"Strong returns through focussed management"

annual report 1999

Acton Freight International
HONG KONG
4 hrs behind NZ
WORLDWIDE
Trans Global
LONDON
12 hrs behind NZ
Rockhampton
Brisbane
Newcastle
Sydney
Wollongong
Norfolk
(AUSTR.)
Lord Howe Island
(AUSTR.)
Raoul
Curtis
(N.Z.)
North Cape
Whangarei
Auckland
TASMAN SEA
North Island
East Cape
Gisborne
Wanganui
Cape Farewell
Westport
Wellington
South Island
NEW ZEALAND
Christchurch
Timaru
Monday
Sunday
Special people
Special company
Jardine Logistics
TAIWAN
hrs behind NZ

contents

notice of meeting

Notice is hereby given that the Annual Meeting of Shareholders will be held at the Goldstar Room, Level 3 Ellerslie Convention Centre, Ellerslie Race Course, on Thursday 29th July at 2.30pm.

Ordinary Business

1. **Accounts.** To receive and adopt the Financial Statements together with the report of the Directors and Auditors for the year ended 31 March 1999.

2. **Re-election of Directors.** Mr Bruce Plested and Mr Neil Graham retire in accordance with the constitution and, being eligible, offer themselves for re-election.

3. **Election of New Directors.** It is proposed that two executive directors be appointed to the Mainfreight Board of Directors, taking the number of directors from six to eight. Mr Chris Dunphy, General Manager of Mainfreight's International operations and Mr Don Braid, General Manager of Mainfreight's Forwarding operations are seeking approval from the meeting.

4. **Auditors.** To record the re-appointment of Arthur Andersen as auditors and to authorise the Directors to fix their remuneration for the ensuing year.

For and on behalf of the Board.

Carl Howard-Smith
Director
30 June 1999

Proxies

Any shareholder of the company entitled to attend and vote at the Annual Meeting is entitled to appoint a proxy and vote instead of him or her. A proxy need not be a shareholder of the company. A form of proxy is enclosed in this report, detailing the lodgement and exercise of proxies.

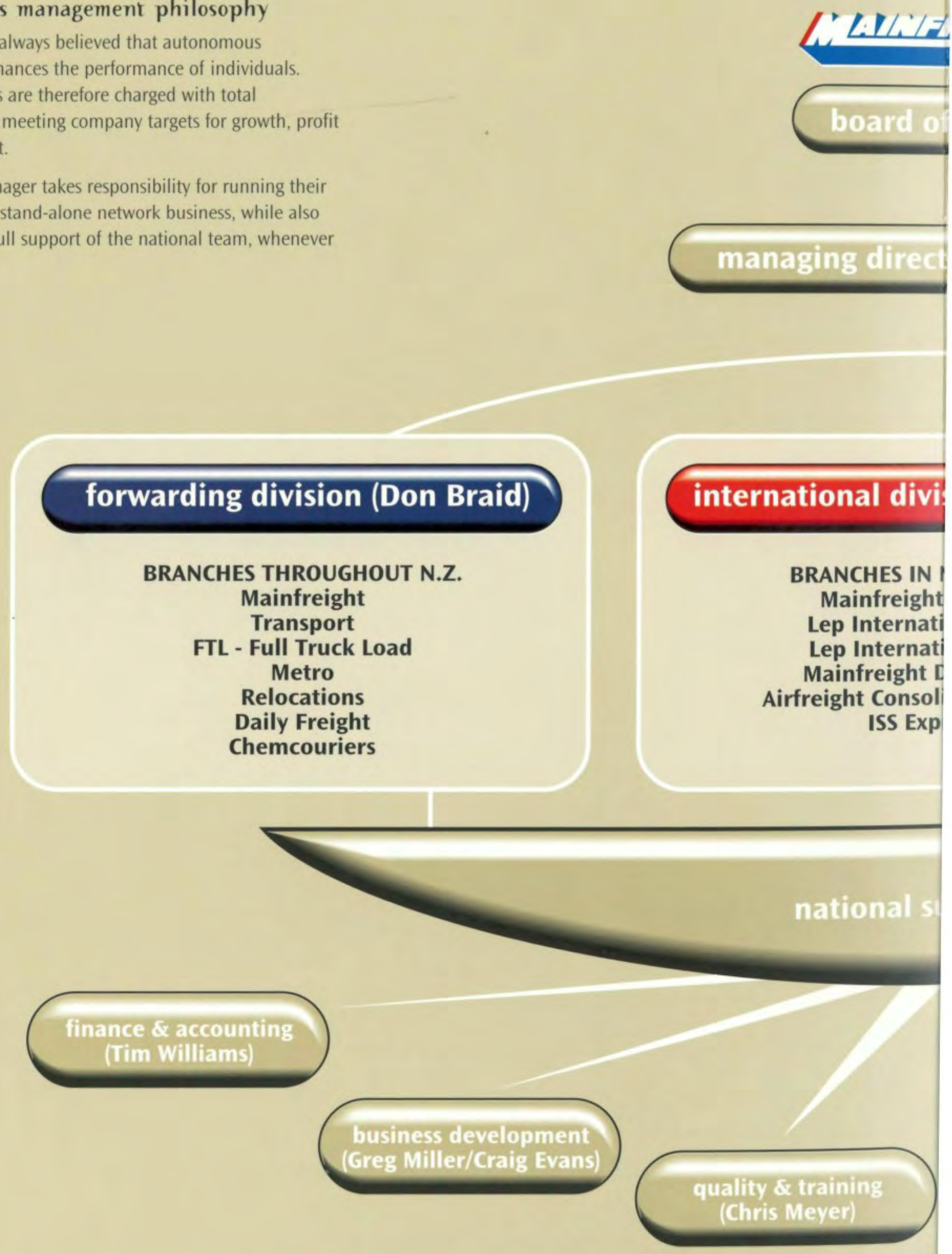
organisational structure

Mainfreight was managed in 1999 as three divisions, each reporting through to the Managing Director.

Mainfreight's management philosophy

Mainfreight has always believed that autonomous management enhances the performance of individuals. Branch managers are therefore charged with total responsibility for meeting company targets for growth, profit and development.

Each branch manager takes responsibility for running their own branch as a stand-alone network business, while also drawing on the full support of the national team, whenever it is required.



directors

r (Bruce Plested)

on (Chris Dunphy)

Z & AUSTRALIA
nternational
nal N.Z. (75%)
nal PTY (75%)
tribution PTY
atiors Intnl. (75%)
ss Lines

warehouse/logistics (Kevin Drinkwater)

BRANCHES IN N.Z.
Mainfreight Warehousing
Mainfreight Logistics

port team

Y2k compliance
(Paul Derbyshire)

information technology
(Gary Collings)

legal & property
(Carl Howard-Smith)

global and diverse

Mainfreight Limited is a fully integrated service company. Its diverse brands and subsidiaries operate in areas ranging from door-to-door domestic transportation, through to managing the total supply chain of large manufacturers and exporters.

We also service the additional needs of clients via added-value services ranging from temperature-controlled warehousing, through to the relocation of personal effects.

Mainfreight operates throughout New Zealand and Australia, and works with a global network of agents and partners, to service the rest of the world.

The businesses of the group are managed autonomously, with teams empowered to grow and develop Mainfreight's activities to benefit both our shareholders and our customers.

MAINFREIGHT

DAILY FREIGHT

CHEMCOURIERS

LEP INTERNATIONAL (N.Z.) LTD

EXPRESS ISS LINES

aci AIRFREIGHT CONSOLIDATORS INTERNATIONAL

"There will be little that's normal about the year 2000"

managing director's review

One didn't need any special skills to predict that the year to 31st March 1999 would be challenging. Perhaps more than in any other year we set out to make things happen, to play the game faster and more aggressively in an effort to beat the economic weaknesses in our own country and in the Asian economies.

