contributed an attributable after tax and minority interests result, before acquisition funding costs, of \$10.7 million.

During the last six months Toll has provided re-financing facilities to Tranz Rail in order to close out the vessel "Aratere's" leasing arrangement and to repay the New Zealand Government advance. Since 31 December Toll has provided a facility to repay secured banking facilities.

These facilities are the first in a number of steps required to position Tranz Rail to fund commitments and enable future growth.

Since assuming management control, and installing Toll executives, a detailed restructure plan has been formulated, which will see a greater focus on providing an integrated service delivery to our customer base.

Following the Heads of Agreement reached with the New Zealand Government, the company has been finalising formal documentation to give effect to the sale of rail track back to the Government. The financial impact in respect of the transfer of the track infrastructure asset write downs and Australian GAAP accounting policy realignment, which are pre-acquisition adjustments for Toll, have been adjusted in the Toll acquisition balance sheet, whilst it has resulted in a major asset write-down at the Tranz Rail group level.

Pacific National

Pacific National traded in line with plan and contributed an after tax equity share of \$17.3 million, which was a 34% increase on the previous corresponding period. The result was based on total revenues of \$545 million, compared to \$543 million last year and an EBIT of \$66 million, 22% ahead of last year.

Coal volumes remained strong during the six months, as was the case with Intermodal revenues. Grain revenues were significantly lower than in the prior year and continued to be depressed following the drought. Trading however is expected to improve over the coming months.

The company has recently concluded a new Enterprise Agreement for the entire workforce, and is awaiting Industrial Relations Commission certification. The new agreement importantly provides a consistent approach across all elements of the business and delivers flexibility to enable improved customer service.

The enterprise agreement, together with the previously announced ARTC and RIC rationalisation should position Pacific National to advance the transfer of freight from road to rail.

Review of Operations (continued)

In addition, Pacific National is progressing well in developing other growth opportunities, including the plan to develop Queensland based services during 2005, which will benefit customers seeking national integrated solutions.

Restructure of Business Units

Since 31 December Toll has finalised plans to restructure the composition of existing business units. This will involve the consolidation of all shipping operations into the Logistics Division, transfer of Toll Refrigeration operations to Toll North and consolidation of international freight forwarding and all resource sector activities into Toll North.

This restructure will be effective from 1 January 2004, and will enable more efficient use of management resources and assets.

Outlook

During the last six months with the Tranz Rail acquisition, the strategic shareholding in Owens and additional port related investments, Toll has firmly established a unique platform for growth in New Zealand, with a number of attractive opportunities being pursued.

Since 31 December, trading has remained solid, and generally in line with expectations. Economic conditions continue to be stable and appear to have absorbed well the rises in interest rates, which have occurred over the past few months. Based on current performance the company expects to post another record result for the 2004 financial year.

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

Rounding off

The Company is of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report, and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



J A Moule

Director



P A Little

Director

Dated at Melbourne this 24th day of February 2004.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 STATEMENTS OF FINANCIAL PERFORMANCE
 FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated	
		Dec 2003 \$'000	Dec 2002 \$'000
Revenue from ordinary activities		1,605,216	1,243,214
Expenses from ordinary activities before borrowing costs and income tax expense		1,500,158	1,172,050
Borrowing costs		13,090	11,274
Share of net profits of associates and joint ventures accounted for using the equity method	9	18,458	13,419
Profit from ordinary activities before income tax expense		110,426	73,309
Income tax expense relating to ordinary activities	2	22,852	16,508
Profit from ordinary activities after income tax expense		87,574	56,801
Net profit attributable to outside equity interests		2,350	531
Net profit attributable to members of the parent entity		85,224	56,270
Non-owner transaction changes in equity			
Net exchange difference on translation of financial statements of self sustaining foreign operations		132	347
Net (decrease) in retained profits on the initial adoption of:			
Revised AASB1028 "Employee Benefits"		-	(1,184)
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		85,356	55,433
Basic earnings per share - ordinary shares		27.2¢	19.9¢
Diluted earnings per share - ordinary shares		26.3¢	18.8¢

The above statements of financial performance are to be read in conjunction with the accompanying notes to the financial statements set out on pages 11 to 17.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 STATEMENTS OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2003

