MAINFREIGHT LIMITED

Financial result for the nine months ended December 2009 (Unaudited)

Mainfreight is pleased to report a net profit before abnormals of $27.26 million for the first nine months of the 2010 financial year. This is a decrease of 7.6% when compared to the same period last year. Of significance is that our third quarter saw EBITDA levels improve 14.8% over last year. Further, these third quarter results show EBITDA improved 55.6% and revenues 11.8% over the second quarter's results. This reflects a combination of seasonal volumes and improved business performance.

Consolidated sales revenues for the nine-month period were $842.27 million, a decrease of 15.2% on the prior year. Excluding foreign exchange adjustments, the decrease is 16.6%.

EBITDA performance improved during the quarter, assisting our year to date performance to finish at just 4.2% behind the year prior at $56.80 million. Excluding foreign exchange adjustments, the decrease is 5.3%.

There were no additional abnormal costs incurred during the quarter, which remain at the previously advised level of $1.30 million after tax.

Trading during the third quarter was much improved in all but two business segments when compared to the previous year, and was a marked improvement over our second quarter of this financial year. The fourth quarter has seen trading remain ahead of the corresponding quarter last year, continuing the overall general improvement.

As with our previous announcements for this financial year, prior year comparisons include our team's bonus accruals which are not included in this year's results. A decision on whether a bonus payment will be made is not expected until our year end results have been finalised.

The average currency exchange rates utilised in this result are 66.80 cents US and 79.38 cents Australian.

Divisional Performance (all figures in New Zealand dollars)

New Zealand Domestic

Improved freight volumes during the December month assisted our Domestic year to date EBITDA to $28.63 million, in line with the results of the previous year. When comparing third quarter performance with the year prior, EBITDA improved 21.1%; while a comparison of this year's third quarter to the second quarter shows an improvement in EBITDA of 65.5%.

Revenue levels year to date declined 12.6% to $201.93 million. Third quarter revenues improved 11.1% over the second quarter's results.

This pleasing performance is a result of improved market share and margin management in both Logistics and Domestic freight, a trend which is continuing into the fourth quarter.

New Zealand International

Improved air freight volumes and a market share increase have assisted our International division to an improved EBITDA performance of 22.2% to $3.45 million. Third quarter performance saw an improvement of 16.7% over the second quarter and 20.3% over last year.

Revenue levels for the nine months were essentially unchanged at $78.20 million, as air and sea freight volumes and rate structures continued to fluctuate. Trading into the fourth quarter continues ahead of last year's levels.

Australia

Trading in all our Australian operations has been satisfactory and ahead of last year.

Australian Domestic

Improved profitability and performance in our Logistics operations, and ongoing improvement in our Domestic freight operations has seen EBITDA improve 60.0% to $11.79 million from the prior year's result of $7.37 million.

Revenue levels declined 1.6% to $144.26 million. Third quarter performance saw EBITDA improve 42.8% over the second quarter result and 85.1% over last year.

Trading into the fourth quarter continues to improve over the prior year, although warehousing and freight volumes have declined post-Christmas as expected.

<u>Australia International</u>

Trading through November and December improved as import volumes increased pre-Christmas. This assisted our year to date EBITDA result which increased 19.9% to $5.93 million, up from $4.94 million.

Revenues continued to suffer as international air and sea freight rates remained volatile. The decline in sales revenue was 7.7% to $149.85 million.

Third quarter EBITDA performance saw an improvement of 137.9% over the second quarter results and 43.4% over last year.

While volumes have declined since Christmas, EBITDA results are improving on the previous year as we proceed through the fourth quarter with margin and cost control initiatives taking effect.

<u>United States of America</u>

Trading has remained difficult in both the domestic and international sectors. Revenue levels have continued to decline, falling 29.6% across the US Group operations, while year to date EBITDA declined 59.5% to $5.47 million.

Third quarter performance improved over our second quarter with EBITDA increasing 27.9% and revenues up 4.5%. While this in part is caused by seasonal tonnage increases, it also reflects the benefits of cost reductions implemented to improve performance, particularly in Mainfreight USA.

Mainfreight USA’s operations saw revenues decline year on year by 31.2% to $140.43 million, and EBITDA by 165.2% to a deficit of $3.11 million.

CaroTrans' performance was affected by reduced export trades compared to the year prior, particularly with a decline in FCL (full container load) freight. Margins however continue to improve as LCL (less than container load) volumes increase.

Revenue levels year on year declined 27.2% to $107.72 million and EBITDA reduced just 1.8% to $8.58 million.

We remain disappointed with these results, particularly in Mainfreight USA. The performance initiatives embarked upon throughout 2009 remain in place and we have confidence that these will deliver improvement in the medium term.

Fourth quarter trading in CaroTrans has seen a marked increase in bookings and Mainfreight's sales activities and initiatives have also seen improvement with a number of account gains being confirmed.

Asia

Revenue levels for our Asian operations remained consistent with those of the prior year at $19.89 million, a small increase of 0.7% from $19.75 million.

EBITDA performance continued to be affected by increased cost structures as our business positions itself for further growth, declining 23.6% to $1.54 million.

Trading is similar for the fourth quarter with Chinese New Year likely to reduce freight volumes during February.

Group Operating Cash Flows

Operating cash flows were $40.43 million, up $1.63 million compared to $38.80 million for the year prior. Improving cash collection across all divisions assisted.

Net capital expenditure for the nine months was $14.08 million, of which $7.50 million was property related.

Net debt of $95.13 million is slightly reduced from the $100.77 million reported at the half year.

Funding facilities remain unchanged from our half year announcement and banking covenants are well within the limits.

Outlook

Group performance during the third quarter has shown encouraging trends of improvement which are continuing into our fourth quarter. Our EBITDA performance has continued its upward momentum in each quarter.

Weekly trading results during January and February give us sufficient confidence to expect our fourth quarter to show a similar level of improvement to the quarter just completed.

Our initiatives of improving margins, managing costs closely and our aggressive sales campaigns for market share growth, remain core to our current activities.

It is still our belief that the apparent market recovery remains fragile and we retain a cautious approach.

Our aspirations remain unchanged in the larger markets of Asia and the USA where our teams are working hard to grow market share, improve margins and adopt Mainfreight's operating culture.

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