We had some major successes through the year, particularly in our traditionally strong domestic forwarding, and Logistics in New Zealand, and Lep International in both New Zealand and Australia. We also had some poor performances, notably in Mainfreight International, and Mainfreight Distribution Pty Ltd where continuing adverse events, some of our own making, produced results well down on the previous year.

The after tax profit $6.9M ($7.3M) down by 5.2% on the previous period is, we consider, a strong result considering the difficulties of the year, and masks some notable successes, i.e. domestic operations in New Zealand were $1.4M after tax ahead of last year and newly acquired Lep Australia has been trading profitably since December 1998, even though it has recorded a loss for the full year.

Sales at $286M ($210M) are up $76M - 36% on the previous year. Domestic sales were flat, the inclusion of Lep Australia and ISS Australia increasing revenue by $82M, offset by reduced revenue from Lep New Zealand and Mainfreight International.

Intertraffic TFI Proprietary Ltd

After a year long association with Intertraffic TFI Proprietary Ltd (ISS Express Lines Ltd), we negotiated a purchase of the company effective from 1st October 1998. ISS is an international forwarding company, with branches in Sydney, Melbourne, Brisbane, Adelaide and Perth, with major strengths in seafreight between Australia, USA and Asia.

The purchase of this business represented a departure from our normal acquisitions in that ISS was purchased as a profitable and well managed business, while generally in the past we have acquired businesses which required restructuring to return to profit.

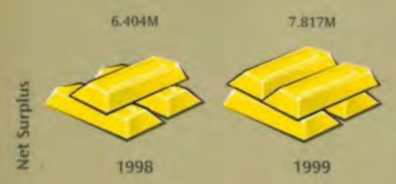
Brisbane Land

During the year we negotiated the purchase of a 1.7 hectare site in Hemmant Brisbane. Within the current financial year, we intend to build a facility that will house the existing branches of Mainfreight Distribution, Lep International and ISS Express Lines, all currently operating from separate rented premises.

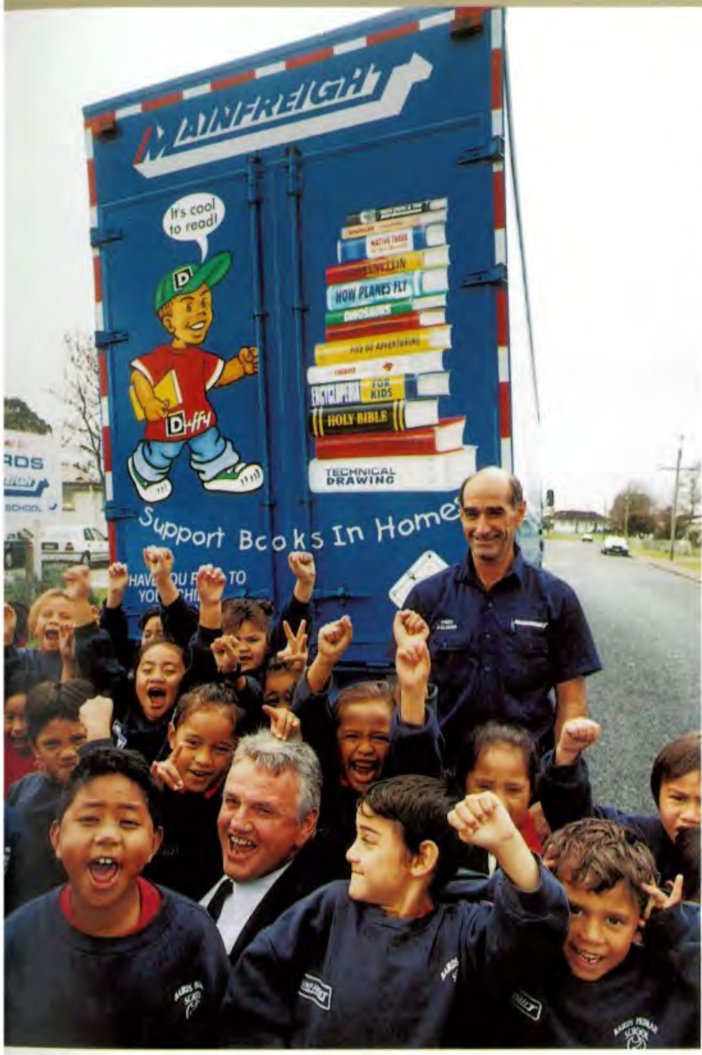
Auckland - Westney Road, Mangere

We have purchased a 5.2 hectare site bordering George Bolt Drive in Mangere. Within the next twelve months we will build a highly visible major facility including 12,000 M2 of warehousing for airfreight and logistics, and up to 2000 M2 of office space.

DOMESTIC OPERATIONS COMPARISON



SALES COMPARISON



We intend to relocate to this site Mainfreight International, Mainfreight Logistics Freight Place, and our Great South Road Administration office, all presently occupying rented premises.

After completion of stage one, sufficient land area remains to build a further 10,000 M2 of warehousing space.

Other Events

One of the worst features of operating in a period of economic recession is that bad events and news tends to outweigh the gains and good news. This year carried more than its fair share of bad news, none more than the deaths of two good friends of Mainfreight, Neil Roberts and Phil Stubbs. Their larger than life personalities and achievements are sorely missed.

The Year Ahead

The appointment of national managers in New Zealand and Australia to take responsibility for the growth, profit and quality of each of the branches in each company in the group is mostly in place and is seen as critical in maintaining stability and profit in our under-performing branches.

The domestic economies of New Zealand and Australia appear stronger than a year ago, and businesses have reasonably adjusted to the effects of low demand from Asia. We are able to look forward to a number of events which create a need for our services; the Sydney Olympics, the Apec Conference, the America's Cup and not least the Millennium celebrations.

All the above suggests a significant improvement in profits from our existing businesses in the year to March 2000. It is however important that we continue to look for opportunities to push beyond the shores of Australia and New Zealand and progressively develop a network of supply chain businesses which we control, in those countries that are our traditional trading partners.

Bruce Plested
30/6/99

review of accountability

In the 1998 Annual Report we spoke of the year ahead as difficult and challenging. In the following page, we compare our earlier statements with actual outcomes.

Managing Director's Review

"1999 will not be a year for the faint-hearted"

We endured a number of set-backs during the year - none more significant than the losses experienced in our established Australia and International businesses. Where management was not up to the task they were replaced.

Forwarding

"we expect margins to come under pressure"

Freight margins were placed under pressure due to lower volumes on certain key routes. Better linehaul mix, coupled with effective cost management resulted in an improved profit on flat revenue.

Warehousing

"we now have the lowest cost method of constructing new facilities"

The growth of managed warehousing and logistics activities continued in 1999. Our ability to gain new business and retain existing accounts relies upon cost-effective warehousing methods. By developing a uniform construction method the result is a lower cost per metre finished building.

Australia

"the drive to operate at higher service levels than our competitors"

The completion of a new facility in Melbourne during 1998 marked a significant change in Mainfreight's Australian profile. A contract to purchase 4.5 acres of land in Brisbane for a further development was signed in December 1998. This leaves only Sydney as the major business centre where Mainfreight will be a lessee of facilities not purpose-built for freight and logistics in 1999.

International

"the emphasis is now upon restructuring"

Mainfreight International and Trade Air Ocean Limited were both adversely affected by business closures and national receiverships in 1998. The loss of two major overseas agencies, coupled with a complete turnover in senior management resulted in this business being rebuilt from an operational level. New management, progressive overseas partners and a clear business focus will see this operation return to profitability in the coming year.

