

MAINFREIGHT

NEWSLETTER DECEMBER 2007



The Team's Board Report



Our Sydney Super-Site Takes Shape





Managing Director's Comment

Welcome to the Christmas edition of our Newsletter.

As we write this newsletter we have just completed the release of our half-year financial results to the market. These results saw a 9% increase in our net surplus before abnormals to \$15.72 million; a satisfactory result in light of the challenging start we all had to the financial year.

As we head towards Christmas our performance week by week has been better, and we are expecting our third quarter to produce further improved results. Thank you.

On 1 November we welcomed the Target business to the Mainfreight family. Target Logistic Services is an American company with 36 branches spread throughout the United States. Target has 292 people in their team with services and products in domestic freight, international freight and trans-border operations to Canada and Mexico. Sales revenues last year totalled US\$180 million. In the last six years, sales growth has been strong and has increased by US\$100 million.

We are proud to have the Target team join our family and are looking forward to developing the business to further extend our reach across the global supply chain.

It will be important that Target becomes part of our global strategy working with and for the Mainfreight network.

During this past year, New Zealand has had terrible results in a number of international sporting events. We have failed to lift the America's Cup, the Rugby World Cup, the Cricket World Cup, the Netball World Cup and our rugby league team failed to beat the English. In all events, New Zealand was confident of doing very well. Sadly we were beaten by better teams on the day.

For us here at Mainfreight, no matter what country or business, there is a valuable lesson in New Zealand's sporting demise. The reality is that the world is a very competitive place, and to succeed each and every one of us has to perform at our best.

As we become an internationally recognised business, so too will our competition increase. There have been times in our past where we have not performed as well as we should have. We have managed to overcome these poor performances through the hardworking efforts of many. If we are to achieve our dream we all must contribute our very best performances every day, ensuring our customers are delighted at every opportunity. No matter our personal role, we all have the chance to contribute world-class performance. Please play your part by doing so.

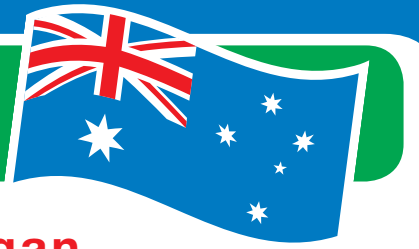
While it has been a challenging year, it continues to be exciting and we continue to see a lot of opportunity around us.

Enjoy the festive season with your family and friends. Thank you for all your efforts to make Mainfreight the Special Company that it is.

Merry Christmas.

Don Braid

Australia



Mainfreight Distribution – Rodd Morgan

At the end of what has turned out to be a particularly challenging year, we would really like to say thank you to our fantastic hard-working branch teams and our owner drivers all around Australia. We can all enjoy Christmas content in the knowledge that we have another very exciting year of achievement behind us – all made possible only due to the talents and professionalism of each and every Mainfreight team member who make us what we are today.

The past year has definitely been one of two contrasting halves for Mainfreight Distribution, with trading conditions being a little flatter than we would have liked during the first part of the year but with our momentum being markedly better of recent times.

We have now restored our revenue and profit performances from a year-to-date perspective so that we are again well placed to achieve our full year profit targets and to see further improvement throughout next year.

The team remains focused on the “simple but not easy” task of delivering 100% of our customers’ freight on time and intact, which is the only way we will maintain our healthy rate of growth into next year and beyond.

Our on-time delivery task has been that little bit harder this year as the scourge of late linehaul departures and arrivals has again raised its ugly head. Too many times this year we have had units arriving into depots late in the morning which makes delivering freight that little bit harder and more costly. Part of the problem has been our Sydney branch which has had to operate in a facility that we have outgrown making truck flows very slow, and combined with Sydney’s notorious traffic and some late customer pick ups we have really struggled to get units away on time.

However, the very good news is that this will soon be a thing of the past as we move into a magnificent new purpose-built facility in February next year.



It's a long way from the end of the dock to the offices at the Sydney Super-site!

This move is really going to allow our business to spread its wings and grow at rates we have not seen before but at the same time achieve high levels of service performance.

It is always important to remind ourselves that the only reason we exist as a business is to pick up and deliver our customers' freight on the day it is expected, in good condition and to be able to provide our customers with proactive information about their precious deliveries and also a prompt proof of delivery.

It is vital that we always keep this core business function as our key daily focus and to this end we must find a way to achieve better consistency in our linehaul arrival times.

Our customers continue to demand greater visibility and accountability from us as their supply chain partner. This means our ability to supply prompt, easy to access services such as proof of deliveries and real time consignment tracking 100% of the time, has become a major reason why we will win business or, equally, lose business.

We have always ensured that we invest strongly in developing our own technology solutions and

services which have helped see us become a market leader, but having the best technology is useless without the consistent and accurate application of the technology by a motivated team of people.

Apart from physical service performance, it is also becoming increasingly important that we have the capacity to offer a seamless one-stop-shop capability in order to win and retain supply chain customers. The support and unity that we develop between our Mainfreight brands has therefore never been more necessary in order for us to succeed. We must all work harder to better understand each of our brands' service capabilities and then find ways to work together to win and retain customers.

One good way to do this is to make sure the brands get together regularly both formally and informally. This year's Mainfreight family Christmas parties have seen all of our brands come together in all states for the first time in Australia. Mainfreight Metro, Mainfreight International, Mainfreight Logistics, Mainfreight Distribution, Owens Transport and Perishables held the first of these parties in Victoria in the bowels of Monash University on Sunday 18 November.



Christmas Party VIC Style

This really was a fantastic day for both parents and kids with seriously great rides, fantastic food and over 400 people in attendance. There were of course many helpers but in particular congratulations to Maureen, Mercedesz and Kirsty and the rest of the Melbourne team (particularly those such as Serg Vukovic who got there early to set things up and to cook) for really raising the bar and putting on our best Christmas family day ever.



New Townsville Depot

Some of the Year's Highlights

We have listed below in no particular order a few of the many highlights that we have had this year:

- The gaining of several high profile supply chain customers.
- The presentation of our Owens Transport wharf cartage business which has undergone an image overhaul to now have the best livery in the sector.
- The improvement in profits from our Sydney branch.
- The new depot in Townsville allowing us to now offer warehousing services.





- The introduction of our first ChemCourier vehicles.
- The establishment of our Logic brand which offers customers a completely managed process for all supply chain services even those that are not current Mainfreight capabilities.
- The way our Metro branches led by Chris, Craig and Rifet have geared up and overcome the extremely difficult implementation of several new large volume customers.
- The much improved profit performance from our Sony branch, and the way Dan and his team dealt with the volume increase as a result of the release of Sony's new product range in the lead up to Christmas.
- The contribution that our ever-increasing number of young graduates are making to the business.
- The great success of our Sales cadet programme which has seen our first sales manager appointment, Steve Turner, in Brisbane.

Five things to do better in 2008

1. Improve our linehaul arrival and departure times.
2. Make the presentation of our brand in terms of our branches, team and vehicles the best in the industry.
3. Strive to make dealing with Mainfreight as easy as possible for our customers.
4. Help make our business a great place to work by always being positive and always striving to create a "get it right the first time" culture.
5. Try to approach all tasks each day with some real pace and energy.

Our simple philosophy has always been that the quality of our service will determine the degree of success and significance we will achieve as a business and as individuals. Congratulations and thank you to every member of our team who have really taken this belief to heart and helped to produce some excellent results.

We look forward to the next few years with much anticipation.

Merry Christmas from the Mainfreight Distribution team.

Mainfreight International Australia - Steve Thorogood

The Mainfreight International Team throughout Australia continues to meet the challenges and embrace the changes that have made for greater efficiency, improved service levels and overall growth in our business.

We must ensure that we do not get caught up in the events of the day and external distractions, and continue to drive our business to make decisions, and get on with it. We must be fast and nimble and not slow down our business as we strive to improve our performance in all aspects of the way we do business.

As mentioned our business has undergone many changes, and this year has also seen the changes in our leadership team. Our leader Michael Lofaro has left us to take up a position in our Asian operations. Michael has been a strong leader for our business and has driven us to new heights,



Michael Lofaro

and now it is up to the team to continue that work. Michael and his wife Claudia's acceptance of the role in Asia we believe will be great for the Mainfreight Group business as it expands throughout this region.

We have seen through the changes this year three of our team members take up Branch Management positions: Mario Biscotto, Western Australia; Robert Cotter, Trade Park Drive Victoria; and Brian Mueller, Springbank Street Victoria. This is an exciting time for branch managers to take control of their sites and set their own platform for growth.

The International Emerging Branch Managers course conducted in August in New Zealand saw six of our Australian team venture to New Zealand, and gain an insight into management practices and "the way we do things here at Mainfreight.

CaroTrans Oceania

2007 saw the development of our groupage consolidation business CaroTrans Oceania as a stand-alone business. By November 2007 both the Melbourne and Sydney offices are in separate operations.

It has been a fantastic journey for CaroTrans Oceania Australia. A lot of focus has been put on the growth of our product locally and internationally this year.

We have introduced new team members to our sales force in Melbourne, Sydney, Adelaide and Fremantle (Perth) which adds strength to our programme and complements our current market status as an NVOCC.

We have introduced new overseas partners in key trades such as Freight Links Express in Singapore, Freight Management in Malaysia and Carga / Seacon in the Benelux and France.

