

The Team's Board Report



Earthworks for our new Sydney Super-Site



Managing Director's Comment

Welcome to the July edition of our Newsletter which comes hard on the heels of our financial year end announcements.

Our results, once again, see our Company continuing to improve year on year. Our record net profit for the group, after abnormals, was a very healthy NZ\$36.4 million; an increase of 25%.

In dollar terms this is an increase of NZ\$7.4 million, however only NZ\$900,000 of this came from our operations in New Zealand. The balance of NZ\$6.5 million came from our burgeoning operations in Australia, Asia and the USA; further proof that our hard work in establishing a global logistics business was the right move.

As the financial year finished, we also divested our interests in LEP in Australia and New Zealand, and Pan Orient, the Australian projects business we bought with Owens. The need to divest these businesses was brought about by the actions and intentions of the other 25% shareholder, Agility. Agility has aggressive global expansion plans, and should LEP have been left with a strong competitor as part of the Agility group they may have lost a good share of business.

The outcome of the divestment is that we have the freedom to continue our expansion around the world without the constraints of the natural responsibility and respect we owed to Agility, and the proceeds from the sale see our balance sheet cash positive and well placed for our international expansion.

In short, we are a stronger and more committed Mainfreight, dedicated to our goal of becoming a global supply chain operator. No longer are we just focused on the trade lanes to and from Australia and New Zealand, we now have an eye on all the major trade lanes of the world and a desire to have branches in all the major nations of the world.

We are actively pursuing acquisition opportunities in America, and are negotiating to increase our shareholding in our businesses in China and Hong Kong. Some of the acquisition targets already have established networks in America, Europe and Asia.

While we are clearly looking to acquire, it is important to remember that growth in our already established businesses is still very important. We must never rely on acquisitions as our sole means of growth.

Our own sales performance is very important, and each and every one of us has a critical role to attract new customers to trade with us. And just as important is making sure our customers are delighted with our performance. Please take individual responsibility to satisfy our customers' requirements – doing it all with energy, passion, quality and a big smile.

Have a disregard for bureaucracy, and for people and services who try to slow you and us down in our pursuit of fantastic service. Our passion to be the best in the world will always override the naysayers.

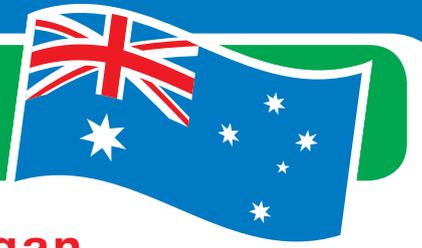
As we grow we must maintain our culture and style of doing business; we will always be anti-bureaucratic, we always want our people to make bold decisions, to be energetic and entrepreneurial. Most of all we want to be easy to do business with. Please make it your own personal goal to achieve this in everything you do for us.

We have a tremendously exciting future ahead of us. Our company has grown from humble beginnings in New Zealand and is now moving into its place on the world stage; getting there through the dedicated, passionate people who make Mainfreight what it is.

Thank you for being part of us.

Don Braid

Australia



Mainfreight Distribution – Rodd Morgan

After last year, achieving our first full year profit ever, we were pleased to be able to report a final full year result this year that was 193% stronger again. This significantly improved result is due to the fantastic efforts of our hard working team around Australia who have been able to not only grow our revenue but also improve our overall margin by nearly two percentage points.

This sort of improvement is only possible if the level of service that we provide to our customers is strong.

Thank you to all of our team for helping to improve our level of service and for your persistence and dedication which is the only reason for our improved result.

Highlights of the year were many, starting with the much improved results from eleven of our thirteen branches. Melbourne and Sydney had powerful contributions and Brisbane made great

progress. All of our Metro branches achieved good results lead by Melbourne Metro. Special mention should also go to Adelaide and our Sony branch that moved into profit for the first time ever.

Owens Transport also made a very strong contribution to our overall results that was ahead of last year. Cameron and the Owens wharf cartage team have not only added an important service capability to the group's supply chain services but also brought a really positive and vibrant dynamic to our domestic operations.

However, despite these good performances we still had some unacceptable results in our Perth, Canberra and Townsville branches which must improve going forward. We are confident that the teams in these branches will turn these performances around quickly and that their contribution to our overall result next year will be much improved.



Jade Carlson – Owens Transport Melbourne

Sydney Super Site taking shape



Other highlights for the year have been:-

- The success of our “sales cadet” programme which has seen the introduction of some outstanding young people into our business across Australia who have a strong desire to develop a career in sales with us.
- The opening of our new Owens Transport branch in Melbourne (brilliantly run by Jade Carlson) to compete hard in the local wharf cartage market and to service the needs of our international business.
- The continued improvement in the operational interaction between our various brands in relation to supply chain selling and the success of our “Big M” meetings and cross brand training and induction programmes run by Marty Devereux and the training team.
- Our continued involvement in the Books in Homes programme.
- The new and improved depots we have moved into in Newcastle, Canberra and Townsville along with the improvements we have made to our Brisbane and Melbourne depots.
- Making the decision to introduce the Chemcouriers brand into the Australian market place over the coming year.
- The good work that the Owens Transport team have done to better highlight the brand through depot and team presentation and the increasing number of Owens vehicles and trailers we are seeing on the roads in Brisbane, Sydney and Melbourne.
- Work starting on our massive new Sydney super site that we will occupy from mid-January 2008.

Special Company...

We recently had some particularly devastating floods in the Newcastle region along the Hunter River. Unfortunately, Andrew Smith, one of our valuable Newcastle team, came home from work to not only find three feet of water right through his house but that the family’s only car was completely destroyed along with a lot of irreplaceable family possessions.



Although it is obviously a devastating time for the Smith family, one positive to come out of this situation has been to see how well the Mainfreight family, right around Australia, have come together to provide some assistance. This will hopefully go a little way to helping Andrew and his family, Rebecca, Skye, Mckayla and Jarred, through this period.

So many of the team have helped out that we probably should not individualise but Scott Wade (Ballarat branch manager) and his wife



Tamara deserve special mention for their generosity.

We know Andrew and his family are totally overwhelmed and humbled with the generosity shown by the team and it is times like these that we all appreciate what a unique company we really are involved with.

Branch of the Year

We had a brilliant Branch of the Year awards ceremony as part of our combined annual Branch Managers meeting in the impressive south coast region of New South Wales.

We were privileged to have our founder and Chairman Bruce on hand to make the announcement that Mainfreight Distribution Sydney was this year's winner of the important Branch of the Year award. In second place was Mainfreight International Perth with Mainfreight Distribution Melbourne an unlucky third.

Congratulations to Mike Reid and the Sydney team who have done an outstanding job over the last year to really build Sydney into a flagship operation that we are all very proud of.

On seeing the spontaneous unbridled pride and emotion that Mike showed as he accepted the Captains bat, it is easy to see why the Sydney team have done so well.

To the other branches, really make the effort to improve in the areas that may have let you down as winning this award and holding the title of Branch of the Year is really something to aspire to.

Incidentally at this meeting, Bruce gave the team what some of us thought was one of the most powerful and entertaining talks we have ever seen - all done at short notice using Don's overhead presentation, as Don could not attend at the last minute.

Bruce put the first slide up which contained six key points that he duly spent half an hour running through; ad libbing brilliantly on some areas where he was not quite sure what Don was getting at. He then decided to go to the second slide only to realise the slide he had just run through was the agenda slide and there were another ten slides following that had all the detail that Bruce had been looking for...



Sales Person of the Year

Congratulations to Clyde Rosenberg from the Mainfreight Distribution Sydney sales team who won this year's prestigious Sales Person of the Year award on the back of his outstanding performances in new business acquisition and account retention. Clyde celebrated this achievement also in an outstanding fashion and we hope that he maintains this sort of gusto and vigour throughout the coming year!



Well done Clyde.

Looking ahead, we need to take our quality of service to yet higher levels. To this end we have all been very focused on ensuring that the fundamental requirements of our business are met every time. Basics such as accurate connote completion, 100% proof of delivery image availability, 100% of our consignments scanned at the point of pick up and delivery, accurate manifesting, and outstanding team, depot and vehicle presentation. Let's be very clear that providing quality that is markedly better than our competitors is the only way that we will grow our business and is the only standard that we want to accept.

Despite these much improved recent results we realise that last year is long gone. This year we really need to lift our sights and drive our growth to a new and substantially higher level as our opportunities have never been more ready for the taking. Let us all be very confident about our immediate and long-term prospects and ensure that we each play our part so the growth targets we have set are really blown out of the water – as growth of 20% and beyond is what we are determined to achieve.



Andrew Luton, the first MFD recipient of the Mainfreight Scholarship, receives congratulations from Don Braid, with Helen McLeary (Andrew's mum) from MFD Newcastle looking on.

Mainfreight International Australia – Michael Lofaro

There is no doubt that if we have one constant in the Mainfreight family, it's change ... we are constantly challenging ourselves to improve, to satisfy our customers, grow our teams, both personally and professionally, and at the same time forge a company with a Hundred Year philosophy ... not a lot of time to think or worry about petty things. We move at pace, we make decisions, and we look forward to the next challenge.

Well the Mainfreight International team knows well all these core fundamentals of our company.

In the last six months we've seen a lot of changes, all very positive and all focused on maintaining our forward march to becoming a true global logistics provider to our clients; a global company with an Australasian base.

You may have noticed that we have gone back to our original name of Mainfreight International.

Our branches have also seen some change with increased numbers of team members. The most exciting thing here is the introduction of some very dynamic graduates to our branches and also, in our Sydney office, we've introduced our first Schools Based Apprentice, an initiative driven and set up by Rachel Moore and Martin Devereux.

Mainfreight International is bringing great young people into our family to help with our growth and development.

We are also very excited to have Mainfreight International finally open its doors in the USA. We are now common branded and working under one flag in Australia, New Zealand, China and the good old US of A!

Added to this is the ever increasing interaction of all our products in Australia. As the business matures in Australia, the strength of our supply chain and the inter-product unity gets stronger. Joint sales meetings, joint sales calls, and gaining "supply chain" clients remains a strong

and singular focus for the International team in Australia.

A very welcome addition to our team has been the Owens Coolair operation in Melbourne. They are now operational as Mainfreight International Perishables.

With all this, along the way, we get to handle some very interesting cargo movements for our clients. Our Melbourne team recently handled a very unique movement of a historic racing car.

Mainfreight has just moved what is believed to be the most historical / classical Jaguar ever imported into Australia.

Mike of Mike Roddy Jaguars imported the 1984 Silk Cut Jaguar which was raced by the Tom Walkinshaw Racing team and has won the prestigious Spa 24 hour in 1984 and the following year the same car of its make also won the 1985 James Hardie 1000 km race in Bathurst. The car has an imported value of AUD\$180,000 and Mike plans to restore and race it in a new classic cars group throughout Australia. Mike has had previous small imports through Mainfreight and was happy with the service and professional approach of the company so he decided to use us to import and customs clear his prize possession.

The picture is from a current issue of "Jag Mag" about Mike's purchase and the arrival of the car at the Mainfreight International – Tullamarine depot.



Representing Mainfreight International Australia, are, from left to right - Ram Sali, Craig Daly with owners Mike Roddy and son Jordan

As airfreight becomes a bigger sphere of influence in our business, we get the chance to handle some very interesting cargo.

We recently moved a helicopter to Cambodia. We visited the shipper and explained that:

- 1) It would require a freighter aircraft.
- 2) There were no direct flights into Cambodia.
- 3) We would require that the helicopter needed to be broken down. Blades removed, stand removed and tail removed, to be suitable for airfreight.

Despite heavy competition and incorrect information supplied to the shipper (by our competitors), Mainfreight International came through with the logistic solution. The Helicopter was dismantled as per our request. It was uplifted on Malaysian Airlines Freighter to Kuala Lumpur.

The Helicopter travelled with the flight engineer who had to reassemble the chopper at the old International Airport hangars in Kuala Lumpur.



A helicopter pilot from Australia arrived in Kuala Lumpur to fly the Helicopter to its final destination, Cambodia.

Congratulations Grant Joyce (MFI Melbourne) on an exciting win on an Export Air freight Consignment.

Well done Team - THINK AIR FREIGHT it's exciting.

These type of activities show the varied and extensive services offered by your International team in Australia.