Innovation

"Mainfreight has a low-risk approach towards both new acquisitions and internal projects"

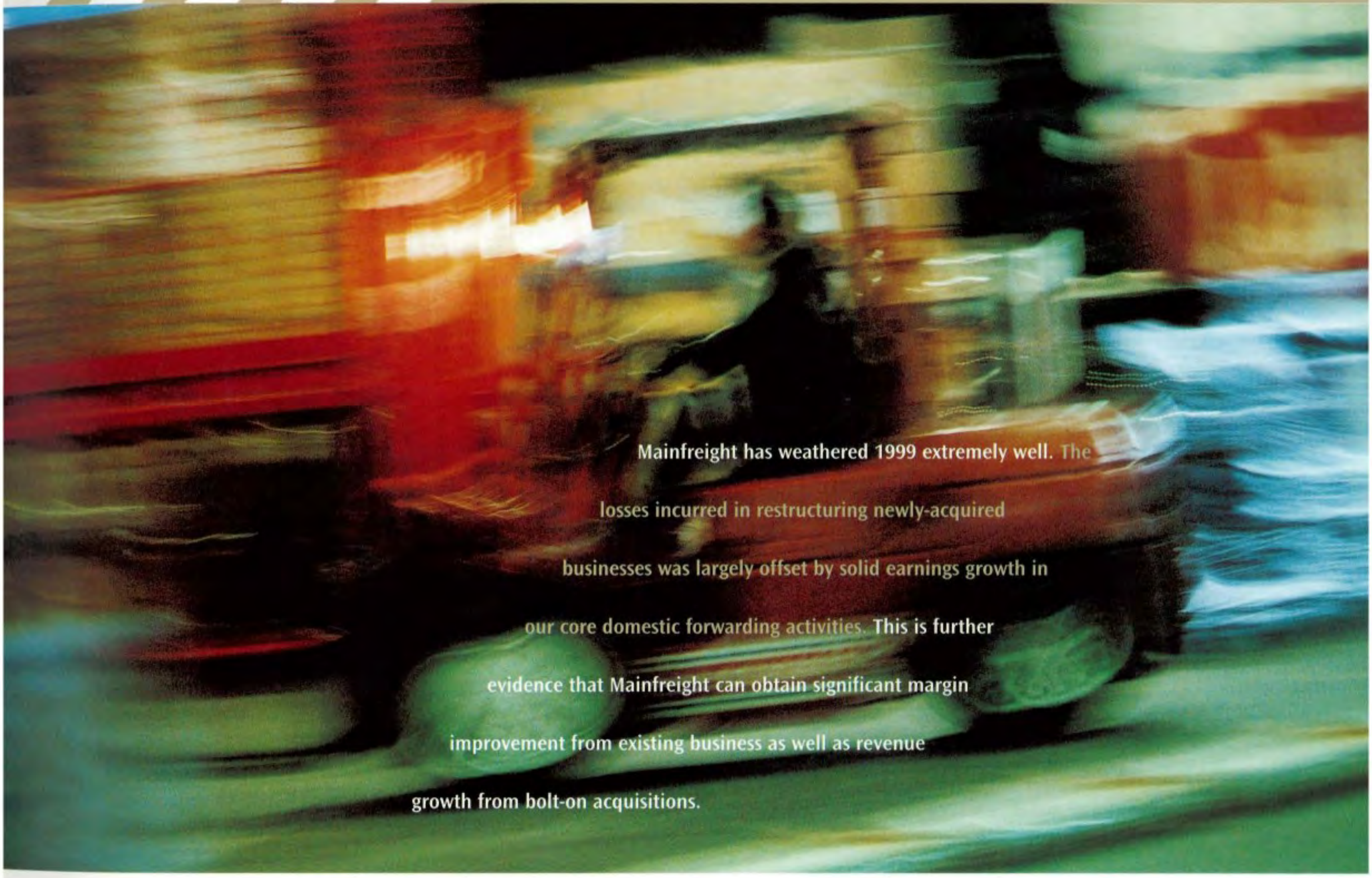
In reviewing both recent acquisitions and internal projects, no single deal or undertaking exposes more than 10% of the company's equity. In addition, management look for a minimum internal rate of return of 33%, or a 3 year pay-back on the transactions entered in to.

Lep Australia

"By March 1999 we expect this subsidiary to be trading profitably"

Lep Australia made its first trading profit in December 1998. It has been trading profitably since this date and will continue to provide a solid and growing income stream for the Group.

"long term assets are not manufactured with short term horizons"



Mainfreight has weathered 1999 extremely well. The losses incurred in restructuring newly-acquired businesses was largely offset by solid earnings growth in our core domestic forwarding activities. This is further evidence that Mainfreight can obtain significant margin improvement from existing business as well as revenue growth from bolt-on acquisitions.

Information Technology

"Mainfreight is committed to being Year 2000 compliant by the end of 1998."

In most respects this target was met. The areas where y2k compliance is yet to occur relates mainly to external suppliers, with most proprietory software and company platforms already compliant.

Strategy for 1999

"We expect to further develop Mainfreight's trans-Tasman linkages"

On 1 October 1998 we acquired Intertraffic TFI PTY, whose principal subsidiary, ISS Express Lines operates as a significant player on trans-Tasman, USA and Asian seafreight trades. ISS Express Lines adds considerable strength to Mainfreight International's agency network.

"a continuation in the trend towards warehouse out-sourcing"

A number of existing clients sought proposals from Mainfreight to manage their full logistics. In addition, a number of tenders from manufacturers and importers were replied to.

"The millennium year will see some significant one-off gains"

forwarding division commentary

The Group domestic forwarding business comprise the Mainfreight, Daily Freight , and Chemcouriers brands. Specialised businesses operate under generic brands - such as "Relocations" for household and commercial removals and "FTL" for Full Truck-Load consignments.

Domestic forwarding operations contributed revenue of \$108.5m, an increase of \$1.0m over the 1998 year. Earnings before interest and tax was \$11.6m, up 25% on last year. In the flat economic environment this result was achieved through a significant improvement in provincial branches that made poor returns in 1998. Strong contributions continued to be recorded by our metropolitan branches.

The focus throughout the 1999 year was to ensure that loss-making operations were either managed in to profitability or restructured to minimise the effect of macro-economic factors, such as the Asian Crisis and the East Coast drought.

Mainfreight's resolve to increase returns and activities in the New Zealand market continue to be realised. Throughout the year the Group's regional businesses increased their profiles and services in their immediate regions and beyond. In the South Island Mainfreight has expanded the branch network to include Central Otago. In the North Island more destinations are being serviced directly than ever before.

The Mainfreight FTL division has increased in size and has now developed in to the South Island. New equipment that allows greater flexibility and cost effectiveness has been introduced. This has enabled Mainfreight via its owner-drivers to become a serious contender in the bulk cartage market.

In the major centres of Auckland, Wellington and Christchurch, Mainfreight's Metro and Wharf Cartage businesses have been growing substantially. Continuing opportunities are available in these markets as the Group presence in supply chain integration grows.

Along with increasing our activity in supply chain integration, Mainfreight has also established a new consultancy service which helps corporate organisations create 'single-supplier' solutions.

Mainfreight currently provides this consultancy service to a number of large potential customers. This has required extensive multi-skilling of our people across the Domestic, International and Logistics divisions and more resource will be committed to meet the growth potential of this service in the coming year.

As we better understand our customers' supply chains, we are seeing a greater depth of opportunity. One of these is "reverse logistics", or the return of damaged or unwanted product to suppliers. Mainfreight has established new telephony to improve current services for these product returns with additional revenue accruing as a result.

Improved and faster services remain a priority, particularly in the area of inter-island transits. With the introduction of new and improved linehaul modes, the speed of the Mainfreight network is increasing. Examples of overnight freight services from Wellington to Dunedin and Invercargill are clear measures of the constant improvement demanded by our customers.