These agencies add valued strength to our current North and South bound consol services and provide us vital links to HUB freight to / from most parts of the world.

We are looking forward to 2008 and are all focused to taking Carotrans Oceania to the next level, and coming one step closer to being a global NVOCC.

Thoughts of Phil Brunsten (Sales Campaign to our Far East Asia Offices)

Earlier this year Phil had the opportunity to visit our Branches in Shanghai, Hong Kong and Shenzhen to meet the teams and visit customers with Greg Giarratana. Rotating our sales teams throughout the world to meet everyone, develop business and gain a greater understanding of each other's markets is another example of Mainfreight's family culture, and all those

who have experienced the opportunity have commented how much they have gained from it.

China is an amazing place with incredible diversity. The growth that we hear so much about is clearly evident as you travel around, with construction everywhere and factories for miles. Phil visited the Yantian terminal with Patrick and Elvis from Shenzhen which wasn't much smaller than Adelaide. Pretty impressive!!!

The hospitality of our teams throughout China was incredible and we were treated to some great meals including some South Aussie crayfish. Thanks to Linda, Sylvia, Patrick and all the teams for looking after us so well.



Phil Brunsdon



Patrick, Phil & Elvis

Group Supply Chain

In March 2007 all the brands in Australia committed to a more united and stronger team. We have seen throughout 2007 with the BIG M sales meetings and the regular Branch Managers meetings that the teams are working a lot more closely together and opportunities are being developed jointly. This creates a very strong "one family culture" and sales product in the marketplace.

There are a lot of economic factors that have been and are still affecting our business. The economy is still strong in certain areas and the appreciation of the Australian dollar is having an impact.

It is very much a competitive global world we are playing in – one that requires hard work, and so stress levels can at times reach breaking point. The saying "Nothing works like hard work" is still as relevant today as in years gone by.

We would personally like to thank everybody in the Mainfreight Group in Australia; together we are creating a strong force in this market. In our business, our overseas-owned offices and partners are also very critical to our business, and we thank them for their loyal support at this time. We would like to wish you all a very merry Christmas and a safe and prosperous New Year.

In closing, to the Mainfreight International team my personal thanks for your commitment and passion. I know at times it may seem overpowering, but thank you to all for the way you continue to make it happen. At times I know you may feel it is not said enough – **THANK YOU.**

Merry Christmas and a safe and prosperous New Year to all, and together we look forward to another year of exciting challenges.

International Division – John Hepworth

Teamwork at its Best – Pickle Award Needed!

As we come to the busy end of the year our teams are under pressure ensuring our customers' freight makes the required vessels from ports around the world and to eventually being delivered to the shops and retail outlets. With the pressure on we must help our teams not just in our divisions but amongst all divisions. It was just great to see recently our MFD Clayton team rally a bus full of their team members and on Saturday head to Campbellfield to assist MFL who were under incredible pressure after Melbourne Cup day to deliver orders for some of our biggest liquor accounts. Well done Glenn and his team.



Target Logistic Services

We recently had the pleasure of having Chris Coppersmith, CEO of Target Logistic Services, visit our branches in Auckland and New Plymouth (for the opening of our new freight facility) in New Zealand. He also stopped for a short time in Australia, visiting all sites in Melbourne and Sydney. Chris was suitably impressed with what he saw within the Mainfreight Group as well as enjoying a Saturday tour of the Yarra Valley wineries in Victoria, Australia.



Chris Coppersmith enjoying some time out after a hectic schedule

For the wine aficionados within Mainfreight you might be interested to know that Chris is quite an expert in this area, so when looking for a great American Pinot Noir you know who to contact.

Target Logistics Conference in Asia

Michael Lofaro and I had the great pleasure of meeting the Target Asian network in Penang in October. The Target offices throughout China are licensed offices to the USA parent company. This means they work exclusively with each other in the USA trade. It was exciting to meet representatives from almost every country in Asia and the sub-continent.



International guys telling the world about domestic transport - can you imagine. Love the yellow shirts.



Michael formally bonds our new relationship well and truly

Mainfreight is excited that we are involved with this Asian network. With Michael Lofaro now being based in Hong Kong he became the target (please excuse the pun!) for attention by the Target team members at an outdoor dinner.

River Traffic in Europe

Recently travelling through Europe we spent some time cruising up the Rhine River which is one of the largest rivers in Europe and a major form of transport that we do not experience in Australia and New Zealand. You will see from these two photos a typical river vessel carrying containers 500 kilometres down the Rhine from the sea port to the inland city of Mainz. It was interesting to see the bridge was on a hoist so it can lift itself higher than the containers stowed on the vessel.



Humble Pie

Finally the Canterbury rugby team was beaten and Auckland walked away with the Ranfurly Shield. Our leader Don, and one other director (living up to his nick-name of Grumpy) lost an undisclosed bet and were forced to make payment. They chose to pass their loss to Bruce in a humble pie.



Fires in California

Recently California was devastated with enormous bush fires that destroyed over 3,000 homes and caused millions of dollars of damage. There were over 800,000 people evacuated from their homes. We had many of the Mainfreight family in harm's way but thankfully none of them were hurt. Many of our team had homes that were less than a couple of miles away from the fire fronts, so were lucky even though they suffered some smoke damage. These photos show how frightening it was.



Food Too Hot

In Los Angeles a few of us were doing due diligence on Target Logistics earlier in the year. During that time we all heard that Carl Howard-Smith, our Director and Legal Counsel, could not get a hot meal in LA.

I decided he needed to experience some Mexican hot chillies. I slipped a waiter some money to heat up his meal – it worked! After two mouthfuls we saw Carl grabbing the water jug in desperation to cool his mouth.



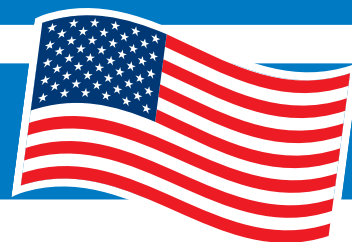
International Focus for 2008

The most important two things for next year will be sales growth and continuing the momentum of airfreight development. We must get our call numbers up in International which should include calling on existing customers and developing stronger relationships. Existing customers have so much to offer us; from additional trade lanes not handled today, sales leads for other divisions within our group and most importantly recommendations to other businesses.

Recommendations are the easiest sell and we need to do much more of this.

Thank you to the International teams for your great support, hard work and dedication in 2007. I would like to wish the extended Mainfreight family a great Christmas and New Year.

United States



CaroTrans – Greg Howard

There has been no shortage of excitement at CaroTrans this year and based on the mid-year results, we're well on our way to another record breaking year. Sales revenue is up 23.4%, gross margin is up 20.3% and EBITA is up 38.6% compared to last year.

In August, we shifted our airfreight operations from CaroTrans to Mainfreight International USA. This places the airfreight services with the business unit that's better suited to develop this increasingly important sector and allows CaroTrans to focus on our core ocean freight activities.

The low US dollar has helped spur on exports from the USA but has also had a noticeable and opposite effect on our import volume. As a result of the increased export demand, a shortage of ocean containers and limited space on outgoing vessels have become everyday challenges for the team to manage. It has been a long time since we've needed to "pre-book" space on vessels and we now have to secure space 4-6 weeks in advance of sailing.

Despite these challenges, our export container volume has grown by nearly 51% in the first six months of this year compared to the same period last year.

A snapshot of growth in our top 10 trade lanes is as follows:

China	up 44%
Australia	up 21%
Singapore	up 23%
Brazil	up 12%
Germany	up 27%
Japan	up 16%
UK	up 29%
Middle East	up 11%
New Zealand	up 49%
South Africa	up 29%

We head into 2008 with a key objective of transforming CaroTrans into a sales and marketing organization. This will only be achievable through consistent sales management and a commitment to sales on every level. As well, we will need effective training and development of our sales force to become the best in the industry.

To help achieve this objective, we have established a team of high level, elite sales professionals based in key offices throughout the country – Atlanta, Chicago, New York and Los Angeles. They are our "Green Berets Delta Force" sales team, reporting directly to our Sales Vice-President. Acting in tandem with the branch managers, they will ensure the local sales development is congruent with the national objectives and will be responsible for achieving specific targets/goals for their region.

As seasoned sales professionals, they bring experience to all of our product offerings and will help derive benefits from:

- More concentrated focus on sales
- Ability to reach decision makers at higher levels
- Improved sales conduit for overseas agents
- Distribution of travel – both domestic and international
- Concentrated training and development of our sales people
- Ability to direct regional sales to specific national targets
- Lift the professionalism / image of our sales force.

We have a great story to tell about CaroTrans and have the best team out there to back up what we offer. It is all about getting out there and making sure our story is heard. This move to strengthen our commercial development will help to ensure that our sales growth continues.

CaroTrans Boston Plays Host to Kiwi Olympic Hopeful

The Boston team had the distinct honour and pleasure of meeting up with Mahi Drysdale and his travelling companions during their recent visit to Boston.

Mahi is the grandson of Sir Robert Owens, the founder of Owens Transport. He was in Boston recently to participate in the annual Charles River Regatta, a very well-known and attended two-day rowing event which takes place in October every year. Mahi is sponsored in his rowing endeavours by Mainfreight and is a world class rower. Over the last four years Mahi has won his race twice and finished second twice. In this year's event Mahi finished second by 6/100th of a second.