	Note	Dec 2003 \$'000	Consolidated Jun 2003 \$'000	Dec 2002 \$'000
Current Assets				
Cash assets		119,227	88,299	49,210
Receivables		430,252	313,890	355,623
Inventories		15,481	10,014	10,545
Other		37,295	27,142	28,068
Total Current Assets		602,255	439,345	443,446
Non-Current Assets				
Receivables		8,556	7,152	9,371
Investments accounted for using the equity method		368,481	349,733	330,432
Other financial assets		13,933	36,123	6,121
Property, plant and equipment and right of way		966,806	462,752	454,614
Intangible assets		105,591	107,459	112,912
Deferred tax assets		32,726	27,437	22,159
Other		7,100	7,200	7,800
Total Non-Current Assets		1,503,193	997,856	943,409
TOTAL ASSETS		2,105,448	1,437,201	1,386,855
Current Liabilities				
Payables		357,322	255,269	258,048
Interest bearing liabilities	(a)	131,505	14,754	19,938
Current tax liabilities		20,357	14,735	22,018
Provisions		180,915	134,993	119,625
Other		-	-	49,709
Total Current Liabilities		690,099	419,751	469,338
Non-Current Liabilities				
Interest bearing liabilities		319,736	336,452	285,698
Deferred tax liabilities		20,487	23,119	15,979
Provisions		64,612	27,105	39,263
Total Non-Current Liabilities		404,835	386,676	340,940
TOTAL LIABILITIES		1,094,934	806,427	810,278
NET ASSETS		1,010,514	630,774	576,577
Equity				
Contributed equity	4	695,427	408,346	383,349
Reserves		(420)	(552)	955
Retained profits	5	280,759	220,377	190,230
Total parent entity interest		975,766	628,171	574,534
Outside equity interests		34,748	2,603	2,043
TOTAL EQUITY	6	1,010,514	630,774	576,577

Note (a): Includes unsecured bonds issued by Tranz Rail of \$87.4 million maturing in October 2004. This debt will be replaced by long term financing

The above statements of financial position are to be read in conjunction with the accompanying notes to the financial statements set out on pages 11 to 17.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 STATEMENTS OF CASH FLOWS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated	
		Dec 2003 \$'000	Dec 2002 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,643,476	1,267,555
Cash payments in the course of operations		(1,531,233)	(1,202,163)
Restructure costs paid		(13,328)	(1,233)
Interest received		1,261	604
Dividend received		210	238
Interest and other costs of finance paid		(11,403)	(10,969)
Income taxes paid		(25,163)	(21,394)
Net cash inflow/(outflow) from operating activities		63,820	32,638
Cash flows from investing activities			
Payment for entities and businesses, net of cash acquired		(141,847)	(35,439)
Proceeds on purchase of entities and businesses		-	9,309
Payment for property, plant and equipment		(51,391)	(78,014)
Proceeds from sale of property, plant and equipment		22,169	5,987
Proceeds from sale of investments		616	-
Loans made to related entities		(1,520)	-
Proceeds from repayment of loans with other entities		46	22,500
Net cash inflow/(outflow) from investing activities		(171,927)	(75,657)
Cash flows from financing activities			
Proceeds from borrowings		173,626	92,110
Repayment of borrowings		(293,482)	(28,550)
Dividends paid		(17,805)	(11,914)
Proceeds from ordinary share issue		34,368	-
Proceeds from reset preference share issue		245,746	-
Finance lease payments		(3,361)	(7,679)
Net cash inflow/(outflow) from financing activities		139,092	43,967
Net increase/(decrease) in cash held		30,985	948
Cash at the beginning of the financial year		88,299	47,550
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(57)	712
Cash at the end of the financial year		119,227	49,210
Non-cash financing and investing activities	11		

The above statements of cash flows are to be read in conjunction with the accompanying notes to the financial statements set out on pages 11 to 17.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 1029 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards, other authoritative pronouncements of the Australian Accountings Standards Board, Urgent Issues Group consensus views and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by Toll Holdings Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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

The accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those applied in the 30 June 2003 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2003

2. TAXATION

	Consolidated	
	Dec 2003	Dec 2002
	\$'000	\$'000
a) Income Tax Expense		
Prima facie income tax expense on the profit from ordinary activities @ 30% (2002 – 30%)	33,127	21,992
Tax effect of permanent differences		
Non deductible expenditure	2,828	2,843
Imputation credit gross up on dividend	31	-
Franking credit on dividend received	(103)	-
Tax deductible expenditure and depreciation not included in operating profit	(2,743)	(2,360)
Non-assessable gains (including equity accounted profits)	(10,392)	(4,917)
Assessable gains	404	-
	<hr/>	<hr/>
Income tax expense on the profit from ordinary activities	23,152	17,558
Under/(Over) provision in prior years accounts	(300)	(1,050)
	<hr/>	<hr/>
Income tax expense attributable to profit from ordinary activities	22,852	16,508