Mainfreight's commitment to quality and an improved provincial network has seen the damages claims ratio further decrease. This has only occurred through better operations and more commitment from our people. Cost control has further reduced overheads by \$1.0m per annum. The year ahead will see an ongoing effort at overhead cost control and the

management of linehaul rate structures. New competition in the coastal shipping market is expected to add to downward pressure in inter-island transport charges.

Mainfreight's network and service range is larger and more comprehensive than ever before. This should enable the Forwarding division to capitalise on the improving domestic economy and the opportunities provided in the Millennium year.

Managing the supply chain

Increasingly, large manufacturers are seeking integration in their supply chain and this is an area of rapid development for Mainfreight. The process involves working the best, most integrated solution for co-ordinating the flow of raw materials into a plant and finished product out.

The supply chain of Carter Holt Harvey's Wood Products plant at Ashley Christchurch in managed in this way by Mainfreight. Through an on-site depot, Mainfreight controls the flow of all goods for import, export and the domestic market including the transport of hundreds of thousands of tonnes of finished product a year.

Supply chain solutions such as this provide clients with significant streamlining and cost-efficiencies while also consistently feeding Mainfreight's domestic and international networks.

Balancing the freight flow in the Deep South

Chem Couriers is a freight forwarding company licensed to transport dangerous goods throughout the country. Its linehaul units are customised to accommodate and safely transport palletised and cartoned consignments of chemicals around the country.

The problem: In the South Island, high-value linehaul units were transporting dangerous goods into Dunedin and Invercargill but - because low volumes of general freight are produced in this region - they were returning to Christchurch under-utilised.

Mainfreight's solution: Look for and exploit other freight opportunities in the region. For example the potential in bulk hauling product such as firewood and bark back to Christchurch was identified and - by building customised 'tipping' trailer units - the Chem Couriers trucks now have a highly profitable two-way balance of freight.

In 1998 this move saw Mainfreight diversify into a new area of freight forwarding and establish the Mainfreight Bulk Division. In a short time this division has created significant returns. Mainfreight continues to aggressively expanding the market and in April and May alone, built and added five new tipping units to the area.

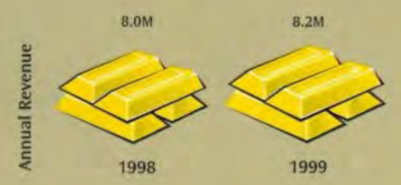
"In a dormant market, our team has demonstrated the ability to adapt to market conditions and aggressively seek and maximise the return on investment."

MAINFREIGHT

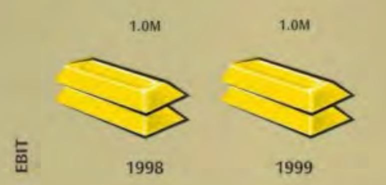
DAILY FREIGHT

CHEMCOURIERS

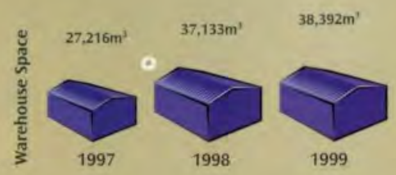
REVENUE COMPARISON



EBIT COMPARISON



GROWTH IN MAINFREIGHT'S WAREHOUSING FACILITIES



logistics division commentary

The Group's Logistics business comprises the bulk and managed warehousing activities conducted under the Mainfreight brand.

During 1999 the division's name was changed from "Warehousing and Distribution" to Logistics. The name change was made to reflect the range of activities undertaken by the division and the inherent flexibility towards assisting customers needs in procurement and fulfilment.

Orlando Wines Freight Place

Orlando Wyndham produces its premium wines in South Australia. In 1996 Orlando addressed the high cost of using a liquor distributor and sought an organisation which could import, unpack, warehouse and nationally distribute their wines.

Today, Mainfreight's Freight Place facility provides Orlando with a low-cost and efficient means of distributing their product throughout New Zealand.

Revenue from the Logistics Division was $8.2m, compared to $8.0 in 1998. Earnings before interest and tax was $1.0m, steady with last year.

The business underwent significant change during the year under review.

Our newly developed 100,000 ft sq facility in Auckland allowed this division to grow substantially. This has allowed the consolidation of three Auckland sites to two. Within eight months of opening, occupancy at the new Auckland facility was 100 percent. The Wellington operations were greatly improved during the year, with a good mix of long-term contracts and lucrative short-term business.

Christchurch facilities were fully utilised. Throughput in the dedicated stores for Firestone and Carter Holt Harvey reflected the economic slow-down of the Asian Crisis. Revenues from both general warehousing and dangerous goods storage experienced incremental growth. The Dunedin facility was fully utilised and external storage was sought to meet seasonal peak demand.

Logistics tenders were an integral part of the second half of the year and showed that more New Zealand companies are seriously considering outsourcing their warehousing functions. Extension of existing contracts resulted in solid results for the division.

The development and implementation of a proprietary soft-warehouse package was a highlight of the year under review. Dubbed "MIMS" for Mainfreight Information Management System, this package has enabled a higher level of key statistical indicators to be developed for internal management and customer reporting.

Australia division commentary

The Group operates domestic freight forwarding, container freight station and warehouse services under the Mainfreight Distribution banner in Australia.

Australian operations contributed $10.3m in revenues, up $2.5m from the 1998 year. Earnings before interest and tax was a loss ($887,000), compared to a profit of $128,000 last year.

Mainfreight Distribution suffered from a number of external one-off costs during the year under review. The wharf strikes of April and May 1998 impacted heavily upon the revenue for the first quarter of the year. This was quickly followed by the full impact of the Asian Crisis which saw fewer export goods from Australia to Asian nations.

An increase in rental costs, reflecting high real estate prices in Sydney and the cost of new premises in Melbourne further impacted upon the overall profitability of the business. The decision to exit 2 senior managers mid-year resulted in severance costs and the inevitable dislocation that occurs when branch management structures are altered.

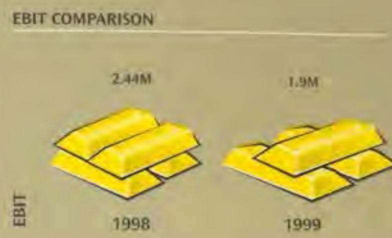
A drive to improve operational quality saw Mainfreight Distribution commit to fixed interstate transport services. This is a positive long-term move, yet has a higher cost basis than the "on demand" movement that has historically been employed.

The flow-on revenues from International Division acquisitions - ISS Express Lines and Lep Australia have been positive for Mainfreight Distribution. The move to provide container packing and unpacking services has resulted in better equipment and facilities utilisation.

During the 1999 year the customer base of Road City, a small interstate transport company was acquired for A$100,000. The business is expected to provide revenues of A$1.8m, with no equipment or other capital costs.

The progress made in re-building team morale and developing quality in Mainfreight Distribution during 1999 is not immediately apparent in the results to year end. A more dedicated management resource has been applied to the problem of taking this fledgling business from a receiving point for trans-Tasman freight and making it an Australian transport service provider.

MAINFREIGHT DISTRIBUTION (PTY) LTD



international division commentary

As multi-national freight forwarders we work with common-branded offices and partners worldwide and share in operating procedures and information technology platforms. The Group's exposure to this business activity comes from Lep International and its global partner, GeoLogistics.

The other business stream is that of the agency forwarder which relies upon a disparate and independent collection of companies to provide overseas freight connections. Mainfreight's exposure to this business activity is via Mainfreight International and ISS Express Lines.

> "the results of our 12 months of investment will mature in 2000"

Revenue from the International division was $171m, up from $92m in 1998. The effect of recent acquisitions contributed $88m to the 1999 result. Earnings before interest and tax were $1.9m, down 22% on last year. Excluding 1999 acquisitions, EBIT decreased 48%.

ALAN BAKER - Sales Manager, Lep International, Victoria.