Ede Salvadore, Tom Swain, Michael Cheverie, Nathan Cohen, Mahi Drysdale, Emma Twigg & Joe Pimentel

Mahi will be participating in the Olympics next year in Beijing, and from what we understand, he is the odds on favourite to win the Gold Medal in rowing.

All of us from the Boston office wish Mahi well and look forward to his visit next year. At that time we hope to be entertaining the recent winner of the Olympics.

Miami Open House

In September, our Miami branch relocated to a beautiful new and spacious office location...it is a sharp contrast to the previous facility. The Miami team is proud of their accomplishments and new office and held an open house in appreciation to our many loyal customers.

It has been the continued support from our clients in South Florida which helped our Miami branch achieve a remarkable turnaround last year and continue their winning ways into this year!



Lester Sevilla – CTI, Claudia Artacho - Rodi Freight, Kika Veiga - CTI, Jessica Ciancaglini – Sea Riders, Maria Espenosa – Sea Riders, Vivian Calo – CTI, Diana Nettles - CTI



Michael Forkenbrock – CTI, Rey Erpel – CTI, Lester Sevilla - CTI, Kika Veiga – CTI, Karin Neuber – CTI, Thorsten Ragnick – Senator Intl, Vivian Calo – CTI, Elisa Iglesias – CTI, Julia Rodriguez – Tristar, Paola Rincon – Tristar, Gloria Menendez – CTI, Diana Nettles - CTI, Ariel Roch – Airgroup, Nelson Cagavid – Zix Corp, Phillippe Ardilla – Zix Corp, Humberto Valasquez – Airgroup

Cleveland Branch Falls Behind Boston

The excitement of the baseball championship was at its peak in October with the Boston Red Sox playing the Cleveland Indians in the best of seven games series for American League Championship with the winner advancing to the World Series. Our Boston and Cleveland offices had to be part of this by making a small but friendly wager on the outcome.



Elaine Yeager, Lori Radca, Diana Holt, Maggie Piktel, Chris Wilson and Abigail Veres

The bet was for the branch whose team lost, to buy dinner for the winning team's branch and wear the Championship T-shirts of the winning team and have their photos taken for inclusion in the newsletter.

After the first four games, it did not look good for Boston ... the Red Sox were behind 3 games to 1. The Boston branch was not about to give up hope, but was concerned as to how they would look in "Tribe Time" T-shirts. Coming from a city of fighters, Boston clawed their way back to win the series by taking the last three games and later went on to win the World Series by defeating the Colorado Rockies!

The Cleveland Team looks fantastic in their Red Sox shirts, however it does appear that one member of the team had it backwards.

The only regret left for the Boston Branch was not having an office in Denver.

The Big Camp Out In Chicago

There will be no shortage of camper trailers in Australia this holiday season thanks to the efforts of our Chicago team. During the month of August, the parking lot at our warehouse looked more like a camper trailer dealership than it did a container freight station. Instead, it was actually the staging / prep area for the more than 75 camping trailers we were contracted to ship to Australia.



It was a tight squeeze loading these into the ocean containers and it required a big “hands on” team effort from the Chicago branch to make this project happen. By the time it was all said and done, we managed to load all the trailers into 37 ocean containers (20’, 40’ & 45’) and met the required delivery date.

Next time, we will want to provide the manufacturer with the dimensions of the ocean containers so we can save on lubrication grease!

Justin on Manoeuvres

A long way from Central Otago, the self proclaimed mayor of Cromwell Justin Marshall, was found holding a session with the Boys from New Jersey as he promoted many of New Zealand’s finest wines.



Justin Marshall, Eric Lindsey & Steven Rose

India Sub-Continent

September marked the launch of our newest DIRECT destinations – India and Sri Lanka. Previous to this, all cargo for the Indian Sub-Continent region was loaded in our groupage boxes to Singapore for trans-shipment.

The new operation is based on service from two gateways – Los Angeles and New York. As the service builds, we will likely expand this to include a second East Coast gateway and Chicago.

Los Angeles will serve as the consolidation hub for cargo originating on the West Coast and US Gulf and will use Colombo as a hub for distribution of cargo to Sri Lanka, Pakistan, India, Male and Bangladesh. Through New York, we consolidate cargo from the rest of the country and load containers to Mumbai, India and Colombo, Sri Lanka.

India is the largest English-speaking country in the world and trading relations between the US and this region are growing. Based on the returns on our first containers, this could be a lucrative trade lane for us.

This is an exciting development because for years, we had been previously excluded from accounts shipping to India because of the trans-shipment via Singapore. The new direct service



exposes us to these clients and greatly improves the service for our exiting traffic to the region.

We are represented in India by Globelink and in Sri Lanka we are represented by Freightlinks. The trade with these partners will be a on a two-way trade basis to include export as well as import services.

Atlanta on the Move

In order to keep up with the pace of growth in Atlanta, on 4 November we moved to Forward Air's brand new showpiece facility of nearly 200,000 square feet.





The building is so big that due to its proximity to the area's airports, the name needed to be written on the roof, so not to confuse pilots. (Don Braid, you thought I was joking).

Along with the growth we are achieving in Atlanta, this facility will help us manage and further strengthen our position in the South East.

Something's cooking in HOTLANTA !

Things to Do Better in 2008

- Send less e-mail and talk with your colleagues
- Build better relationships with our overseas agents ... they are an extension of us
- Set the pace of success and never let up
- Sales, Sales, Sales...Never stop selling

Our continued success is a direct result of the team's passion, dedication and commitment to our customers and to each other. We are proud to be on the winning team and playing our part in the Mainfreight 100 year vision.

A big thanks goes to each CaroTrans team member for helping make this year our best year ever.

Merry Christmas from the CaroTrans Team

Mainfreight USA – Tom Donahue

Mainfreight USA Goes Hollywood!

With close proximity to Hollywood, inevitably there are opportunities to get involved with the motion picture industry. Recently Rebecca Drake, MF LAX, was involved in the transportation of a main character in the movie “Transformers”. Bumblebe, or Camaro as it is known, was flown to Japan to promote the movie’s release. The coordination of the move was rather extensive as it involved the disassembly of the 40’ tall “prop” by the Paramount Union mechanics, a crane, several LD7’s, flatbed trucks, and loading of the Bumblebe character.



The entire breakdown and load took just four hours to complete with no complications. Not just your ordinary shipment!

Licensing Update

We have recently obtained our approval as an Indirect Air Carrier which now allows us to move air freight under the Mainfreight name. Our Customs House brokerage license approval is in the final stages. Mark Neumann, Director CHB & Inbound for MF USA, has been sending informational suggestions to the various teams in Australia, New Zealand, and Asia on selling techniques and various governmental requirements on importing goods into the United States.



We welcome Target Logistic Services to the Mainfreight Family!

Target Logistic Services has an extensive network of offices throughout the United States with an unrivalled domestic network that specializes in time-definite services. Coupled with their international air and ocean shipments we look to gain greater market share that will provide possibilities of combining international shipments into an extensive logistics and distribution network throughout the USA!

Best wishes for a Merry Christmas and a Happy New Year from the Mainfreight USA Team

Target Logistics Services – Chris Coppersmith



TARGET LOGISTIC SERVICES

Customized Logistics Worldwide

37 Years Young and Now Part of the Family

Target Logistic Services, the successful US-based forwarder, formally joined the Mainfreight family on 1 November 2007.

Spread around the United States in 36 locations, Target has built around its offices, gateways, and logistics facilities extensive service capabilities that will provide an excellent infrastructure for long term US growth and development

Around the world and especially Asia, Target Logistic Services licensees (operating under the Target banner) cover countries as diverse as Vietnam, Indonesia, China, Korea, Philippines, Taiwan, Malaysia, Singapore, Thailand, Japan, and Italy.

With a tradition of successful growth in both domestic and international freight forwarding within the US and around the world, Target brings a passion for service and innovation to the Mainfreight team.

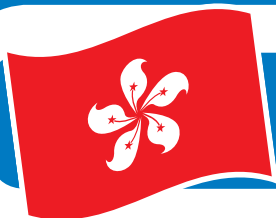
PEOPLE: To provide a happy and productive working environment for our people

SERVICE: To provide exceptional service to our client partners

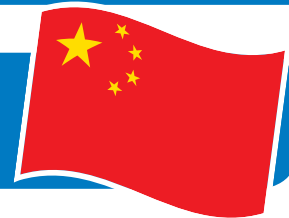
PROFIT: To be profitable

If these three tenets sound familiar, they should. Target has lived with these credos for years and they seem to fit in just right with the philosophies of Mainfreight. Can two companies firmly devoted to their family cultures survive and thrive in the dog-eat-dog world of international transportation? ... Absolutely!





ASIA



Mainfreight Asia – Michael Lofaro

Well team, this year we write to you from a whole new part of the world – Ni Hao (greetings) from Mainfreight Asia.

This is a very vibrant and exciting part of the world. Asia is booming, not just in Hong Kong and China, but in the whole region, and for the Mainfreight family it is potentially one of our biggest growth areas.

We currently have four offices in this region (one in Hong Kong and three in China), and, all things being equal, by the time you read this edition of the Team Board Report, we will have opened another office in Guangzhou, the capital city of Guangdong Province, Southern China.