Mainfreight International also recently participated in the Seed Industry Association Global Conference which was held in New Zealand. We had team members from the USA, New Zealand and Australia attend, and we were also a major sponsor to the event.



Contribution from Brendan Ryan

At the recent International Seed Federation World Congress held at Christchurch in May, Mainfreight was the sole transport company on display!

Brendan's cell-phone doesn't take the greatest photograph, but at least it's a record of a very successful event



More than 800 delegates attended this congress from around the world and Mainfreight was there to assist and advise with transportation needs. Most brands were in attendance with representation from Mainfreight International NZ, Mainfreight International Australia, Owens Transport and CaroTrans USA.

Mainfreight has a growing presence with this industry in many countries and most delegates recognized this ongoing commitment.

Our teams had the opportunity to catch up with many existing customers and friends to discuss the upcoming season requirements for USA, NZ and Australia. In addition to our traditional trades, many delegates from Europe, South America and Africa had shown interest for Mainfreight to participate to and from their parts of the world.

So "onwards and upwards" with the seed industry for Mainfreight as we continue to be recognized as the specialist transport provider around the globe.

Most guests in attendance voted this conference "The Best Ever" and the New Zealand culture, professionalism and friendship was on full display!

On to Prague for 2008 and Mainfreight will be there again to show the World Seed Industry we are here to stay!!!

As a group, you will all be very aware of the Alan Duff Books In Homes programme. Our Sydney team was humbled and honoured recently when we attended Doonside Public School (in the western suburbs of Sydney) where the special guests for the day were Their Excellencies, The Governor General of Australia and his wife.

Below is a small note of thanks.

"Just wanted to let you know that Friday's assembly at Doonside went tremendously and was an experience the school will cherish for a very long time!

It was also a pleasure to meet Vanessa Lowe and David Coe who really enjoyed themselves and took great pride in helping Their Excellencies hand out books to the children.

Thank you again – without your support this amazing experience would not have taken place so we are truly grateful!"



Over the last 6 months we've also had the great pleasure of celebrating a number of team members achieving 5, 10 and 15 year milestones ... our family continues to grow and achieve new heights of success.

Looking forward, the challenge for Mainfreight International Australia is to maintain high levels of commitment and care. We need to stay focused on achieving our Key Performance Indicators and serving our clients in an ever demanding market.

To the Mainfreight International Australian team, a vote of thanks for your continued dedication and commitment to our goals.

Remember team, Dare to Dream! There are no limits to what we can achieve as long as we continue to work as a team.

International Division – John Hepworth

Review of International Group for 2006/07 Year

For the international divisions we finished 2006/07 with another strong result; revenue up 10.88% from last year representing 59.2% of the group; net profit before tax up 21.47% from last year representing 43.4% of the group.

Our stats were strong in most areas but we need a stronger focus on airfreight development for next year.

	YTD 2006/07	YTD 2005/06	Variance %
Seafreight			
HB/L's	248,289	232,649	+ 6.73%
LCL TEU	30,646	30,147	+ 1.66%
FCL TEU	121,934	108,045	+ 12.86%
Total TEU handled	152,580		
Airfreight			
HAWB	84,668	89,786	-5.7%
Kilos	50,059,674	50,915,104	-1.73%
Customs			
Entries	103,110	98,852	+ 4.31%

Mega Vessels Need Mega Ports

Maersk have recently launched the Emma Maersk with the capacity to handle 13,000 TEU, length 397 metres, width 63 metres, deadweight 123,200 tonnes, top speed 50kph.



Emma Maersk



10 Gantry cranes used to speed the loading process



Nearly 4 rugby fields long

As these vessels get larger to handle the global capacity of containers so must the ports. Today, Asian ports represent the top 6 ports in the world handling 110 million containers per year.

	TEU's in millions
1. Singapore	24.792
2. Hong Kong	23.230
3. Shanghai	21.710
4. Shenzhen	18.458
5. Busan	12.030
6. Kaoshiung	9.775
7. Rotterdam	9.690
8. Dubai	8.923
9. Hamburg	8.861
10. Los Angeles	8.470

Departure of LEP Australia and New Zealand along with Pan Orient

It is sad to see our Lep team move to become part of the Agility group but it is good for both partners.



*How quickly they change?
Mick Turnbull and Paul Good at an Agility conference*

For the LEP and Pan Orient team they now focus fully on being part of Agility.

For Mainfreight we have stepped up our global aspirations so the conflict of LEP and Agility has gone. Our global push will be mainly focused on the USA but these acquisitions will lead us into Europe, South-east Asia and the Sub Continent.

The sale of the above division is the start of our new direction but we want to work closely with Agility as they continue to be our customer in main trade lanes.

South America

Recently we travelled on an exploratory trip to the ABC's of South America: Argentina, Brazil and Chile. These markets are becoming stronger in world trade with Brazil ear-tagged as one of the future four key manufacturing countries along with Russia, India and China.

Chile

Our partner is Pacific Anchor Lines. We deal with them from Carotrans in USA and Mainfreight International in New Zealand.

Population 16,134,219

Exports: Copper, fruit, fish products, paper & pulp, chemicals.

Imports: Petroleum & petroleum products, chemicals, electrical & telecommunication equipment, industrial machinery, vehicles, natural gas

Major trading partners: US, China, Korea, Japan, Netherlands, Italy.



Pictured left to right: Jose Salazar (PAL), Andrea Kuhn (PAL), Don Braid, Marcela Maturana (PAL), Neil Taylor – President, Bruce Plested and John Hepworth

Argentina

Our partner is Overseas Argentina. They have been one of CaroTrans longest partners. Buenos Aires is a beautiful city full of vibrancy and one of the key centres of South America.

Population: 40,301,927

Exports: Edible oils, fuels & energy, cereals, feed, motor vehicles

Imports: Machinery & equipment, motor vehicles, chemicals, metal manufactures, plastic.

Major trading partners: Brazil, Chile, US, China, Spain, Germany.



Pictured left to right: John Hepworth, Jorge Perez – President of Overseas Argentina), Bruce Plested , Don Braid and Marcelo Moure – Sales Director

Brazil

Our partner is Craft. They are CaroTrans second largest partner with offices through Brazil. Sao Paulo, third largest city in the world, is a mixture of wealth and poverty. The city freeway cannot keep pace with the population growth and measure their traffic jams by miles. The average traffic jam is 120 miles long but has been recorded up to 180 miles long.

We attended the South America Freight Trade Fair; the only one of its type for Global Logistics. It is an enormous facility with over 250,000 people attending over the 3 days.

Population: 190,010,647

Exports: Transport equipment, iron ore, soya beans, footwear, coffee, auto's.

Imports: Machinery, electrical & transport equipment, chemical products, oil.

Major trading partners: US, Argentina, China, Netherland, Germany, Mexico, Nigeria, Japan.



Craft's high profile booth at the Trade Fair



Won Choo – General Manager of Craft and Bruce Plested

CaroTrans Oceania – Australia – Tony Naumoff

CaroTrans Oceania opened its doors in Australia in October 2006, with offices in Sydney, Melbourne, Brisbane, Adelaide and Perth. This was a strategic move to complete the link in CaroTrans International USA Worldwide NVOCC Alliance.

Our core business is the promotion of LCL groupage activity into and out of Australian and New Zealand. An NVOCC, wholesale groupage operator.

CaroTrans Oceania's comprehensive ocean freight programme serves major markets with a specific performance competence in servicing traffic lanes between Australasia and the Pacific Rim, Europe, UK and the United States of America. Servicing only the forwarding community.

Our Agency Partnerships

As a result of the CaroTrans Oceania Launch, we have provided ourselves with a unique advantage and we have secured very strong NVO partners from all major trades of the world.

CaroTrans is quickly becoming a partner that all strong "independent" NVOs wish to work with the Oceania and USA markets; independent NVOCCs with a solid reputation for service and trust in their respective country.

With our network of independent NVOCC's we can be regarded as on the top four global movers.

Our Geographic Span

- | | |
|--------------------|---|
| New Zealand | - Weekly direct consol services to and from all NZ ports |
| Fiji | - Weekly direct consol services to and from both Suva @ Lautoka (Also used as a hub for the Pacific Islands) |
| S.E Asia | - Weekly direct consol services to and form Singapore, Malaysia, Thailand & Vietnam (Used as our major HUB servicing W/Wide destinations) |
| F.E Asia | - Weekly direct consol services to and from China, Taiwan and Japan |
| Continental Europe | - We have fortnightly consol service to Antwerp / Rotterdam and Weekly consols services form Antwerp (Used as our main hub for Europe) - Our Italian service is weekly into all Australian ports. |
| UK | - Fortnightly export consol services to the UK and we have weekly direct and deferred consol services from the UK into all Australian ports. |
| Nordic Region | - We have weekly services ex Gothenburg into Australia. |

CaroTrans Oceania has its own Network of partners, its own operations, sales and customer teams and is the perfect vehicle as the NVOCC for the Mainfreight group.

United States



CaroTrans – Greg Howard

Thanks to the tireless efforts and unbridled passion of our US team, we are pleased to have posted the best result ever in our 27-year history.

Sales revenue for the year was the highest ever at nearly US\$85 million and profit before tax increased by 50% to US\$5 million. This strong finish to last year carried momentum forward to this year with a solid start to yet another record year ahead of us.

CaroTrans is a much different company than we were when we first joined the Mainfreight Group. We're bigger, a whole lot better, full of more pride and passion than ever and determined to take on the challenges which lie ahead.

Miami Branch

The hard work and efforts of our Miami team paid dividends this year and underscores the "anything possible" attitude, by posting a \$37K profit for the year. This is a turnaround of more than \$361K and their first profitable year since CaroTrans joined the Mainfreight Group!

Hats off to Kika and the team – your persistence and dedication have been very worthwhile.

To further strengthen our Miami operation, we will soon relocate to a newer warehouse



facility of nearly 200,000 square feet. The improved warehouse operation provides us with expanded capacity and capabilities and will help create new opportunities for us in Miami and the southeastern region of the US.

New Jersey Branch

We recently moved to a new and improved warehouse / CFS operation in New Jersey. After spending years packed into a World War II circa shed on the Jersey waterfront (like a scene from the Soprano's), we've moved operations to a 250,000 square foot showplace.

Although it doesn't hold a candle to the "Super Site" in Otahuhu, this places us in a much bigger and better facility and will help facilitate sustained growth for CaroTrans' future... fuggedaboutit!



Agents Corner

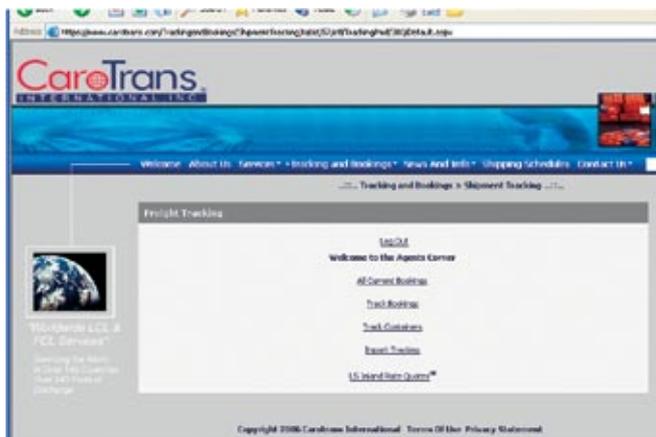
Our continued success is also attributed to the efforts of our global partners situated in key markets around the world. Professional representation of CaroTrans in their local markets extends our global reach and solidifies our market position outside the USA.

To assist our global partners' efforts, we developed several web-based applications through the "Agents Corner" on our website.

Via “Agent’s Corner”, they are able to:

- View all shipments destined to their country
- Track all shipments to their country
- Track containers en route to them
- Track shipments destined to the US
- Obtain US domestic pricing
- Download and retrieve shipping documents

One of the greatest benefits of the “Agents Corner” is that it solves many of the problems associated with global time zone differences by having all this information readily available at their fingertips.



Initial Agents Corner screen on internet website

Boston Branch

The start of the American Revolutionary War was in Boston and it is also where we find the team from our 12th branch. Small in numbers, the team is hard at work getting the message out to the shipping community that CaroTrans is in Boston and we’re here to stay. Having a Boston branch reinforces our commitment to a decentralized stance and establishes an important local presence to the rising shipping needs of New England exporters and importers.



