MAINFREIGHT GROUP LIMITED

Financial result for the three months ended June 2010 (Unaudited)

Commentary

The Mainfreight Group is pleased to report a net surplus after taxation and abnormals of $6.82 million for the first three months of the 2011 financial year; an increase of 148.2% on the previous year's result of $2.75 million (excluding abnormals the increase was 69.5%).

Total revenue (sales) increased by 20.5% to $315.25 million, from $261.67 million in the comparative period last year (excluding foreign exchange, this represents an increase of 27.8%).

EBITDA increased 32.4% to $15.52 million, up from $11.72 million the year prior.

Business performance in all countries where we are domiciled; New Zealand, Australia, China and The United States during the first three months of the financial year improved following the trading trend of the previous six months.

No abnormal costs were incurred during this reporting period. The effects of the property depreciation tax changes announced in the May budget will be reported in our year end results, as advised at our Annual General Meeting. We are currently still in the process of determining the impact this one-off abnormal will have to our bottom line.

Divisional Performance (all figures in New Zealand dollars)

New Zealand Domestic

New Zealand Domestic EBITDA improved 17.7% to $6.94 million; an increase of $1.04 million from the prior year. Sales revenues increased 8.0% to $67.13 million, an improvement of $4.99 million. Performance improved in most branches and was across Transport and Warehousing divisions.

Volumes during July and August have been inconsistent albeit ahead of the year prior. A freight rate review is expected to be implemented by the 1st November.

New Zealand International
New Zealand International revenues improved 21.6% to $28.21 million and EBITDA improved 15.6% to $0.92 million.

Strong volume growth was experienced across both Import and Export sectors.

Trading during July and August continues this trend in line with the first three months.

Australia

Australian Domestic
In our Domestic operations we have seen the continuation of revenue improvement increasing 18.7% to $50.10 million. EBITDA increased 21.5% to $2.39 million, up $0.42 million.

Market Share continues to improve in our distribution business and despite some economic slow-down caused by the pending Australian federal elections, trading in July and August are improved on the year prior. Our Logistics operations negatively impacted the EBITDA result for the first three months but are expected to contribute positively through the next three quarters as additional new business begins to contribute.

Australian International
Sales revenues are up 27.7% to $56.11 million. An improvement of $12.17 million. EBITDA declined 22.4% to $1.20 million as margins dropped through intense competition in the Asia to Australia freight market.

Trading during July and August remains ahead of the year prior. Margin improvement and better cost management will see an increase in EBITDA as the year progresses.

Asia International

Strong sales, particularly across the Trans Pacific trade lanes of the United States of America and South America, has resulted in revenue improving 63.2% to $8.70 million. EBITDA improved 73.5% to $0.89 million, up $0.38 million on the year prior.

Freight volumes continue to increase during July and August and this is reflected in improved profitability.

Freight volumes remain steady to North America with shipping rates on the increase however competition remains intense to Australia and New Zealand. Airfreight volume has also increased.

We expect to open our first Singapore branch in early September and our seventh branch for China, Tianjin.

United States of America

General trading in the USA has improved for both business units, CaroTrans benefiting from an increase in Export related volume, Mainfreight from an increase in Import and Domestic volumes.

Total revenues increased 23.8% to $105.00 million (excluding foreign exchange the increase is 44.7%).

Mainfreight USA revenue increased 22.1% to $58.31 million. CaroTrans increased 25.9% to $46.69 million; an increase of $9.61 million.

EBITDA performance in Mainfreight USA improved to breakeven, up on the negative $1.74 million, as increased volumes improved returns. CaroTrans EBITDA improved 15.8% to $3.18 million (excluding foreign exchange the increase is 35.5%).

Combined EBITDA totalled $3.18 million, an improvement of 216.7% or $2.18 million (excluding foreign exchange the increase is 270.5%). Trading through July and August has seen this momentum continue for both businesses.

Mainfreight USA continues to develop its domestic freight services, and has committed to fixed run weekly linehaul between the East and West Coasts. Development of Trans-border services into and from Mexico and Canada are continuing. Internationally, air freight export volumes have doubled during this period.

CaroTrans European and South American development is progressing with pleasing results.

Group Operating Cash Flows

Operating cash flows were $15.38 million, an increase of $1.72 million reflecting the improved trading performance.

Capital Expenditure totalled $3.39 million, of which $0.66 million related to property development. Earthworks will begin in late August for the new Wellington site, with completion expected September 2011. Tenders are due to be released later this month for the building project.

The contingent settlement for Halford was finalised and paid in June totalling $3.64 million.

Outlook

This satisfactory result is not unexpected, and reflects the efforts of the business during the last twelve months.

Trading in July and August in the larger economies of Asia and the USA continue this momentum. In the smaller economies of Australia and New Zealand trading in these past two months, while ahead of the year prior, has been a little inconsistent.

Asia development continues with the opening of Singapore and Tianjin in China.

In the United States strong sales growth continues to assist the performance of Mainfreight USA.

We are cautious around the fragile and slower economic improvement, particularly in Australia and New Zealand.

We are focused on maintaining our disciplines and cost initiatives of the past eighteen months.

We expect to maintain similar momentum for our half year result as seen in this first quarter.

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