"When we make a sales call, we're not just Lep International. With the high cost of sales visits (which on average last 30 or 40 minutes), we are conscious of maximising every minute available. Call it return on investment.

We leverage off Lep International to sell the Mainfreight Group as a coherent and integrated package of services. Since Mainfreight purchased Lep in March 1998, this approach has generated some interesting new business and further business opportunities.

For example, I can think of around 10 organisations nationally which were historically Lep International customers. Through presenting and selling the Mainfreight Group's portfolio of services, they now use almost every one of our companies in some capacity or another.

Now, with our diverse mix of local and international services, I believe there's nothing an international shipper could want that the Mainfreight Group doesn't have the ability to provide."

The decision to purchase Lep Australia in April 1998 was based upon our knowledge and experience in quickly creating profits from loss-making businesses. However the immediate effect was a continuation of losses while the turn-around was completed. In total Lep Australia contributed $388,000 of losses to the 1999 result. The results since December 1998 have been positive and bode well for the 2000 financial year.

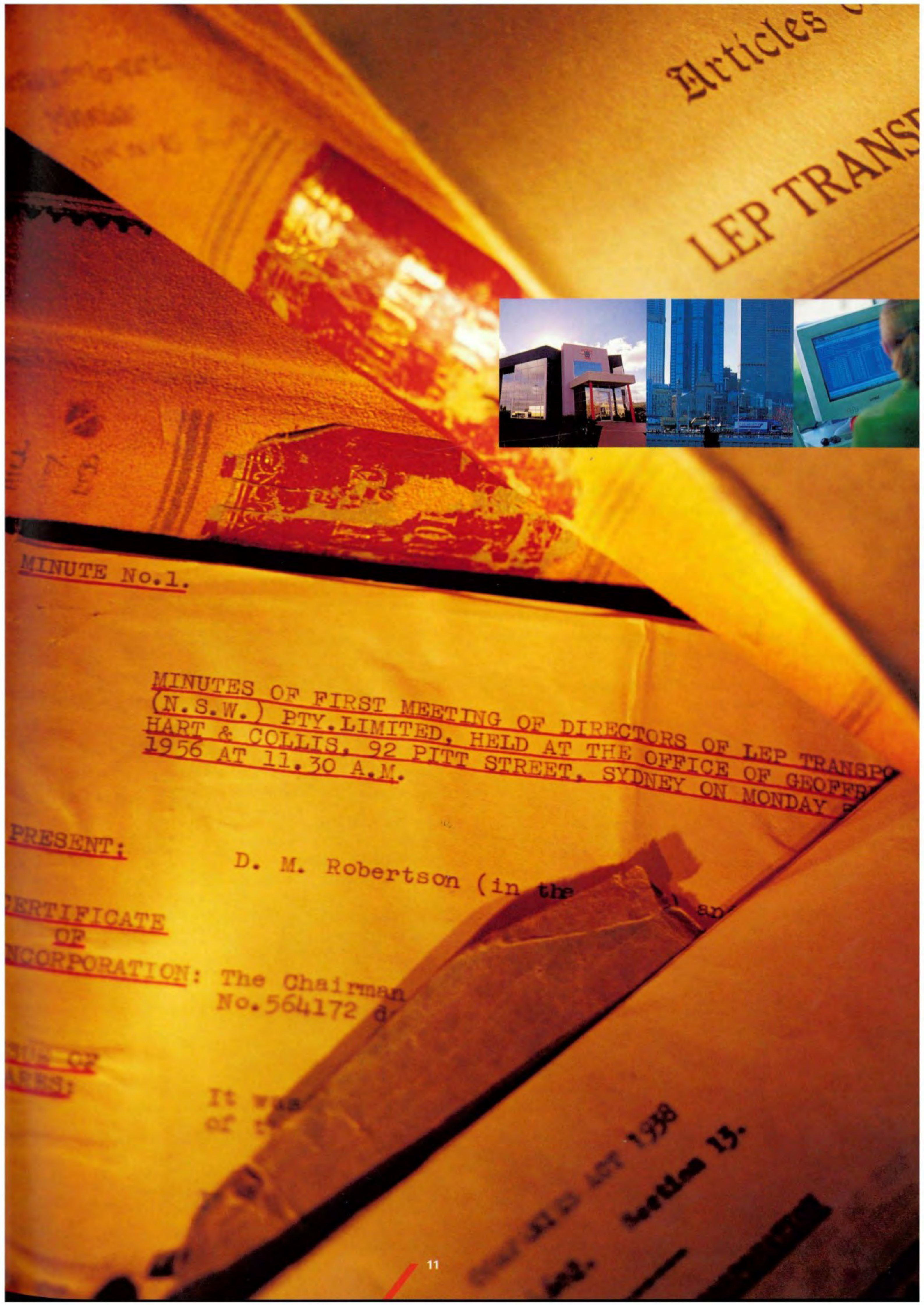
Lep New Zealand underwent a change in its business base during 1999. The flow-on effect of several account losses impacted upon the Auckland branch profitability. However, this was largely offset by better results in the southern cities. The economic slow-down and Asian Crisis resulted in fewer exports and lower revenues. The overall effect was a $0.2m reduction in net surplus compared to the 1998 year.

Mainfreight International continued to re-build during 1999, following the set-backs of national receiverships in the Levenes and Dress-for-Less chains. Lower stock numbers also reduced the export programmes in place with several meat export clients. The decision to rebuild the company's business base followed a change in management personnel and the loss of several overseas agents. Moves to secure new business have seen profit returning to the weekly reports.

ISS Express Lines

The acquisition of ISS Express Lines in October 1998 was a strategic purchase for the Group. Whereas previous purchases were exemplified in their low cost and loss-making credentials, ISS Express Lines was purchased for its stable earnings and proactive management. The blending of ISS Express Lines in to the Mainfreight agency network has been immediately beneficial, with a rationalisation of computer systems, administration functions and rented facilities.

The year ahead shows considerable promise. Both Lep New Zealand and Mainfreight International have gained substantial new accounts that will flow-on to improved profitability. Lep Australia continues to improve in both operating margins and new sales growth - without the hindrance of expensive restructuring costs incurred in the 1999 year. ISS Express Lines has embarked upon several new market initiatives that are small yet growing rapidly. Overall, the International division expects a buoyant millennium year.