Our team is made up of:

- Michael Cheverie in sales. Mike is a graduate of the Massachusetts Maritime Academy who, after spending time at sea as a Chief Mate, worked in sales for a couple of major steamship lines.
- Tom Swain, also a graduate of the Massachusetts Maritime Academy, is heading up the operations side of our branch.
- Ronda Mitchell looks after the customer service and documentation functions of the branch. A recent addition to the team, Ronda has over ten years experience as export coordinator for a local Boston forwarder.
- Joe Pimentel is our branch manager and brings to the team 30 years experience in executive and management capacities from several Boston based NVO’s.

There’s a lot of hard work ahead of us in order to reach our goals and the team looks forward to meeting the challenges which lie ahead.

Chicago Branch

New changes bring high expectations and the Chicago Team has been through a few changes in the past year. Though some of them challenging, the team has endured.

We moved from our Hinsdale facility, which was small, disjointed and not air-conditioned ... and for those of you who have experienced Chicago’s severe humidity and high heat, you can imagine what it felt like!

Our new office is much more spacious, allows us to work together in one open plan area, and Joe Zeno has made us aware of the working air conditioner!!

In addition to the office, we have experienced growth in our team as well. We have had the opportunity to welcome some new fantastic members to our team: Debbie Klodzinki, Jim Stutzman, Theresa VanDoren, and Nicole Bobor. They have influenced our team in a positive way and have been committed to ensuring we meet our expected goals.

We've also seen a changing of the guard in branch managers. Michael Forkenbrock, who has done an amazing job of ensuring the growth of this branch, has handed over the reigns to Jason Braid. Michael will take on the full time responsibility of National VP of Sales.

The team is committed to our new profit pledge and is gunning to be the first branch in the USA to break \$2 million in profit.

Outward Bound

Two team members participated in the Outward Bound program, (Pascal Grunder & Adam Renner). Each has written a small bit about their experiences:

Contributed by Pascal Grunder, Chicago Branch

In April of 2007 I was given the opportunity to participate in the Outward Bound leadership training program. I shared this unique experience with thirteen other participants from the CaroTrans/ Mainfreight offices in New Zealand and Australia. It was a great group of people who worked well together as we were pushed to do things we would not normally do.

A significant part of the program for me was the feedback from the people I work with in Chicago and the other program attendees. Even though the Outward Bound program was a great experience the trip was worth it for the beautiful scenery alone!

After my Outward Bound experience I had the opportunity to spend three days in Auckland meeting the team members and touring the facilities. I was also able to further develop key relationships by visiting several customers serviced by our Chicago team.

The trip to Auckland was followed by a two-day trip to Melbourne where I was able to visit more customers. Another new experience for me was being treated to an Australian Footy game as well as being introduced to the delicious meat pie!

I want to thank everyone for the opportunity to have this experience. A special thanks to the people who took me around New Zealand and Australia. The wonderful hospitality was much appreciated. This experience was very



Pascal and "Ozzy" from Brisbane – twins separated at birth!

educational, not only for the leadership training but to see how CaroTrans/ Mainfreight operates in their home territory.

Contributed by Adam Renner, Baltimore Branch

Adventure, personal growth, overcoming fears, and taking the lead...These are all part of Mainfreight's Outward Bound experience as I came to discover on my trip to Anakiwa in February. The activity packed eight-day session builds young managers' abilities to present strategies with enough confidence and enthusiasm to effectively influence others. Whether we were in the classroom doing intensive leadership training, or putting our lessons to the test on a hike in the woods (aka, tramp in the bush), the beauty of the surroundings and non-stop kiwi humor made it easy to keep a smile on your face.

As a first-timer in Australia and New Zealand, it was marvelous to see the magnitude of Mainfreight's presence in the industry, as well as the community. I had the opportunity to give out Books in Homes calendars to customers who commended the special people at Mainfreight for their contributions to the community. And when I saw the Mainfreight logo displayed prominently in the stadium when the Blues took the field there was no denying that we are part of a special company.

Another highlight was seeing the burgeoning CaroTrans Oceania offices establishing themselves in the marketplace. Their tactful entrance into the wholesale field coupled with their driven sales force shows promise in this dynamic market.

After taking the trip across the Pacific and experiencing the Mainfreight family, culture and philosophy first hand I have come back to the US with a palpable sense of the company's identity. As we continue to embrace and cultivate these values in our teams worldwide we will undoubtedly continue to see success on the global stage.

Branch Of The Year

Within 30 months of opening in Cleveland, this mighty little branch proved that size doesn't matter by receiving the Branch of the Year Award for 2006/07.

It was three years ago when Chris Wilson left sunny California with his wife and daughter for the fantastic climate in Cleveland and never looked back. We had an established presence in the Cleveland area due to regular sales visits from our Chicago sales team. This gave us a base of business to start with of approximately 50 bookings per week.

This has since grown to more than 160 bookings per week and profits for the year



Adam and the CaroTrans Oceania team



Congratulations Chris, Elaine, Maggie, Lori, Diana and Reena

of US\$530K. We also started the only weekly import groupage service direct to Cleveland from Bremen, Germany.

The Cleveland team is proud to have grown the business this quickly and profitably. We have a team of very colorful personalities who bring an added dimension to our business. They've been through a lot together and have embraced the business as a TEAM to make sure the customer always feels special!

It has been a remarkable three years and winning Branch of the Year is truly special for the Cleveland team.

Jim Cox Retires

After more than 40 years in the Maritime industry, Jim Cox finally decided to hang up his boots and retire from CaroTrans. For nearly 15 years, Jim Cox led the CaroTrans charge in the Southeastern Region of the United States and was instrumental in helping shape CaroTrans into what we are today.

As a tribute to Jim, we hosted a celebration in Charleston together with more than 100 of his close friends, colleagues and family members.



The team presented Jim with a number of gifts, including a limited edition painting of the famous Charleston Bridges, which was signed by each of the attendees.

And to help fulfill one of Jim's life long dreams, we presented him and his wife, Anne Marie, with a trip for two to New Zealand!

Jim's enthusiasm and encouragement was felt by so many of the CaroTrans team members. Even in the face of adversity, Jim has the ability to find reason to smile.

Now in retirement, Jim can give full time attention to his growing family and help train his grandchildren to be great freight people like Jim.

Things To Do Better This Year

1. What we do right, do more of and at pace
2. Take responsibility for finding solutions to problems and fix them
3. Strengthen our branch unity
4. Be enthusiastic about what you do in your branch
5. Sales, Sales, Sales

To each CaroTrans team member, thanks for making 06/07 our best year ever. We've achieved milestones that many of us thought were out of reach and we're on the path to do even better!

It's great to be on a winning team!

Mainfreight USA – Tom Donahue

There has been continuous progress in the establishment of Mainfreight in the United States. Presently we have four people employed;

- Tom Donahue - President
- Mark Neumann – Director of the US Brokerage product, National License holder

- Rebecca Drake – former Carotrans employee overseeing the development of the US airfreight product, both inbound and outbound.
- Sandra Comacho – airfreight product, both inbound and outbound.



Product Update

The USA is a much-regulated environment and as such we must apply for and receive the required licenses to operate as a freight forwarder (air, ocean, and brokerage). Here is an update on where we stand:

Ocean Freight – The FMC initially approved our license application on April 6. The license has now finally been issued and is in our possession, along with our Freight Forwarder and Non Vessel Operating Common Carrier Bonds (FMC requirement) and we are in the process of finalizing our tariff filing requirements so that we are in compliance with the Federal Maritime Commission requirements.

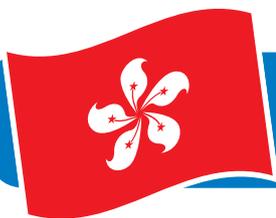


Airfreight – Our application is still pending review with the next step being the principals of Mainfreight USA to undergo a “security threat assessment”. The TSA advised to check back with them periodically for further updates. In the interim the USA airfreight is being handled by 2 employees in the CaroTrans LAX facility under the CaroTrans issued IATA license. It is our intention that once the Transportation Security Administration (TSA) approves of our application we will cancel the CaroTrans issued license and operate as Mainfreight International.

Customs House Brokerage (CHB) – Mark Neumann joined Mainfreight USA on April 23, 2007 and immediately started gathering the extensive information required to submit Mainfreight’s application to US Customs Border Patrol. The actual application included FBI fingerprinting of myself, Mark, and John Hepworth and the submission of personal credit ratings, company credit reports, document reserving our business name with the State of California, The Articles of Incorporation, The Corporate Resolution, Mark’s 2006 Triennial CBP status report, rental agreement, employee listing, various permit user fees, license application fee, 3 personal references for each officer, and 3 business references for the Corporation. As you can see no easy task!

Once the license application is approved (expected time frame August/September 2007), the next steps include filing the Letter of Intent to CBP to get assigned “filer codes” so that we may conduct business in the USA, and run tests on our intended software with Customs. Once these are completed we must transact business for 30 days from this location (LAX) before we can request a permit to conduct business on a National basis through Remote Location Filing which would allow us to do clearances from one location for freight arriving in any port in the US (with the exception being quota items, anti-dumping, TIB’s, FTZ entries). Remote Location filing will allow us to handle approximately 90% of all entries into the US market.

Systems – we have established a training period of June 25 – July 3 for training on the Cargowise/EDI/Enterprise system, this is currently in use by Mainfreight Australia and New Zealand. Rob Cotter has volunteered to come to the US to conduct the training – thank you, Rob! We will go live with transactions starting July 2 at which time all licensed products (air and ocean freight) will begin showing revenue. The Enterprise System is not officially approved for Customs work in the USA as of yet with the expected time frame for approval to be Late 2007 which should coincide with Mainfreight’s approval to act as a Broker in the USA. In the interim, Enterprise has a working relationship with a company called “Smartborder” which we can use for brokerage transactions once our license is approved.



ASIA



Mainfreight Express Lines – Linda Huang

As Mainfreight Express continues to expand throughout China our next branch will be in Qingdao. This is planned for later this year. Qingdao is a beautiful city and a very important transportation hub. Highlighted below is a little about the city our next Chinese branch will open in.

An Important Coastal City in East China

- Qingdao is a key economic centre and port city in China famous for its cultural heritage and picturesque scenery.
- Qingdao is one of China's top ten economically dynamic cities and top ten business cities. It is the winner of the country's "Entrepreneur's Satisfaction Award".
- Qingdao is a national model for environmental protection, city sanitation and landscape development. It is the winner of "China Human Settlements and Environment Award".
- Qingdao is a sailing city in China. The 29th Olympic sailing regatta will be held here in 2008.
- Qingdao is one of the 14 coastal cities opening up to the outside world and one of the eight cities authorized to hold international conferences.
- Qingdao is one of China's major seaports for foreign trade.

- Qingdao is an important base for marine science research in China.

Qingdao has seven urban districts and five county-level cities under its jurisdiction with a total area of 10,654 square kilometres and a population of 7,311,200. The urban area measures 1,102 square kilometres and urban residents total 2,584,000.

Qingdao lies in the North Temperate Zone and has a typical temperate monsoon climate. Under the direct influence of the south-eastern monsoon and the sea currents and tides, the city proper enjoys a typical maritime climate with humid air, mild temperature and clear-cut seasons. In spring, the weather becomes warmer slowly, usually a month later than the inland areas. It is humid and rainy in summer, but is free from fiercely hot days, while cool and dry in autumn. Winter here is long and usually windy but not unbearably cold.

Qingdao Port is a famous natural port. It is an important gateway for international trade and a key transportation hub in the Yellow Sea region and along the west coast of the Pacific. It has a container dock, an ore dock, an oil dock and a coal dock with 97 international shipping routes linking more than 450 ports around the world. Every month, 419 international voyages are available to ports worldwide. In 2004, the throughput of the port reached 163 million tons, ranking first in China. Of this figure, mineral ores accounted for 53 million tons, imported crude oil 23 million tons, ranking first respectively in China; foreign trade goods 120 million tons and containers 5.14 million TEUs, ranking 2nd and 3rd respectively across the country. This placed the Port at the 15th in the world in terms of throughput. Qingdao Port No.1 in China in terms of resources utilized for foreign trade, which totals .75 percent.