Yoyo Lan, Wendy Niu and Sandy Liang from MFI Guangzhou

Our Mainfreight culture is very strong in Asia and it's a credit to the team for having done such a tremendous job in setting the foundation of a great business in this region.

We see nothing but success before us.

As a team, we will be focusing on expanding our activities in the region and creating quality services across a broad range of products to help our teams in other parts of the world develop our supply chain culture.

To the whole team in Asia, a very personal thank you for the way in which you have welcomed me into your family.

Just to give you all some perspective of the size of the market here in China, cities like Shanghai have a population greater than the entire population of Australia. As China continues to grow, many of the provinces are endeavouring to make rival cities with similar population and business structures; the sheer size of the markets here defies imagination.

We talk in tens of millions of sea freight containers when we discuss the volumes passing through the main ports ... not to mention the amount of road transport and airfreight that also moves through this region.

The development of sophisticated logistics and civil infrastructure happens at such a pace that if you don't visit a city for a few years it will leave you looking at almost a whole new skyline the next time you happen to be in town.

China is also becoming a very important consumer market on the world's trade scene. Increased affluence is affording the opportunity for the Chinese population to buy consumer goods and enjoy the pleasures of international travel.

From all the team in Hong Kong and China, we would like to wish every one a wonderful Christmas and a prosperous and healthy New Year. We look forward to being able to provide you with many Newsletters from this region as time goes on.

OWENS

Owens Transport – Bryan Curtis

Trading over the first six months of the financial year has been difficult with volumes through our main depots down on last year. However, the work put in by our sales teams around the country over the course of the year, and our traditional seasonal spring volumes from our agricultural clients has seen a big improvement in October and particularly November with a number of branches achieving record profits.

Sales growth has been and remains one of our highest priorities. Over the last two years we have seen a steady decline in revenue as a result of a number of factors. Our sales teams have been aggressive in their approach to gaining new business and we are seeing these results through our depots as mentioned above.

In the next few months a number of new accounts will commence trading with us and will significantly boost the volumes through our network. One account in particular will have a dramatic effect on Auckland and Christchurch and will add much needed volume during the winter months to Christchurch.

Our Guaranteed service continues to gather momentum and is built on the excellent service provided by our South Island team. Most pleasing is the growth of this service from existing group customers where we have regained the South Island business ex Auckland from other operators and is a credit to the group sales team.

We continue to look for other opportunities outside our normal capabilities and expect to see the results of this over the next year.

Most important is the need to deliver on the promises we have made to our customers by ensuring that our depot systems and communication are at the highest level.

The next few months to the end of the financial year is an exciting time with strong growth potential for the Owens brand. We must take advantage of this and maximise the opportunities for everybody within the group.

My thanks goes to all the teams around the country that have “continued to do it better than they did it yesterday”. We must continue this ethos in an ever-changing industry that demands innovation and performance.

A Merry Christmas and a prosperous New Year to you and your family.

OWENS

Owens Transport Australia – Cameron Clode

Welcome to another Christmas newsletter from the Owens Australia team!!

Like all years, this Christmas has seen significant increased volumes, especially in Sydney and Melbourne. Brisbane has not seen similar increases; however, it is particularly pleasing to see the continued efforts from all team members across the three states.

In what has at times been a difficult year financially, Owens continues to pride itself on service and communication. Each team member plays a significant part to ensure we meet our customer expectations and bring Owens to the forefront of the container logistics supply chain. The better we do this, the more customers we obtain and the more successful our business will become.

We need to follow a simple motto of 'under promise and over deliver'!! At the same time we must also ensure we watch our costs so we can maximise returns to our stakeholders.

There have been several significant changes recently within Owens Transport Australia. These include the long-term commitment to the 24 hour, 5 day per week transport service in Sydney; the significant growth in our Melbourne operation; the introduction of our new software system – Austrak; and the consolidation of our accounting function within Mainfreight Distribution. We have also commenced the justification and sourcing of a new site for our Brisbane operation.

Our 24 hour, 5 day week transport service in Sydney continues to grow. What is an important commitment to our future growth and customer service delivery is now entrenched into our operation. The night operation has also enabled us to extend our depot hours.

Our Melbourne team continues to do a fantastic job. In 12 months Jade Carlson has (pretty much single handed) grown the Owens business by nearly 500%!!! Melbourne is now consistently in profit, and in a position to go after big volume accounts. A very big thank you must go to the Mainfreight International teams across Australia (especially Melbourne) for their help in growing this business. Owens Australia would not be in the position it is today without the support we receive from the Mainfreight team – THANK YOU!



*Owens Transport Melbourne 1st Birthday – 2nd October 2007
Ross, Jose, Peter, Alan, Cameron, Jade & Lindsay*

OWENS

Over the months of August and September our new operating software Austrak was rolled out across all states. All team members deserve thanks for accepting the new system and working through any issues. The extra hours and commitment shown by all team members was appreciated by all of those involved. The Mainfreight team (especially Julie Lowe - IT and Shona Taylor - HR) did a fantastic job and without them Austrak would not have been operational as quickly as it was.

Austrak has been in place now for over three months and team members seem to be comfortable with the new processes. Major change is sometimes difficult, but we can all be thankful that we have overcome most hurdles. The second stage will commence early next year and will see Owens offer technology to our customers more advanced than our competitors.

We must always remember that the reasoning behind these system changes is for the long-term benefit of not only the Owens business but to

strengthen the Group's supply chain offering on a one-system platform.

This time last year, we commenced changing our operation in Brisbane. There were many objectives, from negotiating with our owner drivers, to obtaining our own depot.

The negotiation with our drivers is complete and we are now in a position to achieve the second stage of our plans and that is to obtain a new depot. The process has been a long one but the decision of a depot is very significant. We need to look at the financial and commercial benefits of such a massive undertaking to ensure the continuity and success of our business in Brisbane.

Owens was very happy to contribute to the Starlight Children's Foundation of Australia and the Sydney Convoy for Kids. Again, a special mention must go to those drivers who contribute their time and money for these two very worthy causes – Well done!



OWENS



Sydney OD's supporting Convoy for Kids
Keith Stone, Steve Lipovac, Jamie Kukeski, Sam Catena,
Colin O'Grady & Craig Harle

We are still continuing to re-image our brand across the states. It is pleasing our Sydney and Melbourne team see the value that branding brings to all parties involved. We need to all continue marketing the Owens brand across all states.

Finally, the Owens Transport team would like to wish all team members and their families a very Merry Christmas. Please have a safe and enjoyable festive season, and we look forward to a great 2008!!!!



Brand new Owens livery – Brisbane

Human Resources and Training Team – Chris Meyer

“Welcome to Mainfreight, Donna speaking”. Who would have thought 10 to 15 years ago this kind of phone greeting from a warm human being would start to become unusual.

How we took for granted and never fully appreciated the dulcet tones of a pleasant receptionist welcoming and helping you find your way around a business. Now many businesses subject you to an computer-generated voice devoid of any intelligence or warmth which frustrates you when you need a question answered that does not form part of their pre-programmed repertoire.

Thank goodness at Mainfreight we appreciate the value of having real people welcoming you and helping you. These people are what keep our business special.

This commitment to keeping the personal touch, along with many other special parts of our culture, continues to drive the Training and Development team in New Zealand and Australia. Every course that is run is seen as an opportunity to reinforce and explain the Mainfreight Culture to the team.

It is so easy to forget that we need to keep the special parts of our culture constantly at the front of our consciousness and to keep ensuring that people understand the “why” of the “way we do things”. This becomes increasingly important as we become a global business.

This year we have hosted for the first time in New Zealand team members from Asia and the USA along with a continuing stream of people from Australia.

Jenny Chen (Taiwan), Friendly Yuen (Hong Kong), and Pascal Grunder (USA) came to Auckland for the week-long “Emerging Branch Managers’ Course”. Valuable skills were learnt at the Centre along with the opportunity to gain insights into the business from very senior experienced Managers.

The mid-week progressive dinner was enjoyed with the typical enthusiasm and hilarity that you would expect when being entertained by any Mainfreight team.

Some comments from the team participants:

“It was really beneficial to get experiences passed on from senior managers”.

*Nathan Thomas, Mainfreight International
Perishables, Christchurch*

“I left the course with the view that I’m not just a drop in a big company. I can take ownership of my job and think about the business as if it were my own”.

*Sarah John, Mainfreight International Liquid
Logistics Melbourne*

“I had very high expectations of the course and the trip. Both certainly exceeded these expectations”.

Kerry Conn, Carotrans, New Jersey



“Networking” after the Emerging Branch Managers course

The training centre in New Zealand has continued to run Induction courses for all new people along with many other specialist courses. Australia has also established its own training centre at the Somerton Logistics site in Melbourne. The team in Australia now has the ability to widen the scope of the training they can provide especially with the new Technology training room.



Rae, Marty, Rachael, Shona and Di

However what continues to challenge us as a team is the recruitment of good people.

This year we have been targeting secondary schools and rowing regattas to educate young people about the many career options we have to offer.

The ongoing challenge we have is that many of our young Aussies and Kiwis find the lure of the Overseas Experience incredibly attractive. Some leave school and travel straightaway whereas others choose to start work and establish their careers before heading north.