3. DIVIDENDS PAID AND DECLARED

	Cents per share	Total (\$'000)	Franking (%)	Payment Date
Dividends provided or paid by the Company during the period:				
2003				
2003 Final Ordinary Dividend	8.0	<u>24,842</u>	100%	1 st Oct 2003
2002				
2002 Final Ordinary Dividend recognised when declared during year	5.5	<u>15,146</u>	100%	30 th Sep 2002
Franked dividends were franked at the tax rate of 30%.				
Subsequent Events				
Since the end of the half-year, the directors have declared the following dividend:				
Interim Ordinary Dividend	8.5	<u>27,042</u>	100%	26 th Mar 2004

The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 December 2003 and will be recognised in subsequent financial reports.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2003

4. CONTRIBUTED EQUITY

	Consolidated	
	Dec 2003	Dec 2002
	\$'000	\$'000
(a) Issued and Paid Up Capital		
(i) 318,146,229 ordinary shares fully paid (2002 – 302,813,874)	449,680	383,349
(ii) 2,500,000 reset preference share fully paid (2002 – nil)	245,747	-
	<u>695,427</u>	<u>383,349</u>

The Company issued 2,500,000 Reset Preference Shares (“RPS”) on 11 November 2003. The RPS attracts a preferred, non cumulative dividend to be paid on a semi annual basis. The dividend rate is calculated at 6.2% pa.

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

- (b) The Company has an established Dividend Reinvestment Plan, for the purpose of providing shareholders the opportunity to apply dividends paid or declared by the Company in subscribing for shares rather than receiving those dividends in cash. Shares are issued under the plan currently at a 2.5% (2002: 2.5%) discount to the weighted average market price over the five business days up to and including the books close date for the purposes of the dividend payment.

5. RETAINED PROFITS

	Consolidated	
	Dec 2003	Dec 2002
	\$'000	\$'000
Retained profits at beginning of half-year	220,377	135,144
Net profit attributable to members of the parent entity	85,224	56,270
Net effect of changes in accounting policies		
- Revised AASB 1028 “Employee Benefits”	-	(1,184)
- Revised AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”	-	15,146
Dividends recognised during the half-year	(24,842)	(15,146)
Retained profits at the end of the half-year	<u>280,759</u>	<u>190,230</u>

6. TOTAL EQUITY RECONCILIATION

	Consolidated	
	Dec 2003	Dec 2002
	\$'000	\$'000
Total equity at beginning of the half-year	630,774	402,754
Total changes in parent entity interest in equity recognised in statement of financial performance	85,224	56,270
Transactions with owners as owners		
Contributions of equity	41,334	3,163
Conversion of convertible notes	-	114,696
Reset preference share issue	245,747	-
Dividends	(24,842)	(15,146)
Total changes in foreign currency translation reserve	132	347
Total changes in outside equity interest	32,145	531
Net effect of changes in accounting policies		
- Revised AASB 1028 “Employee Benefits”	-	(1,184)
- Revised AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”	-	15,146
Total equity at the end of the half-year	<u>1,010,514</u>	<u>576,577</u>

7. ACQUISITION/DISPOSAL OF CONTROLLED ENTITIES

The following controlled entities were acquired or disposed of during the period.

Acquisition

2003

Name	Date Acquired	Consolidated entities interest	Consideration	Contribution to consolidated net profit
Tranz Rail Holdings Ltd	10 Oct 2003	84.2%	\$164.2 million	\$12.6 million

2002

The consolidated entity did not acquire any controlled entities during this half year period.

Disposal

2003

The consolidated entity did not lose control over any entity during the half-year ended 31 December 2003.

2002

The consolidated entity did not lose control over any entity during this half year period.

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no material changes in contingent liabilities or contingent assets since 30 June 2003

9. INVESTMENTS IN ASSOCIATES

Details of investments in associates are as follows

Name	Ownership interest		Share of net profits	
	Consolidated 2003 %	2002 %	Consolidated 2003 \$'000	2002 \$'000
PrixCar Services Pty Ltd (Pre-dealer motor vehicle preparation)	33 Ord Class	33 Ord Class	420	51
Actraint No 126 Pty Ltd (Management)	50 Ord Class	50 Ord Class	-	-
Minto Properties Pty Ltd (i) (Property Owner)	100 Ord 'B' Class	100 Ord 'B' Class	416	396
SeaHighway Pty Ltd (i) (Property Owner)	100 Ord 'B' Class	100 Ord 'B' Class	155	142
Pacific National Pty Ltd (Rail Operator)	50	50	17,291	12,887
Albany Bulk Handling Pty Ltd (Bulk Handling)	50	50	(25)	(57)
Fremantle Link Services Pty Ltd (Land bridging activities)	50	-	201	-
Australian Transport Network Ltd (Investment company)	27	-	-	-
Total share of net profits of associates accounted for using the equity method			18,458	13,419

(i) The Toll Group holds 50% of Minto Properties Pty Ltd and SeaHighway Pty Ltd.