Mainfreight Express Lines – Sylvia Tsai

Logistics Assignment

One afternoon, end of 2006, with big joy Aubery and I walked out lease office of that big blue building in where we just signed up the future office for Hong Kong team. Our office was so packed by now. We needed a bigger place.

The new site is 100m³ bigger in space in that we can add in more or less 13-15 work stations, in the consideration of the expectation growth in the coming 3 years, excluding the future acquisition of business in America. Came along a huge bonus that we will have a panoramic view of Victoria Harbour and old airport, at no extra spending. Just nice.



The work of renovation commenced at no time as soon as the space is released to us. The big day is Saturday, 30 March. No time can be wasted. The electricians are the first group started the work, followed the carpenters. As the work moved forward, the feelings of anxiety and excitement merged in the air in the office. It was the favourite topic in everyone's daily conversation over the weeks.

Aubery and her administration team were hiring service, shopping furnitures, more printers and new phone system at the best deals; our operation teams and sales were performing their



best to carry on business forward. At times, they stopped and contributed their time and efforts in preparing the members to adapt to the idea to move and work in a new neighbourhood; besides taking after business hours to plan the logistics for the big day.

As soon as the operation server was shut down on Friday night, a major Mainfreight logistics work began. All the young leaders were given a role here or there to monitor and to help the removal plan be carried out flawlessly.

And it was. By 3.00pm on Saturday, the rest of the team came in new location and happily found they could almost start working as usual except they needed to unpack their own boxes and positioned personal tools in place.

Mainfreight Express Lines (Hong Kong and Shenzhen) just released the 06/07 results, in that we made 20% growth on profit than the year before, but is 2% short on the expectation. For next round, we target to make 25% more. Therefore, my dear fellow branch managers, the answer is NO to any request of more discount, rebate...

Big thanks must go to our young leaders and hard working team, together they turned a big task to a simple job.

They are true blue.

Aubery Cheung - Administration and Finance
Gary Lau - Air Freight Sales/Operation/Document
Jouann Lee - Seafreight Green (Import, USA & new trades)

Elton Poon - Sales team

Friendly Yuen - Seafreight Red (AU/NZ/Europe)

Patrick Liu, Office Manager to Shenzhen branch



OWENS

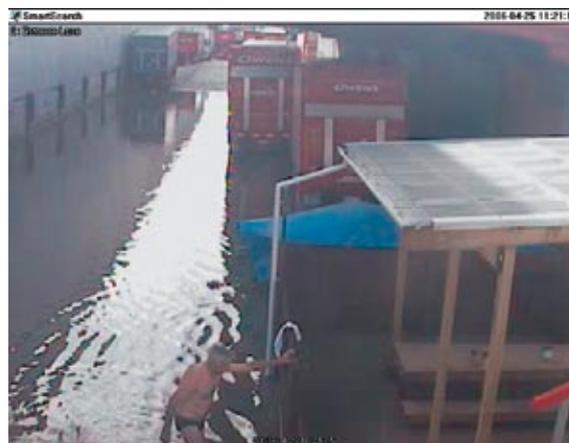
Owens Transport New Zealand – Bryan Curtis

We finished the 2006/07 financial year on par with last year, a reasonable performance given the difficulties we faced in the last four months of the year.

The current year is one of challenges for us, the largest of those is the need to dramatically increase our sales. Our sales teams are concentrating all their efforts on targeting and gaining new business which is starting to produce exciting results.

In recent months we have looked at opportunities outside of the normal freight that we handle, these include bulk liquid, bulk fertiliser, animal feed in bulk bags and industrial waste cartage – with a varying degree of success. We have, historically, shied away from these opportunities and concentrated on our core LCL business. This untapped potential is now part of the service that we can offer existing and new customers and is in line with our thinking that we have not reached our peak in New Zealand.

At the annual Branch Managers meeting held in March several awards are made recognising the superior performance of Branches and for individual excellence in the form of “The Pickle” award. This year the Pickle was awarded to Bob Bain of Owens Auckland who demonstrated his commitment by trying to stop flooding at the old Owens depot at Felix Street depot.



The attached photo of Bob sums up his never say die attitude.



OWENS

Floods seem to follow the Owens Auckland team around. At the time of writing the Auckland team are recovering from what can only be described as close to tidal wave proportions (600,000 litres rushing into Southdown Lane in one hour).



Special thanks to Ruka Kahaki, Gary Potatu and Darryl Reid who, with very little time to react to the flood, managed to save a huge amount of damage to freight and forklifts. Unfortunately a number of cars and trucks couldn't be moved in time.

Thanks also to Paul Wright and the Daily Freight Auckland team for helping out at the drop of a hat. This allowed Owens to continue operations without missing a beat.

Reaction to events like these will tell you how good a team is, whether they have the passion

and urgency to get things done or just plod away. In typical Mainfreight fashion the Owens Auckland team pulled together to ensure that their business continued to function as normal despite operating out of two buildings. Well done Kevin Babbington and team.

On 24 April our small Ashburton team moved from the shed they had occupied for a number of years to brand new facilities in Tinwald, a suburb five minutes south of the old depot. This, again, reinforces the Mainfreight commitment to our customers, especially in mid-Canterbury, to provide the best facilities possible to move freight quickly and without damage.



Kate Woolley and her team are excited about the possibilities the new building brings in terms of quality and growth.

We are already through the first half of the calendar year with all of us commenting on how fast the year is going. We all need to be conscious of moving at pace, making decisions quickly and working with the intensity that our business demands.

In tough times we need to focus on the basics of reviewing our costs and finding efficiencies in everything we do.

Above all is our commitment to the continuing process of doing it better today than we did it yesterday.

OWENS

Owens Transport Australia – Cameron Clode

It is hard to believe another six months has passed since our last report. There have been many exciting changes within Owens Transport Australia. As a whole, the business has continued to perform reasonably well but there is still a way to go.

The Owens Sydney transport branch continues to grow significantly and all team members can be proud of their contribution to what appears to be the beginning of another impressive year.

Our Brisbane transport branch has also seen significant volume growth. Meanwhile, our Melbourne branch has grown by 300% in only its first 6 months of operation. Our Melbourne branch will be a significant part of the Owens business in the near future.

The business as a whole has grown by 15% over the past 12 months. As the business has grown so has the team. The business now has over 100 team members across the Eastern Seaboard of Australia.

Nearly 40% of the Owens fleet is in Owens livery. It is very important for the Owens' name to be continually advertised in public. Many comments have been received about how fantastic our equipment looks. There are significant benefits with having the 'Owens' livery out in the market place. We must all remember that our equipment must be presentable to ensure we capture the eye of all prospective customers. We encourage all owner-drivers who have not yet updated their vehicles to consider the many benefits the 'Owens' livery provides them and the business.

It has been fantastic to see the interest in owner-drivers committing to supply not only prime movers but trailing equipment as well. This shows the confidence within the business of all parties and will ensure the continued success of the company and the group as a whole. This interest has been shown nationally and we thank all of those team members who are showing initiative in supplying equipment.



*New signage for Owens Transport in Brisbane
(part of Mainfreight Logistics site @ Hemmant)*

In Sydney, Owens now operates 24 hours per day, 5 days per week. It is expected that this will become 6 days per week in our peak season. There are several benefits in Owens operating like this including reducing our customer costs by reducing detention charges. It allows Owens to deliver containers in a more efficient manner in terms of delivery times, improving customer service. It will also assist our operations team and drivers in managing driver fatigue.



Team members from Owens Transport Brisbane

It is envisaged that a 24-hour operation will be implemented in our Brisbane operation once we are able to have a site that allows the storage of containers. Customer service remains our focus in our Brisbane office. We have in the past 6 months increased our Brisbane team members within the operation to improve our service delivery and control in operations.

Our Melbourne operation has continued to grow. With continued support from Mainfreight International and external customer growth, it is felt that the business will double over the next 6 months.

Owens has been working closely with the Mainfreight IT department, modifying the New Zealand Port software system that will see significant benefits for not just the business but our customers and owner-drivers. This system will initially roll out in August this year and we encourage all team members to embrace the system positively.



*Sydney container forklift with a very full yard
(250 containers) June 2007*

Advantages of the new system will include improved communication between our operations to owner-drivers then onto our customers. It will provide direct links with our number one customer Mainfreight International as well as linking Owens Transport Australia administratively with the Mainfreight group.

Owens would like to thank all Mainfreight group team members for the growing support of our business. Mainfreight International is Owens number 1 customer and continues to grow. The Mainfreight Logistics growth rate also continues to bring on new business. The Owens team must also offer support to group team members.



Owens branded forklifts – Sydney depot

We are now heading into our busiest time of the year. We must all remain focused on the job in hand and ensure we continue to deliver the best possible service to our customers. Our aim is to be the number 1 wharf logistics provider across the Eastern Seaboard. This is achievable through hard work and great service.

The whole Owens Transport Australia team should be happy in knowing they are part of a team that has turned the business into a profitable, market leader in the wharf logistics market across the eastern seaboard of Australia. This has been achieved through hard work from each of you. Thank you!

Human Resources and Training Team – Chris Meyer

The Mainfreight Supply Chain Diploma is finally seeing the light of day in New Zealand. We have promoted the diploma on the Intranet and have received a good response from people wanting to either gain a certificate which recognises their area of expertise or to challenge themselves to gain the diploma which incorporates all areas of the business.

The Mainfreight Diploma will require commitment and dedication from participants to meet the standard required. It will also take a time commitment of at least two years of study. A graduation ceremony will be held annually for those who have passed all the criteria.

It is also intended to launch a Mainfreight Sales Diploma in the near future as we look to expand career opportunities for our Sales Teams. We are finding more of our team are looking to broaden their careers in their current roles.

The benefit this will provide for the business is that sales will be seen as a great career opportunity and will give us greater depth of knowledge and experience to meet our customers increasing complex requirements.

Keeping up the forward momentum with people development sees us into our second year of “Driving Force”, our regular Graduate Meetings, now being held in Auckland and Christchurch. A meeting in Wellington will be our next development. The success of the New Zealand meetings has seen these meetings start in Australia.

At a recent Driving Force Meeting in Auckland, Emmet Hobbs gave a presentation on Leadership. Emmet’s business experience and advice was very much appreciated by the group as they start out on their careers.

The Graduate Programme has been in place in New Zealand for around 12 years and Australia about 5 years. While it has changed over the years, the principle of “learn the business from the ground up” still remains the same.

The challenge of attracting the right graduates has been helped this year by the development of a dedicated website - www.mainfreightcareers.com. You may like to check it out.



The Australian HR team continue to impress with the development of many new initiatives. Customer care workshops, Induction days, Driving Force meetings and Career Advisors Career Days have been held over the past 6 months.



Driving Force meeting in Australia

Career days have been held in New Zealand in conjunction with local high schools where young people attended the Training Centre for an induction and then completed one day a week for ten weeks to gain work experience and to get an in-depth idea of a career path.

However in Australia the career day consisted of the HR Team spending a day with Career Advisors. They took the initiative of bringing the industry directly to those that influence students' career decisions. Mainfreight is one of the few true Supply Chain Companies, and so the day was designed to follow the supply chain itself with day ending in a presentation about Mainfreight Logistics - the key link in the supply chain. Many of the Career advisors were unaware of the IT demands and capabilities in a logistics warehouse. The opportunities for a broad range of careers proved for many to be very informative and enlightening.

As always at the beginning of each year the Mainfreight Group continues to invest in the team and the future of the business with Scholarships for Tertiary Education.

In Australia, for the first time, we had a scholarship award afternoon and were delighted to give Scholarships to, Rebecca Draper from Melbourne and Andrew Luton from Newcastle.

Nominations are welcomed at the end of each year from all Mainfreight team members with



Scholarship Award Afternoon



Martin Devereux presents Rebecca Draper with a Scholarship Award

children about to study, or are currently studying at a tertiary institution.

On a personal note I had a great opportunity to go to Shanghai in January on a personal trip. Of course it was on my list to visit the local Mainfreight International team. There is something special about the company when you can travel such a long distance and to a country that doesn't speak your language and get a big Mainfreight welcome and superb hospitality.

Thanks to Linda and the sales team for the hospitality. Special thanks to Joan for being my shopping guide. She is one great negotiator.