At Mainfreight over the last decade we have seen a number of good team members head off to follow their dreams abroad. In the past few years however, we have started to see some of these

team members return to the Group. Ben Fitts (ex-Mainfreight Transport Sales Manager) is one of them. Here are his thoughts:

“Having spent the best part of four years in London working for an international removal company, I arrived back in Christchurch in November last year. I was unsure at the time if I was making the right call by returning, but I’m glad I did. It’s great to be back. Even though I kept an eye on the Big Blue Machine while away, I had no idea just how big it had become.

Having met with Don and John Hepworth and the team in Covent Garden last year, I uncovered an opportunity in Christchurch at Mainfreight International. I am now the Branch Manager. It was good to come home and find many familiar faces here in Christchurch along with plenty of new ones.”

We have had about six graduates return in the last two years and are looking to have two more join us in the new year. This is very pleasing and helps reduce the frustration felt when we see our future leaders heading away overseas.

If you are one of our graduates and thinking of going overseas, keep us informed of your intentions and leave the Group with a reputation that ensures your career opportunities are enhanced on your return. Leave your contact details and stay in touch.

The final note for 2007 is to remind everyone that we are once again offering Scholarships for Tertiary Education to the Children of the Mainfreight team. Please contact the HR team for details if you have not seen the flyer in your branches.

Service Achievements

The following members of our team have celebrated, or will shortly celebrate 20 years or more with us:

John Newby	30 years	Daily Freight Auckland
Derek Kyle	25 years	Training Centre Auckland
Murray Craig	20 years	Owens Transport Auckland
Kenny Carter	20 Years	Mainfreight Auckland Owner Driver
Greg Middleton	20 Years	Mainfreight Taupo Owner Driver
Herini Moeahu	20 years	Mainfreight Wellington
Ian Black	20 years	Mainfreight Wellington
Laurie McMahon	20 years	Mainfreight Christchurch
Neil McRobie	20 years	Mainfreight Christchurch

**Thank you for your loyalty, dedication and hard work.
What an achievement!**

Farewell to Val Moody

After 22 years of service Val Moody, our Cash Receipts maestro, has decided it is time to retire. Val has been a fantastic and loyal member of the Mainfreight admin team, apart from her constant ribbing of how Australia always wins everything.

So for an Aussie, you're not bad Val!

Thanks for everything, and all the best to you and Kevin for a long and enjoyable retirement, from your friends at Mainfreight.



Technology – Kevin Drinkwater

Infrastructure and Support

The move to our new equipment in the Blue Room is complete. All major systems, including those previously based in Australia, have moved onto the new infrastructure based at Railway Lane, Auckland. Considerable speed improvements have been seen since moving, especially with Enterprise, our international freight system, and OnAccount (the accounting system for non international freight businesses). Weekly statements now take a fraction of the time. MIMS (Mainfreight Inventory Management system) speed has improved considerably and slowdowns seem to be a thing of the past.

This centralisation of our computing services means that having a fully functional redundant site in case of the loss of Railway Lane is even more important. We now have a fully tested and ready redundant site in Auckland. Our tests have proven we can shift to the redundant site and equipment in less than an hour, with several systems being up in considerably less time. The redundant equipment is currently located at another Mainfreight site but will be shifted to a more specialised third party facility early in 2008.

Some of you ringing IT support early or late in the day may have noticed that your calls are being answered by Mainfreight IT in another country. No, we haven't outsourced to India! However we have extended the "normal" business hours of IT in Australia and New Zealand by combining our Helpdesk functions across both countries. This means that if you make a call in Australia for IT support at 6am your call is likely to be answered by the New Zealand based IT team. Similarly if you make a 7pm call in New Zealand your call could be answered in Australia. Using the different time zones of both countries means we can provide better coverage and more consistent support for users in both countries.

On the Web

Our revamped www.mainfreight.com and www.mainfreight.co.nz sites have been released on the internet. Our .com site will now be our global home site and, whilst providing some high level information on the Group, will principally be a

staging point for people to drill down into our country based websites. We are now working on bringing our Australian, Asian and US websites into line with this new structure and theme. We will be putting a lot more emphasis on keeping our sites up to date and "sticky" by adding an increasing amount of content and resources to them. One example of this is the posting of E-book versions some of our key publications, such as the latest Annual Report and this newsletter. E-books enables the internet user to view these documents on their screen as if they were actually books – they are presented in book format and pages can be turned as if you were reading a book.

We have just released a web enabled version of Freman named Fremanweb (another creative name from IT). This system allows our Australian and New Zealand domestic customers to produce consignment notes and labels entirely over the internet. Customers do not need to have us install any software on equipment at their site – they just go to the site and log in. Fremanweb is designed for customers who dispatch lower numbers of consignments, but it can also be used by customers with higher volumes who want to start using Freman quickly.

MIMS2

The complete rewrite of our inventory management system, MIMS2, used by Logistics divisions, is looking very good. We have had some successful parallel runs which have only brought out minor issues for rectification. This 12-month \$1 million rewrite is one of the largest software developments we have ever undertaken. We will begin rolling it out to selected warehouses early in 2008 with all warehouses complete by July 2008.

Devices on the Dock and in Truck

Our trial with handheld computers for unloading freight on the dock has been so successful we have been given the OK to roll this out to every branch. The system will work on the wireless networks that are set up in branches and on the cellular phone network where the wireless infrastructure is still to be installed. We will continue to build on this initiative using the same

devices for outbound loading and manifesting as well as the downloading of delivery information to drivers.

Some branches are now using the PUD system to push pickup requests directly to driver scanners. Drivers accept these "jobs" on the scanner which sends an acknowledgement back to the dispatcher.

Our in-cab wharf module has undergone significant modification for Owens Transport Australia. As with wharf drivers in New Zealand container jobs will be dispatched to a data device in the vehicle. This system was installed in conjunction with moving Owens onto Austrack and OnAccount. Owens has experienced major improvements to their services and administration since going live in early August. We will be trialling the addition of GPS tracking with Owens Transport Australia in the first half of 2008. New Zealand wharf operations have also benefited from the changes made for Owens Australia.

Enterprise and Maintrak integration

Mainfreight International New Zealand has had the delivery process for international imports streamlined with the integration of their international system with the domestic freight system. International users can now create a delivery request with Mainfreight Metro from within Enterprise and electronically send that and all the details for the consignment note to the Metro operation who then print the delivery documentation from Maintrak. As soon as this process is instigated Maintrak electronically starts sending delivery updates to Enterprise. This means that Enterprise keeps a full record from pickup to delivery without any manual intervention.

Online Training

We will be releasing a new online training system for OnSale, our customer management system, early in 2008. This tool will allow sales people to train themselves in the fundamentals of OnSale from any place where they have access to a computer and the internet. The system will test people at the end of each module to ensure they have understood the key concepts.

We are very excited about this development and if it works as well as it promises to, we will extend it as a training tool for operational functions and other systems.

VoIP

With seven branches now converted to our Voice over Internet Protocol (VoIP) phone systems many of you should be benefiting from the reduced costs of toll calls and the ability to see who is calling you from another branch. The next big rollout occurs next year when the new Daily Freight Christchurch branch opens. We will also take the opportunity to upgrade the phone systems of all branches in McAlpine Street.

Target Logistics USA

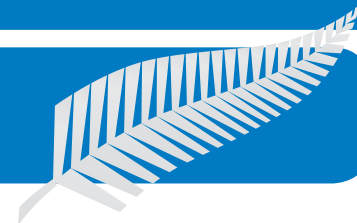
It is a pleasure to welcome the Target IT team into the Mainfreight Group. Target IT is a team of twenty people, headed by Bruce Slawinski, with eighteen team members based in Los Angeles and two in the Atlanta office. Target has robust, tight processes and systems throughout their operations and accounting functions. It is pleasing that we have no IT emergencies as we have had with some previous acquisitions. Target's systems have been built by in-house developers over many years and are sound. They use the same database, PICK, which we used from 1986 to 2001 for Maintrak and our accounting system, so we are very familiar with its capabilities. Target is currently finalising testing of a new Windows front end environment that will take most operational functions from the green screen world and into the 21st Century. We look forward to exchanging ideas and working closely with the Target team.

Conclusion

2007 would have to be the biggest year we have ever had in Mainfreight IT. Implementing the new infrastructure and moving all the applications to it, including those of Australia, has been a huge task – in fact much bigger than we originally anticipated. In addition to this project we have rolled out a large amount of new software which has enabled significant benefit to our International and domestic systems. A big thank you to our IT teams – you have put us in great shape for 2008!

Wishing you all a safe happy Christmas and an excellent New Year!

New Zealand



New Zealand Forwarding – Mark Newman

Christmas Message

Another exciting year has shot by and we find ourselves again a mere few weeks away from Christmas.

After a fairly quiet winter it is pleasing to see some significant volumes in the network again.

Nothing sets us apart from our competitors as well as our ability, in these busy times, to accept no excuses in our quest to get the freight linehauled and delivered to our customers' expectations.

The working days are longer, the challenges are more difficult, but with this very special group of people that is the Mainfreight family we quietly get on with the job of delighting our customers.

Whether you are one of our professional store persons, a smiling subbie, on the phones in customer service or transport, it is the total of all of our extraordinary efforts, opinions and actions that makes the Mainfreight difference. Please continue to do your part in creating this amazing Mainfreight legend.