Articles
LEP TRANS
MINUTE No.1.
MINUTES OF FIRST MEETING OF DIRECTORS OF LEP TRANSP
(N.S.W.) PTY.LIMITED, HELD AT THE OFFICE OF GEOFFR
HART & COLLIS, 92 PITT STREET, SYDNEY ON MONDAY
1956 AT 11.30 A.M.
PRESENT:
D. M. Robertson (in the
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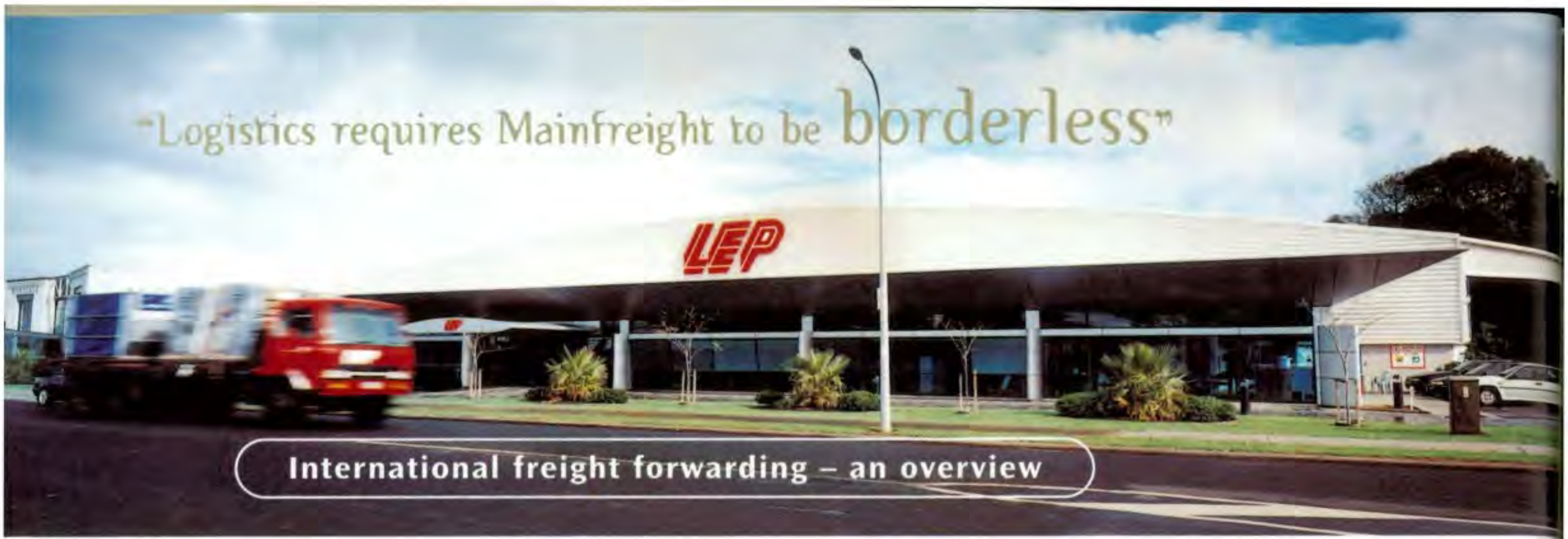
OF
NCORPORATION: The Chairman
No.564172
Section 15.



"Logistics requires Mainfreight to be borderless"

International freight forwarding – an overview

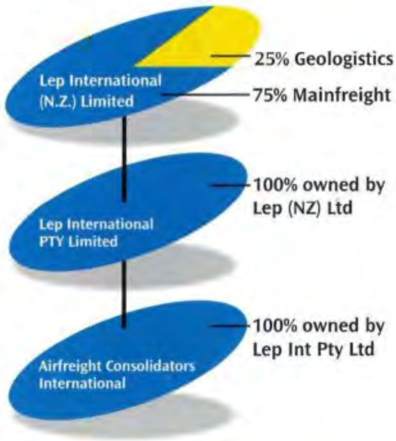
Through its global network of subsidiaries, partners and agencies, the Mainfreight Group continues to expand its multinational freight forwarding operation. This network operates through two distinct types of business.

Global partners Lep and Geologistics

The purchase of Lep Australia in 1998 enabled the Mainfreight Group to significantly increase its activity in multinational freight forwarder while also forging a new partnership with Lep Australia's former parent company, Geologistics.

The association with Lep and Geologistics provides Mainfreight with a global network of partners. This partnership delivers two critical elements which create a homogeneous international freight forwarding product: uniformity of processes and procedures; and consistency of quality and delivery.

The operational and ownership base of Lep Australia and New Zealand



The relationship with agencies

In some areas, an efficient network of international freight forwarding agencies can compete effectively with a multinational freight forwarder - and provide the flexibility to adapt to changing trading patterns and business growth.

Over the past years Mainfreight has developed relationships with a network of many such agencies around the world - most of which are owner-operated. This typically involves a great deal of ongoing contact to establish and maintain trust with long distance partners. In addition to providing reliable and competitive service, these relationships also generate a level of reciprocal business.

Because few of these agencies share a common information technology platform, they rely instead on personal contact, trust and niche industry knowledge to maintain a business profile.

One such example is ISS Express Lines which was established in 1989. With a Taiwanese-based equity partner, this company quickly developed a strong import seafreight niche from Asia. Expansion in to the USA trade resulted in the need to develop a strong North American agency partner. CaroTrans, now owned by a management/investor group has proved to be an ideal partner.

JOHN HEPWORTH - Managing Director, Mainfreight International and ISS Express Lines

John Hepworth spends around 160 nights 'on the road' visiting the Mainfreight group's partners and clients and developing new opportunities for international business around the world.

"My role is to set up and maintain strategic alliances with like-minded partners in other markets. These partnerships are extremely valuable for two reasons. Firstly, they make up a global network we can trust with our customers' freight in other countries. And secondly, they generate huge volumes of inbound cargo which feeds our own group of operations in Australia and New Zealand - from packing and unpacking containers right through to warehousing, distribution and transport.

These partnerships have generated around $3 million in revenue for the Group in the past year - and there's still plenty more scope for development both here and in other markets".

MAINFREIGHT INTERNATIONAL LTD

LEP INTERNATIONAL (N.Z.) LTD

EXPRESS ISS LINES

aci AIRFREIGHT CONSOLIDATORS INTERNATIONAL

Y2000 report

State of readiness

A Year 2000 Committee including a director and senior management of Mainfreight was established in early 1998. A project director was appointed with risks to the business being identified and assessed.

All internal equipment and systems were catalogued, assessed, categorised and prioritised. This included communications, computer networks, personal computers and software as well as MISSION CRITICAL items such as main computer systems. Testing of all systems was completed in March 1999 with all MISSION CRITICAL items being compliant. External product and service providers were identified, listed and assessed. Compliance statements have been obtained from all suppliers identified as critical.

Costs of Y2K Readiness

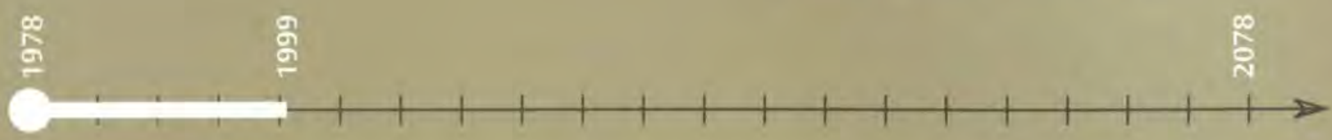
Direct costs of compliance were below $50,000, excluding management time. This cost was minimal, as the Group's ongoing policy of upgrading personal computers and mainframe systems has helped ensure compliance.

Y2K Risks

While every effort has been made that the Group is prepared for Y2K, it must rely on the information it receives from its suppliers and business partners. The Group is therefore unable to give assurance that the failure by any such third party will not have an adverse effect on the business.

Contingencies

Contingency procedures have been established at all Group facilities, including main computer sites, in the event of critical supplier systems failure. The contingency plans are designed to minimise both the operational and financial impacts of Y2000 issues for the period to 30th June 2000, after which the Group will rely on its normal business continuity plans.



"we continue to build a 100 year company"

strategy for 2000 and beyond

Mainfreight continues to develop and refine its business strategy. However, common themes have remained consistent over the last three years.

One Market Trans-Tasman. Following the March 1998 purchase of Lep Australia, Mainfreight purchased ISS Express Lines in October 1998. To reinforce these purchases, three senior managers have now relocated to Australia. In 2000 we expect to undertake several substantial transactions that further add to our ability to leverage off a solid position in the New Zealand and Australian freight and logistics markets.

"The group continues to leverage off our solid position in the New Zealand and Australian logistics market"

Managed Warehousing and Facilities Management. The trend identified in Mainfreight 's 1996 listing prospectus continues unabated - more companies are recognising that excessive inventory property and warehouse costs are easily eliminated through the out-sourcing of logistics. In 2000 we will continue to market and tender for new logistics business. The building of more specialised warehousing facilities is planned.

Education and Recruitment. The drive to add to Mainfreight's graduate programme continues. In 2000 we expect to add a further 10 university graduates to the team. While attrition rates remain an issue, we remain committed to bringing in new talent to join the existing pool of logistics and freight professionals.

International Growth. Opportunities currently exist for the Group to expand its door-to-door logistics capabilities into northern-hemisphere markets. In 2000 we will further investigate these possibilities in a prudent and low-risk manner.