New Zealand Scholarship Recipients

Service Achievements

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

Raymond Linton-Brown	35 years	Daily Freight Auckland
Ramnand Moti	25 years	Daily Freight Auckland
Craig Evans	20 years	National Team
David Farrell	20 years	Mainfreight Rotorua
Jim Cullen	35 years	Daily Freight Auckland
Lloyd Rivers Smith	30 years	Daily Freight Auckland
Dick Moa	20 years	Mainfreight Dunedin Owner Driver
Bobby Dougherty	20 years	Mainfreight Wellington Owner Driver
Don Campbell	25 years	Mainfreight International Auckland
Oriana Laumea	20 years	Mainfreight Wharf Auckland

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

KiwiSaver – New Zealand

With effect from 1 July, the New Zealand Government has introduced KiwiSaver, a voluntary savings initiative created to encourage people to save for their retirement.

Mainfreight is fully supportive of the KiwiSaver concept. We have decided to make contributions ahead of the current timetable and introduce the 1% employer contribution from 1 July 2007.

In short, money is paid from your wages or salary and put into a savings fund. You may withdraw your savings when you are eligible for NZ Super (currently when you turn 65) or after five years' membership, whichever is later.

BENEFITS (Some are subject to eligibility)

- A \$1,000 kick-start payment from the government
- A payment from the government matching your contributions for the year, up to a maximum of \$1,042
- Contributions to your fund by Mainfreight from 1 July 2007 (provided you are contributing)
- A \$40 payment from the government each year towards the fees charged by your fund
- After 3 years withdraw all or part of your savings as a deposit towards the purchase of your first home
- After 1 year split your contributions and use

up to half to repay the mortgage on your own home

TEAM MEMBER CONTRIBUTIONS

- You can contribute either 4% or 8% of your before-tax wages or salary (this includes bonuses)
- You can make voluntary lump sum contributions to your fund
- After 1 year you may apply to take a contributions holiday for up to 5 years, as many times as you like

MAINFREIGHT'S PREFERRED PROVIDER

- Your savings will be invested in a KiwiSaver scheme. There are a wide range of schemes and you may join any KiwiSaver scheme you choose
- Mainfreight has chosen ASB KiwiSaver as its preferred supplier. If you do not specify which KiwiSaver scheme you wish to join your savings will be placed with ASB KiwiSaver

JOINING KIWISAVER

- If you were a Mainfreight Group team member at 1 July 2007, you need to opt in if you want to join KiwiSaver

For forms or further information on KiwiSaver, contact the Training Centre on 09 256-9450 or email Donna Barrett at donna.barrett@mainfreight.co.nz.

Bereavement – Len Wald

In April this year we at CaroTrans were all saddened to hear of the death of one of our colleagues – Len Wald. He was 81.

Len had worked for us as a commissioned sales rep in New York for six years. He had decades of NVO sales experience having worked for some of the leading companies in the industry.

He was one of the best dressed sales professionals with some of the most colourful ties worn, which were generally more colourful after a meal!!

Len was a gentleman who came to work “booted and suited” along with the drive and determination of a man half his age.



He was a compassionate and caring man who saw the good in everyone. Len was one who put more into the world than what he took out.

We'll miss Len's smile, humour and inspiration.

Bereavement – Elsie Jean Plested

Bruce Plested's mother Elsie passed away peacefully on 18 June 2007, in her 91st year.

Elsie was born in the Hawke's Bay, the third of eight children. She survived the Napier earthquake, living in a tent as houses were rebuilt. When she moved to Auckland she lived on Motuihe Island in the Hauraki Gulf for 18 months.

Elsie trained as a seamstress and made leather Army boots for the armed forces in the Second World War. At the age of 40 she graduated as a teacher. She made all of the furniture for her first home, and painted her house, including the roof, when she was aged 60. (Bruce was kind enough to move the scaffolding at night for the next day's labours).

Her seamstress abilities extended to making her sons' clothes and all her own hats.



She travelled the world in her sixties, driving herself around England as part of the journey.

A remarkably self-reliant woman

with a very strong mind, Elsie lived by the sayings “you reap what you sow” and “we don't do ostentatious in this family”.

Now you know where Bruce gets his drive and passion.

Elsie was a wonderful woman, whose support of her sons Bruce and Gerald also extended to the wider Mainfreight family. Many of us were fortunate enough to know Elsie in those early Mainfreight days. She will be greatly missed, and we extend the team's sincere condolences to Bruce and the family.

Technology – Kevin Drinkwater

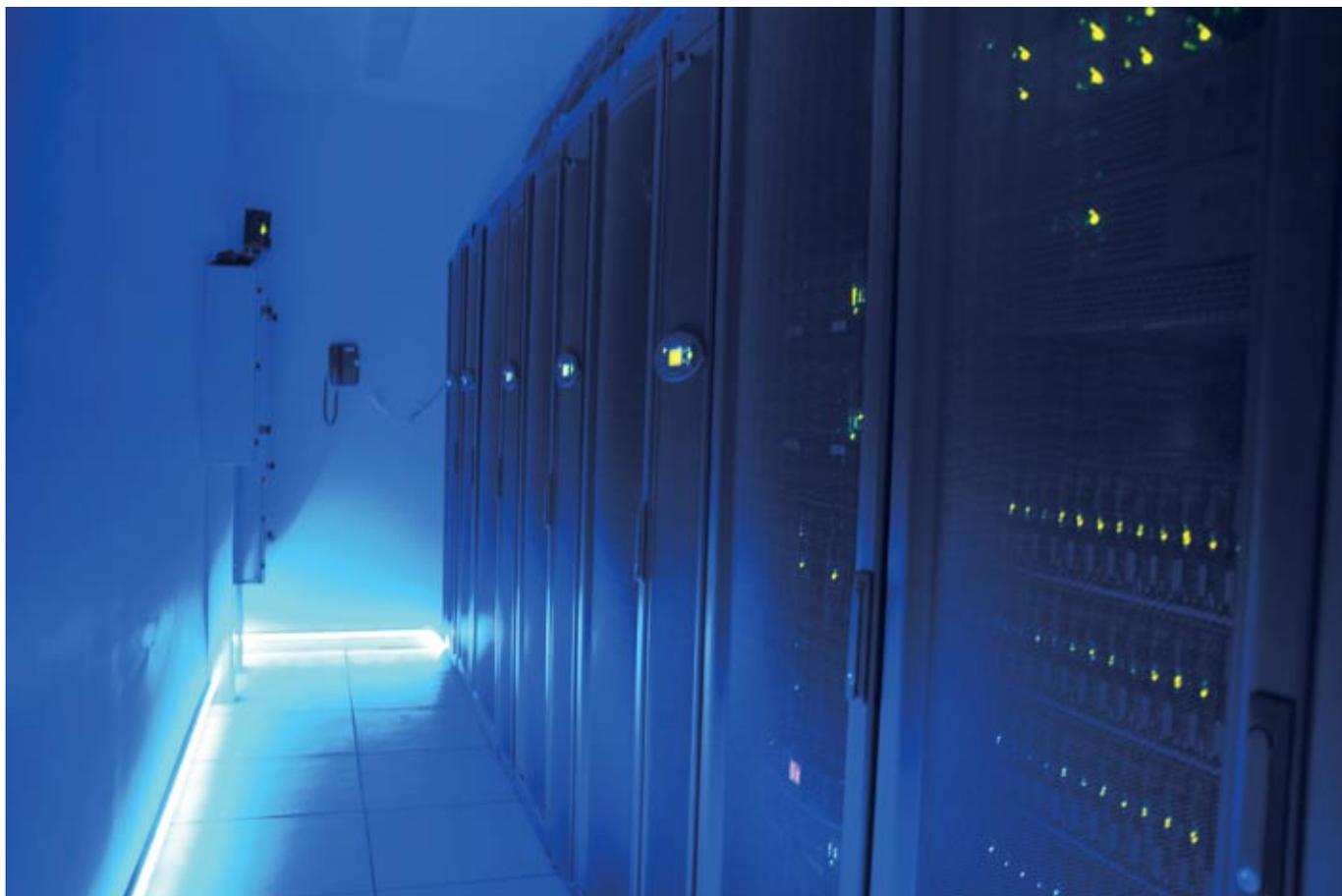
Mainfreight Auckland's Blue Room

Our new data centre is now operational. Nicknamed the blue room because of the blue floor level emergency lighting; this room contains the intelligence of Mainfreight. It houses all the production "live" computer equipment that runs the major systems for Australia and New Zealand and is capable of running systems for the rest of the Mainfreight world.

The room itself at 4 metres by 10 metres is not overly impressive in size, however what is impressive is the equipment that runs in it. We have installed the latest generation of equipment from HP (Hewlett Packard). For those of you who are technically interested, it is based on the recently released C class blade centres. Each one of these C Class centres can house up to 16 physical servers (computers) called blades.

The blade servers, while incredibly power hungry, offer overall efficiencies in that we can reduce the number of actual pieces of hardware needed by virtualising our servers. Virtualisation means that we can make one server run like it is many different computers. By doing this we have been able to reduce the number of live servers from 15 to 4. This virtualisation reduces the energy use and data centre size considerably.

For data storage we are using SAN (storage area network) technology, which uses fibre optics to transfer data at high speed. With traditional systems all the processing and data is kept on the individual servers, however with SAN the data for all systems is kept on one very large capacity device. This gives us the flexibility to allocate extra disk space between systems on the fly and considerably reduces the cost of adding more disk space as we grow.



The whole setup in the blue room is designed to be environmentally efficient and friendly. All factors were carefully considered from the size of the room, to the blade servers, virtualisation, power racks and cooling systems in the overall design, to maximise the energy efficiencies. The cooling is highly efficient as it slots into the racks next to the computer equipment allowing them to be directly cooled. We believe that we have created at least a 20% energy saving in the room from taking these measures. You may ask if it is worth it; well, when you consider that the equipment in this room uses around 20% of the total electricity needed for the entire Otahuhu site, it is a large saving.

As servers become more and more powerful they are also taking less and less space – this provides an enormous challenge in the provision of power and cooling not only to Mainfreight's computer systems but to all businesses.

Desktop computer power consumption in Mainfreight is also ever increasing and we ask that you, as computer users, play your part by ensuring that you shut down your computer and turn off the screen when you go home. Additionally we will be changing the settings in your desktop computers to better utilise the power efficiency settings. This will mean that when you are not using it, or are away from your desk for more than a set period, your computer will automatically change to a lower power use mode.

System Migrations

Enterprise, the system used by Mainfreight International Australia and New Zealand, was the first system to go live in our new environment. Initially we did not experience the speed improvements we were looking for however this was because our technical team were still on a learner licences. Since that first week they have learnt how to drive and tweak the hardware to its best so we have seen the improvement in speed we were looking for.

By the time you read this we expect Austrak, Maintrak, OnIssue and OnSale to have been moved to the blue room new hardware.

Once complete the next part of this project will be to complement the blue room with two redundant data centres, one in central Auckland, the other in Melbourne which will house duplicate equipment to insulate us from site and natural disasters at Otahuhu.

This is also a time to acknowledge the dedication and extreme efforts of the infrastructure project team that has been very successfully led by David Hall, with excellent support from Roger Van Dorsten, Bern Hoani, Paul Derbyshire and Dineshan Naidoo.

These guys have to put in very long hours at weekends and after hours on normal business nights, as they can't make many changes while you are working!

MIMS2

The complete rewrite of MIMS to produce MIMS2 (who said IT had no imagination!) is progressing on time and budget. This \$600,000 project is really taking shape now. We have had several test versions delivered that include functionality for inwards, orders and transaction enquiries. The news from the testing team is that there are no major bugs and the product looks very good. We hope to have smaller branches converted in September with larger branches moving in 2008 so as not to clash with the busy season.

Devices on the Dock

Mainfreight Auckland has been trialling the use of handheld electronic computers in the unloading and outturn of inwards freight. This trial has proven this technology to be extremely efficient with Max Muaulu and his team so we have been given the go ahead to roll it out to more branches.

The devices work wirelessly which means they receive and transmit information over the airwaves.



The process begins with the team member being able to see a list of inbound units on the screen from which they select the unit they want to unload. The consignments for this unit then appear in receiver order on the screen and you work your way through the consignments searching by receiver name as you unload. If you only find a partial quantity of items for the consignments you can note it on the screen and add further items as you find them – the machine will add these up for you. Damages can be noted as you unload and the final process is to confirm overlands, shortlands and comments. Immediately after this the outturn is updated in Maintrak and an email is sent to the sending branch with the outturn attached. This technology has sped up the entire process considerably.

