MAINFREIGHT LIMITED

Financial result for the nine months ended December 2010 (Unaudited)

Mainfreight is pleased to report a net surplus before abnormals of $34.65 million for the first nine months of the 2011 financial year. This is an increase of 27.1% when compared to the same period last year.

Total revenues (sales) increased by 20.1% to $1,011.88 million from $842.27 million, up $169.61 million on the same period last year (excluding foreign exchange adjustments, the increase is 23.2%).

Offshore sales continue to account for 70% of total revenue, reflecting depth and potential of our offshore interests.

EBITDA performance remains strong, increasing 17.9% to $66.96 million from the prior year's result of $56.80 million. Excluding foreign exchange adjustments, the increase is 19.5%. Forty-eight per cent of this EBITDA has been earned from our offshore operations.

Included in the result is a bonus accrual of $7.78 million which was excluded in last year's comparative figures due to a suspension of bonus payments. The performance-based bonus structure for Mainfreight team members is an integral part of Mainfreight culture.

Trading through the third quarter maintained the improvements seen during our first half. Whilst early fourth quarter trading has been difficult to measure, we remain confident that these improvements and levels of trading will continue through to year end.

The average currency exchange rates utilised in this result are 72.56 cents US and 78.53 cents Australian.

Divisional Performance (all figures in New Zealand dollars)

New Zealand Domestic

New Zealand Domestic EBITDA increased 7.3% to $30.72 million, up from $28.63 million for the same period last year and is inclusive of bonus accruals.

Sales revenues increased 8.7% to $219.47 million, up $17.54 million from the previous year.

Freight volumes leading into Christmas were relatively strong, consistent with past years. Market share increases have certainly assisted this growth.

Logistics volumes were weaker as stock holdings from customers were limited to "just in time" levels.

Transport volumes continue to be satisfactory during January and into February. We are maintaining our focus on managing costs and improving margins together with quality of service.

New Zealand International

EBITDA has improved in our New Zealand International division by 13.8% to $3.92 million from $3.45 million for the year prior.

Sales revenues increased 16.6% to $91.21 million as we continue to extract market share of the import and export air and sea freight markets.

Volumes for both export and import were satisfactory through into December. Export volumes have strengthened ahead of imports in January and February.

Australia

Satisfactory freight volumes during the third quarter have seen an acceptable improvement in EBITDA performance which we expect to continue through to the year end.

Australian Domestic

EBITDA performance improved during our third quarter to show an increase for the nine month period of 11.8% to $13.19 million. Sales revenues increased 17.4% to $169.39 million.

Freight volumes were satisfactory through the third quarter and have remained consistent into January and February.

Whilst climatic conditions have had short-term effects on freight movement, particularly in Queensland, it is expected that volumes will increase into this region as repairs and stock replacement gets underway.

A new branch has been opened on the Gold Coast of Queensland with another planned for the Sunshine Coast within the next couple of months.

Logistics volumes and performance were satisfactory during the quarter, however it is expected that volumes will decline as our customers further rationalise their warehousing commitments. Profitability impact on the Australian result will be minimal as a consequence of this.

Australia International

Profit performance was just on par with the year prior in our Australian International division, seeing EBITDA decline 0.4% to $5.90 million, down from the prior year's result of $5.93 million. Sales revenues increased 24.3% to $186.28 million.

Gross margins remain under pressure as International freight rates continue to fluctuate through supply and demand activity particularly in the import trade.

Whilst sales growth continues to be strong, margin management remains a key area for improvement.

Two new branches have been established in Newcastle and Townsville, increasing the intensity of our International network throughout Australia.

United States of America

Trading conditions continue to improve for both our operations in the United States. While still far from satisfactory we remain confident of our long term objectives in this market.

Total sales revenue for the US operations now total $316.18 million up $68.03 million or 27.4% on the year prior (excluding foreign exchange the increase is 38.4%).

EBITDA for total USA operations was up 93.2% to $10.57 million, excluding foreign exchange the increase is 109.9%.

Divisional performance has Mainfreight USA's revenues up 27.9% to $179.58 million compared to $140.43 million in the prior year. EBITDA is at $1.25 million, an increase of $4.36 million from the loss of $3.11 million in the year prior.

Revenue growth continues to be maintained with a strong emphasis on "every day" freight and a focus on margin improvement.

CaroTrans continues to increase market share and take advantage of the increase in export sea freight volumes. Sales revenues increased 26.8% to $136.59 million, up $28.87 million over the same period last year.

EBITDA is up 8.6% to $9.31 million from $8.58 million.

Export growth in both LCL and FCL market segments maintains the levels seen year to date. An emphasis on improving import volumes remains a priority. A new branch will be established in Dallas effective 1 April.

Asia

A continuation of growth within the Asian region has assisted our revenue levels which have improved 47.6% or $9.47 million to $29.37 million; excluding foreign exchange this is an increase of 60.4%.

EBITDA increased by 72.5% to $2.66 million; excluding foreign exchange adjustments the increase is 87.3%.

Asia export volumes remain strong, in particular with market increases in airfreight.

The three new branches opened during this past nine months have yet to find profitability. It is our expectation to see two of the three profitable by year end.

Group Operating Cash Flows

Operating cash flows were $45.81 million, an increase of $5.37 million when compared to the same period last year, once again reflecting the improved trading performance.

Capital expenditure for the nine months was $11.33 million, of which $4.30 million was property related.

Outlook

This result reflects the satisfactory trend of improved earnings and revenue growth seen earlier in the year. Fourth quarter trading continues this trend leading to expectations of a much improved year end result prior to abnormals.

Abnormal costs at year end will include the non-recurring, non-cash deferred tax expense triggered by Government legislation.

Progress continues on our European and South American expansion plans.

For further information, please contact Don Braid, Group Managing Director, phone +64-9-259 5503, +64-274 961 637 or email don@mainfreight.com.