Increased Capex on Technology. With competitors now closing the gap on Mainfreight's 1992 vintage track and trace technology, it is time to make another quantum leap. The long term goal is to have an integrated IT platform across the Group's various and newly-acquired activities. In 2000 we will commit more resource to developing customer-interfaced IT and communications solutions. This will greatly assist our position as leader in supply chain logistics.

DEBI CUNNEEN - Human Resources team member.

Debi began with Mainfreight as a ratings clerk in 1992. Both her parents are also members of the Mainfreight team.

"In the freight and logistics industry it's the people that are critical to delivering exceptional service. As a trainer I believe it's my job to it give our team the confidence, the passion and the skills they need to be consistently better than any of our competitors.

It's essential that the team understands the expectations the company and our clients have of them, and I am very conscious of the importance of getting the right message to them"

SCM SIT

Supply Chain Management
Means
Superior Information Technology

information technology

As the Group continues to expand, the importance of information technology grows. As many of our individual businesses are complementary and have common customers the ability to electronically communicate is vital. Investment in the most effective communication networks available improves the service we provide to our customers and assists in maintaining the competitive edge we currently enjoy.

1999 Implementation Programme

During the year a number of projects were successfully completed and implemented.

MIMS - Mainfreight Inventory Management System. This provides for greatly improved data control with effective customer performance information.

DATAFREIGHT 2000 - An international freight forwarding system that enables greater accuracy in tracking freight movements and controlling job costs.

CODA - A general ledger and debtors system that provides greater billing flexibility for international freight forwarding customers and improved information management.

FREMAN 32 - Mainfreight's customer-driven freight management system has been upgraded to allow greater information availability for our existing customers.

INTRANET - Enables management information to be more readily accessible.

In conjunction with these projects the Group invested in new computer hardware that allows for continued future growth while providing greater resilience to system failures.

Ongoing Development

During 2000, the following projects will be further developed.

MAINFREIGHT HOST - A domestic freight forwarding system for both New Zealand and Australia. Implementation on a module-by-module basis is scheduled for completion in March 2000.

ON ACCOUNT - A general ledger and debtors system that provides greater billing flexibility for domestic freight forwarding customers and improved management information.

XTRANET - A communications system that enables customers to securely access information specific to their freight and logistics housed on Mainfreight's intranet database.

"we invested heavily in management resource to build in 1999"

director's report

The Directors are pleased to report this fourth published annual report of Mainfreight Limited.

Activities

There were no changes during the year in the principal activities of the Group as supplier of freight and logistics services to customers in New Zealand and Australia.

Financial Result

Consolidated sales for the year were $286.3m, up on the previous year by $76.0m (36.3%). Acquisitions contributed $82.0m. The net surplus after tax (before minorities) decreased by 5.2%, from $7.3m to $6.9m. The result included restructuring costs of $0.409m after tax and an amortisation of goodwill increase on last year of $0.405m. The result was satisfactory, given the effects of the Asian Crisis on both the New Zealand and Australian economies. The Australian wharf strike and the East Coast drought further provided negative macro-economic conditions for your company. Comparisons to the 1998 result are set out in the Statistics section, page 33 of the Annual Report.

Financial Position

The Directors fully investigated the possibility of writing off all goodwill in this financial year as they firmly believe the ongoing amortisation of that goodwill creates a distorted financial position. However, Generally Accepted Accounting Principals (GAAP) preclude this course of action and accordingly, goodwill has been amortised in line with previous years' policy over 10 years.

The Group has maintained a strong financial position, with shareholders' equity of $44.9m, funding 43.0% of total assets. Earnings cover net interest on debt eleven times. Net cash inflow from operations was $6.1m. Unsatisfactory debtor collections in the fourth quarter are currently being addressed. Acquisition purchases of $3.8m and net property and plant purchases of $7.7m resulted in net cash outflows from investing activities of $12.5m. Net cash inflows from financing activities was $6.1m as a result of increased term borrowing.

Dividend

An interim dividend of 2.5 cents per share was paid on 11 December 1998, fully imputed. A supplementary dividend of 0.44 cents per share was paid to non-resident shareholders with the interim dividend. A fully imputed final dividend of 3.0 cents per share, payable on 9 July 1999, is proposed together with a supplementary dividend of 0.53 cents per share for non-resident shareholders.

Statutory Information

Additional information is set out on pages 34 to 35 including directors' interests as required by the Companies Act 1993.

Directors

Mr B.G. Plested and Mr N.L. Graham retire by rotation and are available for re-election. The directors are pleased to make the recommendation and nomination of Christopher Dunphy and Donald Braid as new directors of your company.

Don has worked extensively in the transport industry in the areas of general management, operations and marketing. In November 1995 Don was appointed General Manager of our Forwarding Division. Prior to joining Mainfreight, Don spent 15 years with the Freightways Group.

Don Rowlands - Chairman and Don Braid - Forwarding General Manager

Bruce Plested - Managing Director and Chris Dunphy - International General Manager

Carl Howard-Smith - Director and Kevin Drinkwater - Logistics General Manager

Chris joined Mainfreight in 1993 in charge of marketing and strategy. Since this time he has been instrumental in our acquisition program and more recently in the growth of our international forwarding businesses. Prior to joining Mainfreight, Chris spent 6 years in merchant banking specialising in transportation and related transactions.

Audit

The Company's auditors, Arthur Andersen, will continue in office in accordance with the Companies Act 1993. The Company has a formally constituted Audit Committee.

NZSE Censure

The purchase of Intertraffic-TFI Ltd was settled on 1st October 1998 with payment effected on 19th November 1998. Negotiations had been under-way for some 3 months prior to settlement. One million shares in Mainfreight Ltd had been purchased by Mainfreight Ltd on 31 July 1998 (for $1.20 each) in contemplation of settlement. The consideration for the purchase of Intertraffic was A$2.725m, A$1.725m in cash and the balance in Mainfreight Ltd shares. The one million shares were transferred to Intertraffic shareholders at $1.20 each. In purchasing its own shares, Mainfreight Ltd breached NZSE listing rules 7.6.2 in that it did not give prior notice to the market in terms of that Rule. In addition, Mainfreight Ltd breached listing Rule 7.12.1 by not supplying details to the Exchange of the acquisition of shares in terms of that Rule. Upon learning of these breaches in early November, 1998, the Managing Director of Mainfreight Ltd informed the Mainfreight Board. Mainfreight's solicitor was then instructed to advise the NZSE which was done on December 2, 1998. The Market Surveillance Panel view the breaches of Listing Rules 7.6.2 and 7.12.1 with concern and censured Mainfreight Ltd accordingly with costs of $915.50. However, the Board of Mainfreight Ltd recognises that the breaches occurred through an innocent misunderstanding.

Reporting and Communications

Mainfreight continues to support high levels of public company disclosure. Quarterly reporting is extremely effective in communicating the Group's affairs to shareholders, the Stock Exchange, regulatory bodies and the media. The first quarter result to 30 June 1999 will be released on 19 August 1999.

Outlook

The Directors are satisfied with the direction and development of the Group. The millennium year should see Mainfreight reap the benefits from the investments of the past two years.