VOIP Phone Systems

The rollout of new phone systems in New Zealand continues and is centred on branches that are moving into new or refurbished buildings. New Plymouth's new site was the first outside Auckland to go VOIP (voice over internet protocol). As leases expire we will move more branches to the system so as to give ourselves desk to desk dialling and reduced costs as inter branch calls will travel on data lines.

Mainfreight businesses in Australia have had the infrastructure installed to move their phones to VOIP and to date only one site Milperra logistics has been converted. The move to VOIP will not be as quick within Australia as Mike Hood and his team are struggling to keep up with the new infrastructure needed for rapid expansion of the business with new branches and site moves.

LEP Sale to Agility

It is sad to see our LEP team members moving from the Mainfreight group. However the IT team will continue their association as the new Agility businesses have asked us to continue to provide their IT services as they transition to their new systems. We expect to support them on most systems, they used prior to the sale, for between six and twelve months. Additionally Agility has indicated they would like to continue to use some systems like OnIssue and MIMS for the longer term. Our objective in IT is to continue to service them as if they were still a Mainfreight business.

As part of the change Michael Lacy, Mainfreight's Australian IT manager, has moved to Agility to be in charge of IT for the Agility companies. Mike has been with Mainfreight a very long time and we wish him well in his new role. He has been replaced by another Mike, Michael Hood, as Australian IT manager and we look forward to what the benefits of his considerable experience with Mainfreight will bring to the role.

Scanners

We have had a terrible time with our driver scanners in New Zealand over recent months mainly due to problems that Telecom had with the volume of data in their CDMA data network. Additionally our cradle supplier has taken forever to replace the faulty parts in the cradle that charges the scanner. Telecom's system is now stable and drivers should have the confidence in the system to push their scanning percentages back up to 100%. We have decided to reward drivers who achieve our scanning criteria for the full month. More details will be found in a letter that will be sent direct to the drivers with scanners.

Trade Me

Trade Me users can now get an online quote for our freight services through the Postage Centre on the Trade Me website. The quote is immediate once you have entered the key details of the proposed consignment. You can then convert the quote into a pickup and Mainfreight will arrange to pickup the goods from the Trade Me seller's door for delivery anywhere in New Zealand. This New Zealand service can also be accessed direct on www.mainfreight.co.nz.

IT Structure

We have strengthened our New Zealand IT team by separating the responsibilities into multiple areas. David Hall has taken responsibility for infrastructure projects and John Eshuis for software projects. This leaves Anthony Barrett to concentrate on IT operations in Australia and New Zealand. Kevin Drinkwater continues to oversee IT for the Mainfreight group. These changes, along with the appointment of Michael Hood in Australia, mean that we have broadened our knowledge base and strengthened our ability to undertake the deluge of projects we have in the pipeline.

CaroTrans

CaroTrans continues with its development of business efficiency modules which have included;

- the creation and sending of steamship line bills of lading electronically from within CaroTrack
- the automatic calculation of agents credits and warehouse charges on imports
- the ownership of import revenues and expenses by inland branches where the freight is destined to their area and
- significant improvements to the import EDOCS process.

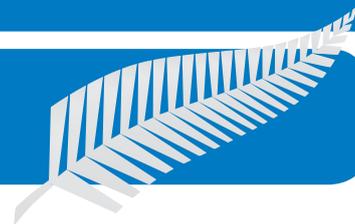
CaroTrans are working on two projects currently that will allow import customers to view status information from the shipping lines and customs. Export customers will be able to get online quotes for their domestic trucking from the CaroTrans website.

CaroTrans has made a major investment in their infrastructure purchasing over US\$100,000 of new computer equipment to run their major systems. Like Mainfreight they will be installing the latest blade server and SAN equipment incorporating duplicate hardware in case of hardware failure.

Conclusion

Our IT team have never been as busy as they have been over the past six months. They continue to develop a large amount of functionality for our systems while working intensely on several strategic infrastructure projects. These projects will set the platform to allow for the Mainfreight's growth over the next three years. You should see the benefits over the next six months.

New Zealand



New Zealand Forwarding – Mark Newman

A challenging economic climate saw the New Zealand forwarding business finish just 4% ahead of last year in profits.

The result, although hard earned, is below the level of growth we expect of ourselves.

Your branch managers presented the team's profit pledges for the coming year in March. These ambitious numbers will only be achieved through committed sales efforts, flawless

operations and outstanding customer service. Please do your bit to make them happen.

The last few weeks have heralded the start of winter, rain and roadworks conspiring to take the glow off our usually outstanding image.

Please do not let these factors become excuses to let our trucks, forklifts, buildings, uniforms and equipment be less than pristine every day.

Daily Freight Christchurch New Building

The Daily Freight Christchurch team have managed good quality and profits from a terminal that provides immense challenges in the wind and rain of winter.

We are about to embark on building a new depot for them adjacent to Mainfreight on McAlpine Street.

The fabulous facility features a 6500m² enclosed dock. The dock is rail-serviced and also provides for the unique requirements of the Chem team.

We expect to move in early in 2008.



Empty building site



DAILY FREIGHT CHRISTCHURCH

New Plymouth New Building

We moved in to the new facility in New Plymouth on time on 31 March this year.

Not only are the team beaming with pride in the new premises but the quality of both operations and administration are vastly improved already. Keep it up team.... It is time 'Branch Of The Year' came to the Naki!



New Plymouth Depot

Wellington Refurbishment

The team in Wellington is looking forward to finally sitting in their new lunch room. Selena, our hard working Wellington lunch lady and her predecessors have done a great job over the years supplying a hearty meal with just a household stove.



Shane looks forward to being able to supply visitors with a good meal and a desk when they come for a visit.



The new kitchen will bring more variety to meals and snacks and the team can't wait to get in to it.

Extensions have also been made to the top floor of the office block. For those who have visited Wellington over recent years, you will agree that the facility has been a little cramped.

Franchise Of The Year - Mainfreight Gisborne



Dave McLaughlin accepts the coveted 'Franchise Of The Year' trophy on behalf of the Mainfreight Gisborne team. The judges pointed to excellence in operations, administration and standards as a base for their difficult decision.

The branch managers and sales meetings held in Tauranga during March provide a great platform to commit to our goals for the coming year.

We also celebrate the successes of the year before. This time was lean pickings for the New Zealand forwarding team with Mainfreight International deservedly picking up the top honours for branch and sales person of the year.

Come on team lets get those trophies back here where they belong!

Napier Redevelopment

The redevelopment of Mainfreight Napier is fast approaching completion. The changes comprise an extensive dockway extension, total refurbishment of the office including a new canteen, and sealing of operational areas around dockway. We take possession and move in to our new offices on Saturday 16 June.



The entire team have made a fantastic contribution to ensuring our customers have not been affected during the building programme which created severe constraints to our dock areas and depot. Our owner driver and store teams deserve special mention for the many extra hours and effort.

The increase in workable covered dock is to 2100 square metres which we can work on all sides.

It's fantastic to add another world class facility to the New Zealand network.

Things to do better

Banish the word "NO" from our vocabulary; "Yes of course we can do it" makes us easy to do business with.

Contribute to the decision making at your P.A.T meeting; your ideas do count.

Move faster to eliminate mediocrity in everything we do.

Email destroys our culture, pick up the phone and talk to your mate.

On-Line Trading – Making Us Easier To Do Business With

Mainfreight Precision

The phenomenal growth of on line trading from websites such as "Trade Me" has put a lot of strain on our raters, receptionists and operations teams as people approach us to move their sometimes unusual purchases around the country.



The types of freight and level of enquiry was becoming quite a big problem for us.

"Look out for big problems they often disguise big opportunities"

Mainfreight Precision, our national home delivery and fragile freight network, has embraced the issues and created an online solution that makes us substantially easier to deal with.

www.mainfreightprecision.co.nz enables our "cash sale" customers to get on line quotes, book a pickup and pay by credit card from the comfort of their homes.

From small beginnings the team are handling around 100 consignments a week from all around the country; we are really excited about where this initiative might take us!

The image shows two screenshots of the Mainfreight Precision website. The left screenshot is the 'Get Estimate' form, which includes fields for 'Enter the freight dimensions of your consignment' (Height, Width, Length, Volume) and 'Select your Pickup location/suburb' (Invercargill). Below these fields is a 'Consignment Estimate' table:

Item	Description	H	W	L	Volume	Rate
1	Freight (mainfreight truck)	100	50	100	0.5	50

The right screenshot is the 'Consignment Details' form, which includes fields for 'Name', 'Address', 'Suburb', 'Location', 'Home Phone', 'Mobile Phone', 'Reference', and 'Email'. It also includes a 'Consignment Details' table:

Item	Description	H	W	L	Volume	Rate
1	Freight (mainfreight truck)	100	50	100	0.5	50

At the bottom of the right screenshot, there is a summary table:

Freight Charge	\$	100.00
Insurance	\$	0.00
GST Charge	\$	17.28
Total Inclusive	\$	117.28

Claims Performance

Outward Consignments Per Claim				Inwards Consignments Per Claim			
Branch	To March 2007	To Sept 2006	To March 2006	Branch	To March 2007	To Sept 2006	To March 2006
Chem Auckland	2752	2214	1235	Chem Wellington	8205	5946	5306
Chem Hamilton	2107	2156	1352	Chem Auckland	4506	3488	4013
Rotorua	1240	1166	1188	Chem Hamilton	3168	2373	1793
Dunedin	960	1019	1068	Chem Christchurch	2449	1706	2867
Chem Wellington	866	1369	3860	Owens Wellington	1608	1134	1148
Chem Christchurch	663	619	791	Blenheim	1593	1648	1394
Mt Maunganui	643	658	844	Invercargill	1478	1350	1494
Palmerston North	638	527	634	Owens Auckland	1274	1599	1576
Napier	571	604	361	DF Christchurch	1252	1128	1177
Blenheim	565	851	449	Owens Christchurch	1240	686	567
MF Hamilton	522	463	567	Dunedin	1134	1064	1488
DF Christchurch	500	466	471	Mt Maunganui	1114	1171	1122
DF Auckland	465	446	444	MF Wellington	1039	995	863
MF Christchurch	463	392	375	DF Wellington	1022	881	982
Total Company	462	456	465	Total Company	1005	988	876
MF Wellington	455	493	425	Napier	986	847	584
New Plymouth	443	377	425	MF Christchurch	971	859	833
Owens Auckland	442	323	391	DF Auckland	961	849	1088
Owens Wellington	435	446	584	MF Hamilton	903	871	959
DF Wellington	412	371	450	Rotorua	900	945	1500
Whangarei	389	371	365	Nelson	826	754	512
Nelson	388	398	346	MF Auckland	807	647	468
Invercargill	337	281	255	Palmerston North	638	507	785
MF Auckland	302	290	263	Whangarei	616	640	627
Owens Christchurch	269	228	234	New Plymouth	530	533	592

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

The start of the new financial year is showing some encouraging trends in our New Zealand business compared to 2006. As we come to grips with new operations in both Auckland and Wellington, the overall results see new business growth averaging 19% for the first two months.

Whilst we have a way to go, we are starting to absorb some of the new facility costs and start-up investments which were put in place ahead of expected new business capture.

Hastings was sold in early April, following lessons learned regarding the risks associated in running pick and pack facilities in more remote provincial regions.

As our customers' expectations continue to shift to more Asia Pacific regional outcomes, our ability to meet these challenges will see even greater emphasis on operational standardisation and consistency across countries.

For New Zealand the days of localised relationships are diminishing at a rapid rate, as our decision makers are increasingly overseas-based and influenced.

Australia plays a significant role now, where the new business capture and quality of our service will have a direct impact on extended opportunities in the New Zealand market from customers seeking trans-Tasman solutions.

Our Australia growth has been strong and signs continue to provide confidence that expected growth can be maintained well beyond 2007. We are proud of our achievements and know the challenges ahead are large but very exciting.

To meet these challenges the business has leased more warehousing space and commissioned the building of more warehouse capacity in an expansion phase which is unprecedented in our history. The growth and strengthening of our experience within our teams is now paramount.

For team members wanting to extend themselves and seize opportunities to take on more responsibility, now is the hour to apply yourselves through diligent work ethics and knowledge gain, as it will only be a matter of time before someone will tap you on the shoulder and recognise these efforts and skills.