Dividends received from associates for the half-year ended 31 December 2003 by the Toll Group amounted to \$210,000 (2002 - \$225,000).

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2003

10. SEGMENT INFORMATION

The Toll Group comprises the following main business segments, based on the Toll Group's management reporting system.

Business Segments	Toll Networks		Toll North		Logistics		Eliminations		Consolidated	
	Dec 2003 \$'000	Dec 2002 \$'000	Dec 2003 \$'000	Dec 2002 \$'000	Dec 2003 \$'000	Dec 2002 \$'000	Dec 2003 \$'000	Dec 2002 \$'000	Dec 2003 \$'000	Dec 2002 \$'000
Segment revenue	942,873	661,949	244,979	217,155	552,009	485,299	(135,906)	(121,793)	1,603,955	1,242,610
Unallocated Interest Revenue									1,261	604
Total Revenue									<u>1,605,216</u>	<u>1,243,214</u>
Segment Result	54,053	32,227	15,847	14,536	35,064	24,328	-	-	104,964	71,091
Share of net profit of equity accounted investments – Pacific National									17,291	12,888
Unallocated Net Interest Expense									(11,829)	(10,670)
Profit from ordinary activities before income tax expense									<u>110,426</u>	<u>73,309</u>

Of the total share of equity accounted investments of \$18.5 million, \$1.2 million has been reallocated to business segments, leaving \$17.3 million relating to Pacific National unallocated.

Business segments

The Toll Group comprises the following main business segments, based on management reporting systems:

- Toll Networks – Longhaul forwarding services by road, rail, sea and air. (formerly Long Distance)
- Toll North – Provider of time-certain distribution between major cities and regional centres of Queensland and Northern Territory.
- Logistics – Provider of industry focussed supply chain solutions.

11. NON-CASH FINANCING AND INVESTMENT ACTIVITIES

- (i) 982,418 shares with an aggregate value of \$6.9million (2002: \$ 3.2million) were issued in accordance with the Dividend Reinvestment Plan in lieu of remitting cash dividends.
- (ii) A final prior year dividend of 8 cents per share was utilised to reduce employee loans in accordance with the Employee Share Plan. Employee loans were reduced as a result by \$70,381 (2002: \$66,100).

The above non-cash activities are not reflected in the Statements of Cash Flows.

12. EARNINGS PER SHARE

Classification of securities as potential ordinary shares

The following securities have been classified as potential ordinary shares and included in diluted earnings per share only:

- (a) options outstanding under the Executive Share Option Plan
- (b) Convertible notes

	Consolidated Dec 2003 \$'000	Dec 2002 \$'000
Earnings reconciliation		
Net profit	87,574	56,801
Net profit attributable to outside equity interests	2,350	531
Basic earnings	85,224	56,270
After tax effect of interest on convertible notes	-	1,904
Diluted earnings	85,224	58,174
Weighted average number of shares used as the denominator		
Number for basic earnings per share	No of shares '000s	No of shares '000s
Ordinary shares	313,442	283,024
Effect of executive share options on issue	2,694	6,524
Effect of redeemable convertible notes	-	19,443
Effect of reset preference shares	8,097	-
Number for diluted earnings per share	324,233	308,991

During the course of the half-year 5,370,000 options were converted to ordinary shares. The diluted EPS calculation includes that portion of these options assumed to be issued for nil consideration, weighted with reference to the date of conversion. The weighted average number is 1,924,408.

13. EVENT SUBSEQUENT TO BALANCE DATE

Other than the declaration of an interim of 8.5 cents per share dividend (Refer Note 3), there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Toll Group, the results of these operations, or the state of affairs of the Toll Group, in future financial periods.

Directors Declaration

In the opinion of the directors of the Company:

1. the financial statements and notes set out on pages 8 to 17 are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the Toll Group as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company and the subsidiaries will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

Signed in accordance with a resolution of the Directors:



J A Moule

Director



P A Little

Director

Dated at Melbourne this 24th day of February 2004.



Independent review report to the members of Toll Holdings Limited

Scope

We have reviewed the financial report of Toll Holdings Limited ("the Company") for the half-year ended 31 December 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 13 and the directors' declaration set out on pages 8 to 18. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-years. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Toll Holdings Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

Adrian V. King

Adrian V King
Partner

Place: Melbourne

Date: 24 February 2004