Merry Christmas to you and your families, here's to a fantastic 2008!

Things to do Better

1. Contribute your opinions at every PAT meeting; it's your voice that makes us a better company.
2. Reduce our waste, recycle, re-use. Mainfreight is committed to reducing our carbon footprint at every opportunity.
3. Be proud of our standards, clean uniforms, fresh paint and that special Mainfreight finish is part of what makes us great.

Daily Freight Christchurch Facility

Nic Kay and the team at Daily Freight Christchurch are counting the days until their new branch is ready for them in February.

The depot will be a brilliant slash of bright red in the sea of blue buildings along McAlpine Street in Christchurch.

Moving record volumes, and producing great profits, the team have gritted their teeth to survive one last busy Christmas in our old facility.



Daily Freight Christchurch



Cromwell Innovations & New Facility

Justin Marshall and the team at Mainfreight Cromwell moved into their new facility at the beginning of November. The seven month building programme over a coolish Central Otago winter saw the team operating on multi sites and conquering enormous challenges.



Yes, it was a coolish winter in Cromwell!

The building which caters for Cromwell's large wine warehousing business, logistics for the local Carters building partners, plus a large new freight facility is a magnificent commitment to this flourishing region.



The Cromwell Team



The New Cromwell Facility

Schist Happens

Demand for natural building materials such as rock and sandstone for new homes is skyrocketing and Central Otago is exporting thousand of tonnes from its abundant resource of schist.

Traditionally transported on pallets, the increasing volumes being used in homes meant that a new method was needed. When Justin mentioned his problem to the engineers at Daily Freight Auckland they had just the answer.

The new 'MJT's' which are half height bulk tipping containers that can be carried on rail , sea or road are now doing brisk business into and out of Central Otago.

What is special in your region that Mainfreight can add its magic to?



1/2 height rock moving containers

New Sheds in Oamaru and Gore

We have, for a number of years, had tiny staging areas in Oamaru and Gore that catered for the abundance of linehaul vehicles that pass in the night dropping off for these regions.

Our outbound business has now grown to the extent that we are able to make more significant facility commitments to these towns.

Both of the sheds are run by entrepreneurial husband and wife owner driver teams and are supported by the Dunedin branch.

Well done, we are proud of you.



Gore : Janine & Jeff Blanc and Dave McCullough



Oamaru : Natalie & Paul Johnston, Wayne Teddy and Gary Rzepecky

Claims Performance

Outward Consignments Per Claim				Inwards Consignments Per Claim			
Branch	To Sept 2007	To March 2007	To Sept 2006	Branch	To Sept 2007	To March 2007	To Sept 2006
Rotorua	1270	1240	1166	Owens Auckland	2667	1274	1599
Chem Wellington	878	866	1369	Chem Christchurch	2362	2449	1706
Dunedin	850	960	1019	Rotorua	2285	900	945
Blenheim	781	565	851	Owens Wellington	2028	1608	1134
Chem Auckland	781	2752	2214	Invercargill	1635	1478	1350
Chem Hamilton	738	2107	2156	DF Wellington	1432	1022	881
Owens Auckland	693	442	323	Chem Wellington	1321	8205	5946
DF Auckland	668	465	446	Owens Christchurch	1309	1240	686
Chem Christchurch	606	663	619	DF Auckland	1234	961	849
DF Wellington	589	412	371	Mt Maunganui	1212	1114	1171
Mt Maunganui	579	643	658	DF Christchurch	1097	1252	1128
DF Christchurch	550	500	466	MF Wellington	1059	1039	995
Owens Christchurch	518	269	228	Chem Auckland	1022	4506	3488
New Plymouth	510	443	377	Blenheim	1004	1593	1648
Palmerston North	502	638	527	Total Company	995	1005	988
MF Hamilton	477	522	463	MF Auckland	978	807	647
Total Company	463	462	456	Dunedin	964	1134	1064
MF Christchurch	439	463	392	Chem Hamilton	948	3168	2373
MF Wellington	428	455	493	MF Christchurch	940	971	859
Owens Wellington	407	435	446	MF Hamilton	909	903	871
MF Auckland	398	302	290	Nelson	885	826	754
Whangarei	314	389	371	Napier	804	986	847
Napier	288	571	604	New Plymouth	630	530	533
Invercargill	242	337	281	Palmerston North	586	638	507
Nelson	187	388	398	Whangarei	512	616	640

If your branch is below the Total Company number, then you are below average. Make sure you and your team members work hard this year to be above this line.

You should be aware that annual bonuses are affected in the following way:

- + 1% For outwards claims, over 450 consignments per claim, and 1,500 inwards consignments per claim
- + 2% For outwards claims, over 550 consignments per claim, and 2,000 inwards consignments per claim
- 1% For outwards claims under 350 consignments per claim
- 1% For inwards claims under 1250 consignments per claim

Logistics Overview New Zealand & Australia – Craig Evans

How would I sum up this year for New Zealand?

In one word '**Frustrating**'. Why? Because all of you deserve better; we have worked harder and smarter, and it has taken a long time for the results to start to come through.

Logistics opportunities here often take a long time from conception to delivery. Why is this?

Mainly because, more and more, the decision-makers for our customers are located offshore. The brand and market share of Mainfreight remains relatively small compared to larger global players, and so we often find ourselves having to fight to create and promote points of difference to get an audience with potential customers.

Equally we are finding that the market is maturing in its long-term focus, and companies consider reengineering their own businesses at the same time as they contemplate outsourcing their logistics.

In markets like Australia this is not quite the same as they are not faced with the same levels of global structural retrenchment as we are witnessing here in New Zealand.



The team at Westney handles mountains of export milk powder. We built specialist loading equipment which has helped us to be viewed as a leader in the management of food grade products in this facility.

Most of our larger competitors have good IT, they have good facilities, and they have varying strengths of supply chain competence. Our biggest differentiator remains our people. To this day the basic fundamentals of doing business by keeping things simple and with people you like will win.

We have some great people right across this business and it's your attitude and service commitment to take ownership of problems and proactive customer interaction that continues to provide us with our only product ... service. That's all we sell at the end of the day!

We have had some stand out branch performances. None more so than both the turnaround at Westney and consistent profits out of Dunedin. O'Rorke Road remains our cornerstone and is an operating benchmark for all others to inspire to. Mainfreight Christchurch is starting to turn its results around – especially the Owens team there, which must be running on high octane such is their performance to date. Owens Auckland are also starting to hit their straps again after falling away earlier in the year

Wellington has done some fantastic work, aside from a mid-year hiccup, and our newest branch at the Auckland super-site is starting to produce some encouraging trends.

This is a business where you need a passion for detail, a passion for service, for pre-empting problems and having great communication skills. If we work on these areas we will go far, because new business will come, and it will provide a multitude of growth opportunities.

The New Zealand outlook heading into 2008 is much more upbeat than this time last year. There are wonderful new business opportunities arising and the upgrading of our facilities will continue. I wish to thank each of you that has been a part of this and hope you reflect on this year with pride. Take care through the New Year holiday – as we need you back for the exciting ride about to come.

If I was looking for a word for Australia it would be **'Exciting'**.

Not just because of the rapid growth that has been experienced, but rather the maturing and development of our people in often trying circumstances. It is difficult to control quality and execute planning process while constantly

under the blow torch. This will be a year where the courage and efforts of our Australian team will be recognised and remembered as we look to consolidate in 2008.

On a different note, in closing I encourage you all to think about what you eat these holidays and make sure you take an interest in your family's dietary requirements. For my part, I was pretty ignorant about these matters and it's scary when you find the truth about some of the foods we stuff into our faces ... more vege's and fruit would be a good start, and reducing the fried fatty foods. Remember fresh fruit in the branches each day; it's not a cost rather a commitment to promote healthy eating.

To all the families – without your support we don't have a business, and we thank you for your tolerance at times when your partners and loved ones have been away for long hours.

Merry Christmas to you all.



Logistics Australia – Steve Noble

A very special thank you to all of our warehousing teams across Australia. It has been a challenging year and has placed immense pressure on the resources we have. It is pleasing therefore to report that the hard work and efforts of our team will see our Logistics brand emerge stronger, more mature, ready to forge ahead in 2008.

Our continued growth is a direct reflection on the hard work and efforts of all of our team and the support we receive from other divisions. In particular a special thank you should go to our Metro brand that has faced many challenges as they have grown their own operations around the increased needs of the Logistics brand.

This has enabled our teams to embrace new opportunities and further develop our existing capabilities; the most encouraging aspect of 2007 has been the dedication of our teams who have welcomed this new exciting environment.

Our business sees a continued push towards quality, which will be a continued focus as maturity grows within Logistics Australia This needs to be our simple philosophy, quality will encourage growth.

To achieve this, there needs to be an acceptance that through training processes and implementing tried and true processes we will reach greater heights. Monitoring all aspects of our business through the audit process and weekly reporting of quality will mean we can continue to have a point of difference in the market place. Most importantly we continue to maintain and embrace the Mainfreight culture and the values it delivers to our teams and customers.

Success only comes when all components of the business work as one, this has become further evident this year with great opportunities trading across all divisions for the simple reason – we like each other.

