The Mainfreight Group is pleased to report a net surplus after taxation and before
abnormals of $4.02 million, however this is a decrease of 51.1% compared to the
same period last year.

Consolidated sales revenues for the period were $261.67 million, a decrease of 9.5%.
Excluding foreign exchange adjustments, the decrease is 17.2%.

EBITDA for the period of $11.72 million is down by 29.2% on the prior year’s result of
$16.56 million (excluding foreign exchange, 31.9%).

Abnormal costs (after tax) of $1.27 million were incurred during the period, and relate
to further restructuring undertaken to deliver improved operational performance. We
do not expect to incur substantial additional abnormal costs for the remainder of this
financial year.

Trading conditions in all countries during the first three months of the financial year
were difficult, and followed trading similar to that experienced during January to March
2009.

While Group performance has not matched last year’s records, highlights for the
quarter include New Zealand International, Australia International and Australia
Domestic operations, all performing better than the same period last year.

**Divisional Performance**

**New Zealand Domestic**

New Zealand Domestic EBITDA declined by 28.2% to $5.89 million compared with the
same period last year, primarily as a result of freight volume deterioration. Sales
revenues were down 17.8% to $62.15 million.
Following the quarter end, volumes have improved during July and August. Warehousing volumes continue to increase as customers begin to build stock inventories. Domestic Transport volumes are expected to increase as these inventories make their way to market.

A freight rate review is expected to be implemented by 1 November.

**New Zealand International**
While revenues were off 3.0% versus the year prior at $23.21 million, EBITDA improved 22.0% to $0.79 million. Cost reductions and improved market share in the airfreight sector contributed significantly to these results.

This momentum has continued into our second quarter, where trading is on par with the prior year.

**Australia**
All our operations in Australia have performed better during this last quarter, particularly as improvements in operating costs began to take effect.

**Australian Domestic**
In our Domestic operations, revenues remained under pressure declining 5.9% to $42.21 million, however EBITDA improved 28.6% to $1.96 million.

The improvements made in our Logistics business during this past year have assisted, as has an increase in market share secured by our Distribution business.

Trading results continue to show improvement through July and August, with most weekly results ahead of the prior year.

**Australian International**
Internationally, our revenues are ahead of the same period last year, up 21.4% to $43.93 million. These were assisted by the contribution of revenues from the Halford acquisition, as import volumes continue to be eroded in the current economic climate.
EBITDA improved 78.3% to $1.55 million. Prior year performance was poor in comparison, and the current quarter’s results reflect the cost benefits realised through merging Halford into the Mainfreight operations.

Trading during July and August remains patchy and behind the prior year.

United States of America
General trading in the USA has been difficult and this has certainly impacted revenues in both our American divisions.

Total revenues declined 18.0% to $84.85 million (excluding foreign exchange the decline is 35.8%). The majority of this decline is in our Mainfreight USA operations, where revenue is down from $61.72 million to $47.76 million. CaroTrans declined 11.1% from $41.73 million to $37.08 million.

EBITDA performance in CaroTrans improved 9.5% to $2.75 million as margins have improved with LCL freight volumes offsetting FCL volume decreases. Mainfreight USA EBITDA declined 179.0% to a negative $1.74 million. Combined EBITDA totalled $1.00 million.

Domestic freight volumes in Mainfreight USA continue to be depressed. Change of senior management has been a stimulus for renewed vigour within the business. Market share and sales growth remain our highest priority.

CaroTrans is delivering improved margins as LCL freight volumes increase, with trading during July and August on par with the year prior.

Asia International
Our revenues improved over last year’s, up 6.7% to $5.33 million as a consequence of foreign exchange fluctuations; however when excluding foreign exchange this declines 16.5%. Freight volumes remain substantially below last year’s.

EBITDA for the quarter declined to $0.52 million, a decrease of 12.5%.
Market share increase in airfreight volumes, particularly to the USA, is a positive feature of the quarter.

Export orders appear to be on the increase during July and August. International shipping rates are also on the rise as shipping tonnage is adjusted to match volume. Peak season tariff increases are expected to be applied from 1 September.

Shipping rate decreases during the year contributed to lower revenue levels in all our International divisions.

**Funding**
As advised at our Annual Meeting of Shareholders in July, our bank debt facilities have been renegotiated through to June 2012.

Facility levels are confirmed in two tranches: NZ$125 million and US$50 million. Funding costs have increased in line with market conditions.

**Group Operating Cash Flows**
Operating cash flows were $13.65 million, a decline from $15.54 million reflecting trading performance in this first quarter.

Capital expenditure totalled $5.67 million, of which $2.90 million related to property development.

Net debt declined to $100.00 million, down from $115.28 million at March 2009. Currency fluctuations assisted this reduction by an amount of $8.53 million.

**Outlook**
This first quarter performance reflects difficult trading conditions in all of our markets; a not unexpected outcome given the decline in volumes seen during the first three months of the 2009 calendar year.

During this time we have taken the opportunity to respond with better margin management, cost reductions and strong sales strategies – all measures that will stand us in good stead for the future.
Trading in July and August sees some improvement and it is our expectation that this will continue into the third and fourth quarters.

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