Succession planning and investment in quality people who are able to advance is paramount to our success; all branches have a responsibility to make this their top priority this year.

Across all countries we must strive to provide quality on a consistent basis, as reputation supported by customer referrals plays a large part in gaining new business. To achieve this we must all play a part in the way our operations look, our house-keeping, our adherence to our manuals and operating disciplines.

New Zealand Logistics – Craig Evans

New business growth remains our focus as we look to target building utilisation over a 90% threshold.

Westney Road's turnaround in recent months is a result of rationalising operating costs and bringing a greater focus on the placement and productivity of our team members; a lesson we should all adhere to ongoing. Well done.

Remember more people does not equate to greater productivity; better people, better systems will make us a better business.

The new operation in Railway Lane has provided its own unique challenges. The team there has done a wonderful job, nurturing and delighting the customers. A turnaround of fortunes is close as we look to make changes to capture new business.

Geoff and our small Dunedin team have had a new lease of life and have started to pump out some strong results.

Must be the new roof we put on the building, I'm sure it's helped by keeping the rain outside!

The Wellington team has probably provided the greatest turnaround since taking on the new facility and tripling their overheads as a result. With a warehouse reaching its capacity, the team has done a wonderful job showing what can be done when you embrace the standards we are all so proud of.

With new business proving an additional 50 containers a week, there was no room for error; with the cooperation of the other divisions the outcome has been heartening.

O'Rorke Road has always historically been our best performing operation and it's this consistency that has made them champions. We understand at times we don't have enough people and hours get extended, as we often have no choice but to meet our customers' ever-increasing expectations.

It doesn't go without notice and we appreciate and say thanks to those who have helped maintained our standards in both O'Rorke and all our other operations.

Owens Logistics Auckland has again started the year strongly and we expect more good things from this unique operation focused on the Dangerous Goods market. Christchurch has had a bumpy start, but given the quality of the team and the passion they project, a return to satisfactory profits will not be far away. With the addition of a class 3 bunker nearing completion (after only two years trying to get through local council and site owners), Brynley's team will finally have an answer to some of our DG storage constraints in Christchurch.

Additionally we have just installed our first 'curtain-sided canopy' in Owens Christchurch as a means to create much better utilisation of the building's design for outside storage.



Owens Logistics Christchurch curtain-sided canopy



Class 3 DG bunker nearing completion

Logistics Australia – Steve Noble

The new financial year has seen encouraging results produced across all of our sites. Our focus is to continue to grow these returns to a minimum desired outcome of a 15% return on revenue.

Our logistics operations for the most part start the new financial year with a stable revenue platform in all of the established operations, quality increasingly reaching business expectations and the business in a position to achieve further rapid growth.

The key to sustaining the current growth trends is to ensure that we continue to grow and nurture the very best people.

Our fledgling graduate program now numbers seven team members, with two additional transfers to occur from New Zealand in July. It is very inspiring for all team members to see five senior roles within our logistics operations now filled by graduates who have worked their way, in the most part, from the depot floor to leadership roles.

The most important lesson learnt in the year past has been never employ under pressure; a short term fix will only cause long term pain.

It is also worth noting the progress of many of our team members who have progressed within the business through good succession planning from their managers. The opportunities abound for those who want to progress and show the work ethic that Mainfreight live by.

The start of the new financial year has seen the commissioning of three new facilities, Somerton, Noble Park and Moorebank.

Collectively these three sites add an additional 28,000sqm of warehousing; Somerton is being specifically set up for Fast Moving Consumable Goods (FMCG) and is the jewel of the Melbourne operations. As with most Mainfreight commissions we applied the “ready fire aim approach”; to the Somerton team, thank you for the efforts during a time of high pressure.

Noble Park, like Eagle Farm is a major dangerous goods facility rated one of the best sites in Melbourne. As with the Eagle Farm operation we are now in a position to enter the Melbourne market at the highest level. The site is 10,000sqm, fully segregated and capable of housing all dangerous goods commodities.



Snap shot inside the new dangerous goods operation Noble Park Melbourne. Segregation bunkers armed with 100,000 litres of pressurised emergency foam should an accident occur!!

Our new Moorebank site is a change from the traditional sites leased in Australia; it is a brand new facility and provides high exposure for our brand in the Sydney market. The new facility caters for new business opportunities arriving in Sydney and for the stock that was formerly housed at the Green Acre site which has now been closed.



The team at the brand new Moorebank 10,000m² warehouse in Sydney

Our Brisbane operations continue to forge ahead, with Hemmant, Eagle Farm and Coopers Plains all returning strong results. New opportunities will see all three operations reaching 90% stocking thresholds over the coming month and a need to investigate a fourth operation in the Sunshine state.

The Milperra operation continues to shine under the able management of Thomas Steele, now seen as one of our strongest sites both operationally and with results produced.

The quality and disciplines displayed by the entire team is a credit to our business.

A new division has also been formed out of the Milperra site; Mainfreight Mobile catering for our entire internal container unloads for Logistics, other group businesses and outside opportunities.

Clayton and Campbellfield continue to forge ahead, with new opportunities to continue the strong results produced through these sites.

Perth remains buoyant, with an additional facility being commissioned to cater for further growth later this year. The most diverse of all of our operations, it is not unusual for team members to handle timber, steel, FMCG, wines or commodity items on any given day.



Hemmant Brisbane PAT meeting Colin Vearer style!!

The ongoing measurement of quality through the weekly reporting and the audit process has seen continued improvement to all aspects of the business. These are our strongest measurement tools and have driven non-conformity out of our business down to the simplest cultural aspect.

The past 12 month has seen high pressure levels through continued growth. It has seen many new stars rise through our teams and an overall effort from all team members which is warmly appreciated.

The year ahead sees many exciting opportunities and a further platform for growth.



Our Clayton warehouse team in Melbourne – on audit day!

Mainfreight International – Jon Gundy

Welcome to another Mainfreight International team update. We are halfway through 2007 and keenly looking forward to the balance of the year and working hard to grow our business through a culture that is focused on being “easy to deal with for freight solutions worldwide”.

Looking into the rear-vision mirror, the Mainfreight International team can be proud of the 2006/07 financial year – we achieved our profit targets. The pleasing area of revenue growth was in airfreight where our revenues grew 24% for the year. Congratulations team on a fantastic year of providing great customer service and continuing to contribute to a growing business.

In 2007/08 we will continue to grow Mainfreight International. Our plans include the opening of branches in Hamilton and Dunedin. This will expand our network in the regions and provide continued career opportunities for our team.

In our drive to become “easy to deal with” we have undertaken significant work with our web site www.mainfreightinternational.co.nz to offer customers improved interactive services. These services include access to schedules, rate requests, downloading their shipment documentation including invoices and statements. Track and trace visibility is available through Mainchain accessible from our website. We are undertaking team training through Jennine, our systems champion, so all team members understand our website capability and the impact of data entry into our system (EDI) given this is now visible on the internet.

The challenge we face as a business is the declining export sector. A combination of New Zealand manufacturers moving to China along with a high dollar has seen a decrease in export freight. For Mainfreight International this provides an ideal opportunity. As a supply chain company we are well placed to capitalise on the increased imports from Asia and offer full Supply Chain Services inclusive of International freight, warehousing and New Zealand distribution. The growth of our import business will continue to be a key focus this year and beyond as we adapt to the new environment.

Things we can do better:

- Communication is the key. We need to rid ourselves of email and start talking to each other on the phone or in person. Email is an effective tool when used in a limited way. The rule of thumb before using email is, can I talk to the person face to face or can I ring them? If so, don't use email.
- We need to develop our supply opportunities with our Domestic and Logistics division. This needs to be done in all areas of the business (sales, accounts and operations). Opportunities will present themselves through communication
- Think Team. We cross the Finish Line as a Team not individuals. The best way to fast-track your career and grow the team is to reach down and help your mate in times of struggle.
- Empathy, let's really try and understand what our customers want and deliver.

Ericsson Communications New Zealand awarded Mainfreight International Auckland the logistics project of shipping Telstra Clear's complete cell phone network from New Zealand to Melbourne Port, Australia.

The project included co-ordinating and packing up a complete warehouse in Tauranga (6 x 20ft & 1 x 40ft HC) of electronic equipment, co-ordinating the shipping of nine 23m long cell phone towers and eight over-dimensional cell phone tower shelters from Tauranga and Auckland to Melbourne. All equipment had to arrive in Melbourne by 15 June.

Mainfreight International said “no problem”.

In Auckland we arranged the pickup of various equipment from three different sites and arranged crating and packing where required. Once consolidated on one site (Mainfreight Logistics, Mainfreight Lane), we carefully packed into a 40ft HC container, the total value of equipment in this one container alone was over \$7 million.

Halfway through the project Telstra Australia decided that Mainfreight International should handle the customs clearance and delivery to final sites in Melbourne, as we are so easy to do business with.

Our Melbourne office swung into action and completed customs clearance, arranged delivery of the cell phone towers, over-dimensional shelters and containers – all to different sites. Mainfreight International Melbourne had to arrange cranes and hiabs for unloading at the customer's premises.



Nine 23m long cell phone towers shipped out of Tauranga as a breakbulk shipment & delivered to Telstra Clear, Melbourne Australia.



3 over dimensional cell phone tower shelters moved on 20ft flatracks ex Tauranga to Melbourne. 5 of the same departed from Auckland as breakbulk to Melbourne.



Mainfreight International arranged all wrapping & packing of equipment in Tauranga.

Branch of the Year Award

Mainfreight International Wellington received the award of Branch of the Year for New Zealand at the Branch Manager's Conference in March.

This is an incredible award to a Mainfreight International branch. I understand this is the first time in Mainfreight history a Mainfreight International branch has collected the award. Congratulations to the Mainfreight International Wellington team.



Salesman of the Year Award

We are also proud of Don Campbell who received the Mainfreight Group Sales Person of the Year Award at the recent Sales Conference.

On behalf of the Mainfreight International team we would like to congratulate Don on his success and thank him for his contributions over the past twelve months. Don has set a benchmark for all sales team members and I am sure he will do all he can to retain the award in 2008.



In May this year Mainfreight International held its first annual Awards Evening as a combined team. The formal gala event carried on a tradition from Owens International that goes back seven years. Over 150 nominations were received for 22 awards which included categories such as "Nickname of the Year", and "Blonde of the Year" through to the coveted Personality, Team and Player of the Year awards.

"Personality of the Year" was won by Brad Craig, our Director of Good Times; the Sea Import team walked away with the "Team of the

Year" award and Darren Barboza was named as our "Player of the Year".

Daniel Rae surprised everyone by joining the band to play lead guitar for two songs.

The Awards evening is our way of recognising and celebrating the characters that go to make up our culture and the team members that put in yards and the smarts to make our business a success. Nominations are already being collected for 2008!

On Friday 8 June, Mainfreight International was invited to attend the Mangere Central Primary School's assembly to receive a number of birthday cards that the students had made for the 7th birthday of the Westney Road site.

The students, who are recipients of the Duffy Books in Homes which Mainfreight sponsors, were delighted that their works of art were received personally and that the effort that was put into the cards was appreciated.



Steve Hendry receiving Team of the Year Award on behalf of the Imports Team from Kevin Bradley

Shane Douglas addressed the school assembly and gave them some background on the Books in Homes project, and the value that children need to place on reading and learning in general.

The birthday cards are currently proudly displayed at the reception area of Westney Road for all visitors to see.



Perishable Growth

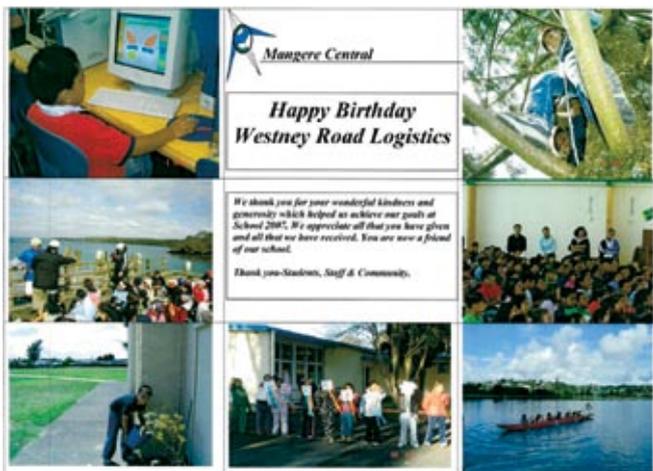
We believe we have strong growth opportunities with our airfreight Perishable offer. We are working closely between the Auckland and Christchurch branches to further develop our teams and growth.