Our growth has come through a greater understanding of the supply chain, customers want visibility and our technology is still a major contributor in our ability to sell the whole solution. Our Logistics brand is now seen as a good solution in the Australian market place; we have obtained significant opportunities from our market rivals purely because we can offer a point of difference.

2007 Highlights

- Our sales and development team have generated significant Group opportunities, and the Group's sales teams are now far more comfortable selling the entire solution.
- We have seen vastly improved profits from the Milperra and Centenary Park sites.
- Somerton and Noble Park are new sites and have had an immediate impact on our ability to attract fast moving consumer goods and dangerous goods opportunities respectively.
- A continued programme to provide opportunities and development of our graduates with most sites having numerous grads in place.
- A continued interaction between all divisions, with new strong ties created with Owens wharf and our Metro division.
- The further development of our management, sales and customer service meetings across all divisions to put solutions in place to better support the Group supply chain.
- The ability to utilise the training centre in both Melbourne and Auckland.



Centenary Park Sydney – brand new 100,000sqft high racked pick and pack operation, which has taken 3 months to fill ...and we thought it would give us 12 months breathing space!

What we can do Better

- Strive to improve quality in all aspects of our daily operations
- Meet the expectations of our customers and other Mainfreight divisions the first time. Use the tried and true processes in place.
- Ensure we understand how the other divisions work, go out of our way to better understand the intricacies of their operations.
- Our warehouses and our teams are our best advertisement and should ensure we do not accept mediocrity. Attention to the smallest detail results in a better acceptance of why and how Mainfreight does things.
- Strive to achieve market best practices; don't accept pick errors or untimeliness within our operations.

Hot off the Press

Tony Rafferty has informed me that we will have to push Christmas back a week this year to accommodate the late order rush which will inundate our warehouses up until New Years Eve. Fortunately Tony has been able to source the only additional labour available ... Mr S. Claus and his band of merry helpers.

In all seriousness December is our busiest month and we need to extend our thanks to all team members who have gone above and beyond to ensure all picking/delivery expectations are met.

As we approach 2008 and the challenges that a new year will bring, it is pleasing to note that the maturity our teams have gained will allow for further sustainable growth.

Thank you for the support of all team members who have been part of a successful year

All the very best and have a wonderful Christmas.

Mainfreight International – Jon Gundy

Welcome to our Christmas update.

We are over halfway through our financial year and ahead of last year's profit. This result is promising as it is based on strong regional results in a declining export market. Our focus is to significantly grow our import business which will position us well for the balance of the year.

As covered, our challenge moving forward will be to drive our import sales growth based on strong service, focus on our KPI's and "easy to use culture". As always, good communication with fellow team members and customers is a solid foundation.

Our key achievements this year are:

- Continued career growth of a number of team members through promotion into leadership roles.
- The opening of our Dunedin International branch in October; all the best to Aaron Bond who will lead this branch.
- We have secured the Carter Holt Harvey contract for their export documentation, and we welcome the five team members into the Mainfreight International Tauranga branch.
- Ongoing profit growth.

CaroTrans Oceania



CaroTrans Oceania has had a successful 12 months; we have seen significant increases to volume both Import and Export which has transposed to a higher return for our retail programme.

We have a team that is focused on being the number one NVOCC in New Zealand and will be looking to add another import team member as a result of our growth this year.

CaroTrans Oceania is now receiving consolidations from 18 load ports per week. Since our inception CaroTrans Oceania has added Milan, Hamburg, Jakarta, Pusan and Adelaide to our consol programme.

Next year will be a very big challenge for the CaroTrans Oceania team members as we look to become more entrepreneurial and launch various products. If we are to be market leaders then we need to also concentrate on delivering efficiencies to our team and our customers through IT initiatives. In particular an electronic link with our CFS which is currently with EDI and progress is being monitored.

Auckland Branch

Airfreight Dry

We have seen a consistent trend in the right direction with inbound consignments reflecting the state of the economy and job counts slightly up on last year with good margins.

We have also seen increased loadings ex all Mainfreight International offices in Australia. With increased loadings means increased space constraints – we are looking forward to new more user friendly and professional dry/coolstore facility.

Export Airfreight is under a lot of pressure with customers demanding more bang for their buck and with an ever increasing competitiveness in the market making margins hard fought. A good mix of cargo on Consolidations is the key – getting the consistency is the exciting challenge.

Export Dry is holding their own and continuing the trend in the right direction and we hope to have a lot more sales/customer focus in the New Year. Capacity is also becoming tight with wide body services into Brisbane reduced significantly and we will see even more issues getting capacity into Melbourne even with additional freighter service. Tough but exciting times ahead!

Customer Services Team

Auckland Customer Services is a team of six Team Members dedicated to servicing our Import Clients every need - including:

- Order placement on Overseas offices/ agents for shipments bound for New Zealand - air/courier, sea, LCL or FCL
- Determining the best and most cost effective mode for shipping for both client and Mainfreight International
- Tracking and monitoring shipments from the time they are ready from the overseas supplier right up to Customs Clearance and delivery in New Zealand.
- Continual Update of Order/Shipment Status in EDI Enterprise for 100% up to date and accurate information retrieval and to show visibility to our Import Clients using 'Mainchain'
- Excellence at all times in Customer Service - Have we served you well? How can we serve you better?

Currently an average 150 new orders are placed every week for new import Order Track shipments compared with an average of 125 new orders this time last year; great growth as a result of



*Introducing our Team (front to back)
Vicky, Karen, Rebecca, Tennille, Annette and Rebecca*

sales activity from our sales team and retention/extension of existing clients.

Exciting growth and competency is also showing in our foreign to foreign tradelane, where we are managing freight from an origin country to a country other than New Zealand eg from China to Australia. Spread the word – we are capable of **ANYTHING!**

Tauranga Branch

July saw us moving into our new office with Mainfreight Transport. The move also coincided with FTL moving on site. Tauranga can now offer customers a full supply chain solution on the one site.



Tauranga

On 10 November, Mainfreight Tauranga held their annual Christmas party. This was at the Tauranga Yacht Club. The night went really well, with the only suspect activity coming from a couple of the branch managers...is this what's meant by Mainchain?



Cameron Hill and Lance Chadwick

Christchurch Branch

Growth in Wine Business

Mainfreight International Christchurch has had a steady involvement with the South Island Wine industry over recent years, and this has now been cranked up a notch in the Nelson, Blenheim and North Canterbury region by Elaine Wong. Elaine heads north once a month for three days in the region, building relationships and hunting out new business, and the results of the concentrated effort are really beginning to show now as word spreads among the wineries. With wine now being the fifth largest export in New Zealand and forecasts of growth to continue, it is vital that we are well placed to take advantage of the growth.

Dunedin Branch

Mainfreight Dunedin opened its doors on 1 October this year. Aaron Bond is heading up the sales effort in Dunedin, and with the contacts that he has made through his time at Mainfreight Logistics and through Mainfreight Transport, there will be no shortage of potential customers for him to get himself in front of. With the strong Mainfreight presence in Dunedin it is our duty to have a Mainfreight International branch there in its own capacity to assist our Transport customers with their international requirements. The aim is to have the branch standing on its own two feet (ie profitable) within six months of the doors opening. Not an easy task but one that we are sure we can manage. The Dunedin branch will cover Oamaru south to Invercargill, and eventually take on Central Otago. Good luck Aaron.

Perishable New Zealand

Perishables has undergone a major change this year, dropping the COOLAIR brand and operating under Mainfreight International. These changes have been well received within the team and all are enjoying being part of the bigger Mainfreight International group. There is exciting news on the horizon with a purpose built facility being constructed at Westney Road, giving us the opportunity to replace all our chillers and freezers with new technology which will be more cost effective to operate and maintain.

Another year of chilled fish and meat, horticulture especially ex Auckland and live lobster up to Asia our major movements. There has also been live deer, live ducklings and tonnes of ice cream, to throw some challenges at the team. We are also seeing an increase in destinations that are sourcing perishables from New Zealand, destinations like Dubai, Beirut and Kiev.

At the same time more of our exporters are moving away from frozen shipments, normally via sea and instead moving the chilled product by air which is encouraging.



Proposed Auckland airfreight to be based at Westney Road opening in 2008

We had a slow winter, and a late start to the season has kept the team reasonably quiet but has allowed them to concentrate on getting the systems set up to make the horticulture peak season run well. The commodities of fish and meat make up most of the winter perishable exports.

Airline space constraints will also be a feature in the near future especially when both dry and perishable peak prior to Christmas. A number of horticultural products are expected to have increased volumes on last year which will also present its own challenges (capsicums/blueberries).

Our Perishable service has growth potential and we are confident we can offer superior service to the Airfreight Perishable market through our strong team.

Graduates/Interns for Mainfreight International New Zealand

We are looking at welcoming on board eight new graduates/interns in January 2008. These up and coming team members are the future hope of Mainfreight International and form a critical part of our team building for the future.

To each team member of Mainfreight International and Mainfreight International Perishables, your commitment and passion for the business is inspiring to our customers and partners. Enjoy your Christmas Holidays and look forward to an exciting year in 2008!

Photo Board



Lance Chadwick couldn't see the point of wasting money on sleeper cabs...