Hot Cross Bunnies

This year all branches treated their valued clients with Easter bun packs, which consisted of hot cross buns and a Mainfreight tea towel. They went down a treat! In Napier Amber Abernethy, Kelly Barnett and Tina Lord donned their bunny ears, little tails and Mainfreight shirts to deliver the goodies to International and Transport clients.

Move

Monday 18 June saw the first day the Napier team worked out of the refurbished Mainfreight offices. The move was successful and it is great to walk into a lovely looking building! We are all very excited to be working in closely with the team at Mainfreight Transport.



Birthday Card from Tasi at Mangere Central School



Ross Benn receiving an award on behalf of Mainfreight International in recognition for our significant cargo volumes for the past year from Wayne Turkington, Cargo Manager New Zealand for Emirates at the recent Emirates Award Night dinner.

Photo Board



There was immense interest in Cromwell's car carrier initiative as reported in the last issue ... Ashburton not to be outdone came up with their own idea ...



Steve Curran's best friend (Mainfreight Auckland)



Kevin Drinkwater and Don Braid receive artwork for the Boardroom from Terekia Ben-Iakimo of Bairds Mainfreight Primary School, one of the three talented artists

Photo Board

Scenes from the Opening of Mainfreight Lane



The children of Bairds Mainfreight Primary School and Koru Primary School assist with the celebrations

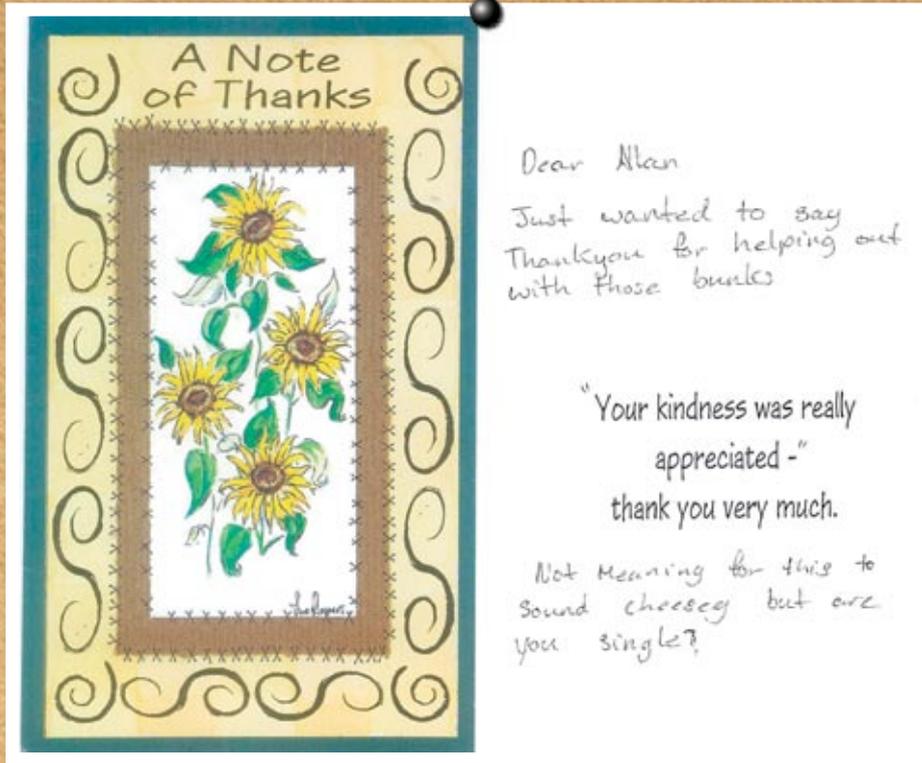


Don Braid with the World Globe presented to the Auckland site to commemorate the occasion by Bruce Plested



Neil Graham and Bruce Plested unveil the site plaque

Feedback



Dear Allan
 Just wanted to say
 Thankyou for helping out
 with those books

"Your kindness was really
 appreciated -"
 thank you very much.

Not meaning for this to
 sound cheesy but are
 you single?

Att: Mark N
 Elias Bowland's
 John Frozer (OD)
 Impro: Nyl.

Jo Whitehead
 865 Mt Stewart Halcombe Road
 RD 9
 FEILDING

2 May 2007

Faye Elliott
 Mainfreight
 PO Box 973
 PALMERSTON NORTH

copy to Southernwood Nursery Ltd
 PO Box 16148
 Hornby
 CHRISTCHURCH

It is very rarely that one receives service from an organization that is exemplary and when we receive this level of service we are often don't think to make it known to anyone.

I am making a point at this moment of changing that.

A (very tall) pallet of plants arrived in your depot for me today (Wednesday) from Christchurch. One of your fork lift drivers rang me on behalf of one of your truck drivers to say that they were a bit bothered about being able to get them to me undamaged because of their height. Brilliant - someone who cares and is prepared to take ownership of a problem and seek a resolution. Rarely seen in this day and age.

I offered to come and collect and load in my van. I suspected that they would easily be able to be transported in the van on their sides. As usual, Southernwoods had packed them really well and with the firm root balls of the trees it was no threat to them to be put on their sides. The guys both helped and I was out of your dispatch area in less than 5 minutes. Bloody brilliant service.

Thank the guys for me.

Cheers

J. Whitehead
 Jo

February 9, 2007

Dear Mr. Quest,

Thank you for helping us get books from Book in Homes. My favorite book from Books in Homes is Ola Yeller because I have the movie, but the book is better. My second favorite book is Misty of Chincoteague. I like the book very much. I have been to Chincoteague Island and saw the ponies. Thank you Mainfreight for the books from Books in Homes.

Sincerely,
 Shania Shower
 Shania Shower

Feedback

Sent: Thursday, 15 March 2007 15:29
To: Walter Ormsby [MFT NPY]
Subject: Urgent Delivery

Hi All

Last night I received an urgent call from XXX at around 5pm asking if there was any way we could get two drums of Squirrel conductor down to Wanganui urgently to help with emergency storm damage. They were prepared to drive up and collect it if necessary but a few phone calls came up with a better solution.

Thanks to the efforts of Kelly , Joy, the dispatch team and the team at Mainfreight, the drums were loaded on to the south truck which was then diverted into their depot at around 1am where staff were waiting to unload it.

The whole operation went smoothly and was a credit to all concerned.

I received a call from their Procurement Manager today thanking us very much for our efforts and saying they really appreciated what we did for them.

It is this sort of service that customers remember.

Thanks to all.

From: Neil Graham
Sent: Monday, 26 February 2007 12:57
To: Tony Green (MFT Wharf CHH)

Subject: Truck Show

I wish to pass on my heartiest congratulations to you, your wonderful team, including the girls and all the Subbies for the excellent team effort at the truck Show on Sunday 25th Feb.

It is heartening to see some of our original philosophies alive and well in the form of our people and their magnificent trucks.

From those who have spoken to me about the show, Mainfreight stood out above all others in terms of family spirit, professional imagery and generosity.

The little 'giveaways' made by the girls at no extra costs to the company is an effort that should be recognized in your next newsletter.

Congratulations Again,

Neil Graham

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

From: info@mainfreight.co.nz [mailto:info@mainfreight.co.nz]
Sent: Thursday, 22 February 2007 10:47
To: Info
Subject: Mainfreight NZ Website Enquiry

Kevin has requested information about .

They ask the following questions:

Had some furniture delivered today from Farmers via Mainfreight. Consignment no FC150095666. Would like to compliment the delivery service provided. Contacted me and was on time. Friendly and helpful driver who explained what to do if I found damage and pointed out he had noted damage to the packaging when he received it and what to do if I found damage after unpacking. Did end up finding damage to a chair leg which I have contacted Farmers about as your driver advised. obviously I'm not happy about the damage, but the good service made it a better experience.

Good job Mainfreight

Feedback

From: Tricia T
Sent: Friday, 13 April 2007 09:13
To: Kevin Drinkwater
Subject: Re: Booking with Mainfreight

Hi Kevin,

Yesterday we rang Mainfreight to have the motor delivered to Palmerston North but because we do not have an account with your company they gave us the web address to pay on line. I thought this was excellent customer service as I thought your company would turn us away.

I found your web site very easy to use and I was pleased that I was able to get an estimate before I went through with the transaction and also arrange insurance at the same time. Once I found out the weight of the parcel and the dimensions it only took me a minute or so to complete the booking, so its that easy I was also thankful for receiving a tax invoice / receipt almost immediately after the booking was complete. Overall I consider the website to be excellent and I will not hesitate to use it again.

Yours faithfully

Tricia T

-----Original Message-----
From: info@mainfreight.co.nz [mailto:info@mainfreight.co.nz]
Sent: Wednesday, 14 March 2007 12:35
To: Info
Subject: Mainfreight NZ Website Enquiry

Lisa has requested information about .

They ask the following questions:

Hi I would just like to commend you for the chemcouriers vehicle CRY156. I was driving behind it today and saw the wonderful painting on the back encouraging children to read books. I thought this was awesome because that space could have been used as advertising space, or left blank but instead it has been used to inspire the community. Good on you! Much respect goes out from me to the person who did this!!

From: Bradley, R
Sent: Tuesday, 12 June 2007 20:15
To: Antony Dale (ORT CHH)
Subject: Claim

Hi Antony

I was just filling out a claim form for a consignment that turned up with some damage to the product and realised that (correct me if I'm wrong) this is the first time a claim has been initiated by us with Owens.

I guess in the rush of everyday business we are quick to pick up the sword when things go wrong and when things are going right they are left alone. However in this instance I feel it appropriate to acknowledge the fact that we have been moving regular freight with Owens now for close to 3 years and having not had to process a claim, or even have any real service queries/issues in general is a credit to all involved. The service Owens provide us through not only the effective and efficient movement of our freight but the regular fuel factor adjustments and the updates from your in-house weather lady are much appreciated, and all counts toward making life easier at this end.

I hope in some way or another you are able to pass on our appreciation to your staff.

Thanks
R

Feedback

<http://www.pestit.com/news/dec06.html>

OUR PARTNERSHIP WITH MAINFREIGHT



Mainfreight is a market leading Supply Chain provider and manager

After another successful year of trading, Pest IT Pty. Ltd. would like to let you in on one of our secrets to success. Our logistics partner Mainfreight has been handling our warehousing, logistics and deliveries since late 2005. Rather than make a song and dance about this, we wanted to quietly go about our business. As a result, our deliveries have been super fast throughout the year and stock shortages of core products have been virtually non-existent. Through Mainfreight, we are able to track deliveries right to your door and give a quick response to all product delivery enquiries.

We would like to introduce you to our local team at Mainfreight Greenacre.



Left to right, Pani, Mike, Troy, Tama and Stella.

The team manages about 150 pallets of Pest IT's stock - that's a lot of fly units, rat boxes, StealthNet, Spikes and miscellaneous bird and pest management products. Thanks for your support Mainfreight - keep up the good work.



Transfield Worley Ltd

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All communications to be addressed to the Company
QUOTE OUR REFERENCE 200308-LTD-0002 Article

11 January 2007

Mainfreight Owens International Ltd
PO Box 4144
Wellington
NEW ZEALAND

Attention: Chris Rodgers

Tel : 04 472 2520

Dear Sir

PURCHASE ORDER 13456

The two carbonate isolation valves, airfreighted from Melbourne, Australia to Vector Kapuni under the above purchase order, are successfully installed during the December 2006 shutdown.

Under difficult circumstances due to last minute manufacturing difficulties in Australia, these valves were delivered in time for the shutdown. This required much communication between many parties, with frequent changes to plans.

We take the opportunity to offer our sincere thanks and appreciation for the efforts you and your team have put into this order, and congratulate you and your team on this achievement. In particular, we wish to acknowledge Tony Epps and Ben Green for their patience and persistence. We look forward to working with you in the future.

Yours sincerely

Andre van der Elst
PROJECT ENGINEER





Tony Soprano... aka Greg Howard, CaroTrans
hangin' on the streets of New York