There has been much interest in our new express service from Nelson to Wellington



"Operation Tyre Black" saw the Aussie HR Team giving a complimentary finishing touch to the units rolling through the Somerton site recently



Photo Board



Marie M & Steve, the "Mainfreight Cabbie" - When we were contacted by Michael M wanting to do something very special for his truck-loving wife Marie on their 30th anniversary, Steve Tahere played cabbie for the day and delivered them to their lunch venue in style!



New Plymouth Official Opening

*Walter Ormsby & John Hepworth ("New Plymouth legend") officiate ...
... followed by a spit roast enjoyed by the Team and Guests alike.*



Feedback

18th Oct 2007

Mainfreight Ltd
P.O. Box 14038
Panmure
Auckland.

Attention : Mr. Don Braid / Managing Director.



World Transport Specialists

Asset Frights Centre
68 Awan Road, Airport Oaks
PO Box 53189
Auckland, Airport, New Zealand
Telephone: 64-9-256 4900
Facsimile: 64-9-256 4900
www.pengellys.co.nz

Dear Mr Braid,

We are always very quick to criticise and complain when things go wrong but we seldom or are slow to praise when things go right. I also do not really like singling out individuals as I am sure it is all very much a team effort within Mainfreight in meeting the transport needs of your customers.

Last week I was asked by a customer if we could arrange on their behalf to make 18 individual pickups from their various stores throughout New Zealand and then make delivery of all these orders/goods all to a central location in Christchurch and all to be billed to our account.

I thought this logistics exercise was going to be a very time consuming exercise and a 'nightmare' in the making. It wasn't.

As a result I would like to sincerely pass on my thanks to your company for a job well done and especially to Kyle Bell of your sales department who took ownership and made it all happen.

I also take this opportunity and must say that in all my past and present dealings with ALL the staff of Mainfreight Domestic (Customer service dept, Transport division, Ratings Div and Accounts) that nothing ever seems to be a problem and they are always so efficient and pleasant to deal with.

Please pass on my thanks to all concerned for a "job well done" and it certainly reinforces why I choose to use Mainfreight Ltd for all my NZ domestic cartage.

Kind Regards,

Tony H Barr,
Operations Manager,
Pengellys International Transport Ltd,
Airport Oaks,
Auckland.



From: Leanne Drube [DFT AKL]
Sent: Friday, 27 July 2007 2:01 p.m.
To: Bruce Plested
Subject:

Good Afternoon Bruce

I know that we all carry fire extinguishers in our company cars following a personal experience, and therefore thought it only fair to pass on a big "thank-you" from a fellow motorist.

On the way home from work earlier in the week, we approached a car that had stopped on the side of the motorway with the underside of the vehicle on fire.

I immediately remembered that unlike other motorists, I had an extinguisher in my car, so promptly pulled over. My husband was in the car with me at the time, so he jumped out with the extinguisher in hand and was able to put the fire out.

Needless to say that, although the other motorist was in shock (he had just purchased the vehicle); he was extremely thankful that we had the means to help.

It gave me such a great feeling of happiness and pride, to think we were able to help because of the 'Mainfreight way' so thank you Bruce ñ both from the motorist, and from myself.

Regards,

Leanne Drubé
Account Manager
Daily Freight
AUCKLAND

-----Original Message-----

From: info@mainfreight.co.nz [mailto:info@mainfreight.co.nz]
Sent: Tuesday, 27 November 2007 15:44
To: Info
Subject: Mainfreight NZ Website Enquiry

I would love to say a huge, big thank you to everyone at Mainfreight, Otahuhu depot!! I made use of Mainfreight's gracious offer and freighted my World of Wearable Art entry to Nelson this year as well as last year. Everyone we dealt with was extremely helpful and friendly... no lack of smiles around your place!!!! Thanks again Mainfreight for supporting designers such as myself. We truly appreciate it from our hearts!!!

Their details are:
Erna

Feedback



Patron
Augusta Wallace DBE

South Auckland Family Violence Prevention Network
He Roopu Whakakore Whanau Pakanga Ki Te Tonga O Taamaki

13.09.07

Grant Smith,
Manager,
Mainfreight Auckland,
Box 14 038,
Panmure.

Dear Grant,

I was following one of your trucks today and read the words on the back: Treat others as you would like to be treated.

Just a note to thank you for your active citizenship in joining us in helping the community think more about creating peaceful, respectful individuals, families and society.

Regards

Rodger Smith

Co-Manager,
Sth Auckland Family Violence Prevention Network

P.O. Box 76-176, Manukau City, 2nd Floor, Friendship House, A

65 Onetangi Rd.
Waiheke Is.
2-11-07

Dear Bruce,

We met at Baz and Wendy's wedding. Last weekend, I had to travel to Stoke to help my brother to shift my mother's belongings from her flat to Karamea. She has recently had to move to a 24 hour care facility. We hired a van and I drove to Karamea and back.

On Tuesday 30th I had to return the van, with little time to spare to organise the freight of my mother's washing machine to Waiheke. It made sense to choose Nelson Mainfreight. It is sometimes difficult to organise things like this when in a strange city. Your staff were extremely helpful, overcoming potential hurdles with ease, the washing machine arrived on the Island on Friday morning 2nd Nov.

Very impressive!

Thank you

Regards.

Peter Franken.

Feedback

From: Adrian T
Sent: Friday, 5 October 2007 12:23 p.m.
To: Mark Newman
Subject: RE: Mainfreight NZ Website Enquiry

Thanks for the prompt response, Mark.

Last month I bought a 7 metre yacht mast on Trade Me. It was located in Tauranga, and I live in Paekakariki, so I had to arrange transport & I've never had occasion to deal with a large freighting company before.

From my initial enquiry to your Tauranga office to the moment the mast arrived at my house I received friendly and helpful information and advice.

The person I dealt with Melissa Josephson.

There were several ways in which she and your company gave me great service -- here are a couple of examples. The mast had to be routed through Wellington, and you do not have a depot at Paekakariki, so Melissa arranged for Owens to drop it off at the old railway goods shed layby on SH1. I asked her to ask the driver to call me 30 minutes before he would arrive, so that I could leave work in time to meet him. He did ring, and 29 minutes later he pulled into the layby. He was very friendly and very helpful.

My brother-in-law and I then carried the mast through Paekakariki (to some strange looks) to my house. As we lowered it to the deck, my cell phone rang. It was Melissa, calling to check that everything had gone to plan.

I was very impressed with this care for the customer, yet not surprised: from the start Melissa gave me the impression that she cared about my business, small though it was. She guided me through the whole process, including paying by direct credit and liaising with the local mast rigger who packed and delivered the mast to Mainfreight's depot.

Can you please pass my thanks to Melissa -- as an advertisement for Mainfreight she is superb.

Regards
Adrian

-----Original Message-----

From: info@mainfreight.co.nz [mailto:info@mainfreight.co.nz]
Sent: Monday, 29 October 2007 10:43
To: Info
Subject: Mainfreight NZ Website Enquiry

They ask the following questions:

Hi,
Not sure if this is the right way of doing this, but I just wanted to let you know some positive feedback:

I had a consignment from Auckland that is critical to our business. I was able to track the item easily as it came down from Auckland. Because of the usage I needed to pick the item up as soon as I could. I was impressed with the efficiency in being able to come to the depot and pick this up without any delays. All staff I dealt with were polite and helpful. A nice experience.

As part of my role I teach customer service, I have plenty of bad examples to use, it is great to have some good examples.

Thanks

Mark H

26th October 2007

To the Transport Manager

I write to commend one of your drivers on his excellent and obviously skilled driving.

I drove behind this person from Clendon (Roscommon Rd) right through to Papakura off ramp where I made my exit.

As I only saw the back and side of the vehicle the only reference I have is an Owens truck, license plate G840T. The time was roughly between 8.30 ñ 8.50pm Friday 26th October.

The many 'cowboys' on our roads today could learn immensely from this particular driver, in fact, the Jennings driver who was directly in front of him could do with a lesson or two!

Your driver indicated at every turn, kept a safe distance behind the idiot in front of him, maintained the speed limit throughout the long 50km Mahia Rd stretch and indicated with lots of warning at the Mahia / Gt Sth Rd lights which often forces the big rigs to swing wide using the left turning lane and then fight the ignorant cars that don't allow them back into the right lane to enter the motorway. Once on the motorway, unlike his companion in front, he kept a safe distance behind and maintained the speed limit.

He also needs to be commended for the appearance of the vehicle. As opposed to the Jennings guy in front, this truck was 'bling bling' so to speak.

I do hope that this reaches the driver concerned as everyone complains about bad driving but no one compliments good driving.

Regards
Dianne S

(Driver: Rick Barnes, Owens Transport)



With the festive season upon us, we have decided to share the recipe for the “True Blue” cocktail which was invented earlier this year especially for Mainfreight.

“True Blue”

also known as “Trucker’s Delight”

45ml Seven Tiki white rum

15ml Marie Brizzard Blue Curacao

20ml Lime juice

1tsp Vanilla sugar

Vanilla sugar for rimming

*Add all ingredients into a mixing glass.
Shake briskly with ice for at least 10 seconds.
Strain into a vanilla sugar rimmed wine glass.*

NB. The vanilla sugar will need to be prepared at least the night before – 2 days is best. Prepare by slitting 1 vanilla pod per 250g bag of castor sugar (prepare in a snap lock container). Scrape seeds of vanilla pod into sugar and toss in the pod. Use castor sugar (it dissolves better).