For and on behalf of the Board

30 June 1999

Don Rowlands, Chairman

Carl Howard-Smith, Director

The Hon. Richard Prebble - Director and Tim Williams - Group Financial Controller

John Fernyhough - Director and Mark Newman - Daily Freight Auckland Branch Manager

Neil Graham - Director and Craig Evans - Business Development Manager

financial contents

Statement of Financial Performance for the Year Ended 31st March 1999

		Group		Parent	
		1999	1998	1999	1998
	Notes	$000	$000	$000	$000
Operating Revenue		286,321	210,322	86,868	84,419
Surplus Before Amortisation and Taxation for the Year	2	12,059	12,094	10,223	8,671
Amortisation Expense	8	905	455	–	–
Surplus Before Taxation for the Year		11,154	11,639	10,223	8,671
Income Tax Expense	4	4,083	4,035	2,699	2,270
Surplus After Taxation for the Year		7,071	7,604	7,524	6,401
Minority Interest in Profits of Subsidiaries		(189)	(346)	–	–
NET AND OPERATING SURPLUS FOR THE YEAR		6,882	7,258	7,524	6,401

Statement of Movements in Equity for the Year Ended 31st March 1999

Equity at the Beginning of the Year	42,367	24,097	39,433	21,422
Net Surplus for the Year	6,882	7,258	7,524	6,401
Foreign Currency Translation Reserve	(2)	108	–	–
Total Recognised Revenues and Expenses for the Year	6,880	7,366	7,524	6,401
Contributions from Owners (Rights Issue and ESOP)	–	15,581	–	15,581
Movements in Minority Interest during the Year	427	(706)	–	–
Supplementary Dividends	(16)	(13)	(16)	(13)
Dividends Paid and Proposed	(3,976)	(3,971)	(3,976)	(3,971)
Foreign Investor Tax Credit	16	13	16	13
EQUITY AT THE END OF THE YEAR	45,698	42,367	42,981	39,433

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position as at 31st March 1999

		Group		Parent	
		1999	1998	1999	1998
	Notes	$000	$000	$000	$000
Shareholders' Equity					
Share Capital	3	34,961	34,961	34,961	34,961
Accumulated Surplus		9,968	7,064	8,020	4,472
Shareholders' Equity		44,929	42,025	42,981	39,433
Minority Interest		769	342	–	–
TOTAL EQUITY		45,698	42,367	42,981	39,433
Non-current Liabilities					
Bank Term Loan	5	23,420	12,462	23,420	12,462
Finance Lease Liability	6	166	–	–	–
		23,586	12,462	23,420	12,462
Current Liabilities					
Bank Overdraft		1,707	901	–	64
Commercial Bills		2,247	–	–	–
Intercompany Advances	16	–	–	3,880	3,380
Creditors & Accruals		25,138	28,843	6,584	7,595
Intercompany Creditors	16	–	–	72	337
Employee Entitlements		3,933	3,035	1,536	1,325
Provision for Taxation		–	–	176	–
Provision for Dividend		2,169	2,169	2,169	2,169
Finance Lease Liability	6	97	46	–	–
		35,291	34,994	14,417	14,870
TOTAL LIABILITIES AND EQUITY		104,575	89,823	80,818	66,765
Non-current Assets					
Fixed Assets	7	51,964	47,828	41,377	38,468
Goodwill	8	10,256	6,495	–	–
Investments in Subsidiaries	10	–	–	16,187	12,933
Deferred Tax Asset	4	917	515	344	114
Current Assets					
Bank		–	–	704	–
Short Term Deposits		2,000	1,500	–	–
Intercompany Advances	16	–	–	6,466	2,717
Trade Debtors		35,545	31,559	10,836	8,192
Intercompany Debtors	16	–	–	1,825	1,190
Tax Paid in Advance		52	208	–	189
Dividend Receivable		–	–	–	1,500
Other Debtors		2,516	1,288	2,806	1,027
Loan to Subsidiary Directors		1,054	–	–	–
Employee Share Purchase	9	271	430	273	435
		41,379	34,985	22,910	15,250
TOTAL ASSETS		104,575	89,823	80,818	66,765

For and on behalf of the Board

Dated 30 June 1999 D. D. Rowlands CBE, Chairman C. G. O. Howard-Smith, Director

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the Year Ended 31st March 1999

	Notes	Group 1999 $000	Group 1998 $000	Parent 1999 $000	Parent 1998 $000
Cash Flows From Operating Activities					
Cash was provided from:					
Receipts from Customers		289,091	211,456	84,776	85,023
Interest Received		141	144	263	134
Dividend Received		–	–	3,500	1,764
		289,232	211,600	88,539	86,921
Cash was dispersed to:					
Payments to Suppliers and Employees		(277,354)	(194,073)	(77,071)	(75,006)
Interest Paid		(1,409)	(926)	(1,327)	(1,068)
Income and Other Taxes Paid		(4,331)	(4,287)	(2,564)	(2,377)
		(283,094)	(199,286)	(80,962)	(78,451)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	6,138	12,314	7,577	8,470
Cash Flows From Investing Activities					
Cash was provided from:					
Proceeds from Sale of Assets		1,761	2,240	1,359	1,958
Repayments by Employees and Contractors		49	38	49	37
		1,810	2,278	1,408	1,995
Cash was applied to :					
Purchase of Fixed Assets		(9,427)	(15,641)	(7,090)	(14,741)
Advances to Employees and Contractors		(1,094)	(54)	(1,097)	(47)
Bank Overdraft from Acquisitions		(388)	(2,513)	–	–
Purchase of Shares		(3,425)	(2,749)	(3,253)	(2,649)
		(14,334)	(20,957)	(11,440)	(17,437)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(12,524)	(18,679)	(10,032)	(15,442)
Cash Flows From Financing Activities					
Cash was provided from:					
Proceeds of Term Loan		10,913	–	10,959	–
Advances from Subsidiary Companies		–	–	924	2,635
Employee Share Scheme	9	159	177	161	172
Proceed of Rights Issue		–	15,392	–	15,392
		11,072	15,569	12,044	18,199
Cash was applied to:					
Dividends Paid to Shareholders		(3,976)	(3,595)	(3,976)	(3,595)
Dividends Paid to Minority Interest Shareholder		–	(264)	–	–
Repayment of Term Loans		(1,016)	(5,506)	(672)	(3,861)
Advances to Subsidiary Companies		–	–	(4,173)	(2,158)
		(4,992)	(9,365)	(8,821)	(9,614)
NET CASH FLOWS FROM FINANCING ACTIVITIES		6,080	6,204	3,223	8,585
NET (DECREASE) INCREASE IN CASH HELD		(306)	(161)	768	1,613
ADD OPENING CASH BROUGHT FORWARD		599	760	(64)	(1,677)
ENDING CASH CARRIED FORWARD		293	599	704	(64)
Comprised					
Short Term Deposits		2,000	1,500	–	–
Bank		(1,707)	(901)	704	(64)
		293	599	704	(64)

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1 Statement of Accounting Policies

The reporting entity is Mainfreight Limited. These financial statements have been prepared under the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The measurement base adopted is that of historical cost.

(i) Revenue

Revenue shown in the Statement of Financial Performance comprises all amounts received and receivable by the Group for services supplied to customers in the ordinary course of business. This includes revenue for all contracted deliveries for which the goods have been collected from the customer. Revenue is stated exclusive of goods and services tax.

(ii) Principles of Consolidation

The Consolidated Financial Statements are prepared from the audited Financial Statements of the Parent Company and its subsidiaries. All significant balances and transactions between Group Companies are eliminated on consolidation using the purchase method. Where subsidiaries are acquired during the year, their results are included only from the date of acquisition, while for subsidiaries disposed of during the year, their results are included to the date of disposal.

(iii) Fixed Assets

All fixed assets are recorded at cost.

(iv) Depreciation

Depreciation is provided using the straight line method at rates calculated to allocate the assets' cost, less estimated residual value, over their estimated useful lives. Rates are determined generally on the basis of tax legislation.

Major depreciation rates are :	per annum
• Buildings	3%
• Leasehold Improvements	10% or life of lease
• Furniture & Fittings	10% to 20%
• Motor Cars	18%
• Plant & Equipment	10% to 25%
• Computer Hardware	28% to 36%
• Computer Software	20% to 36%

In the current year the company has changed from the diminishing value depreciation method to straight line. This has been done to more accurately reflect the useful economic lives of these assets.

(v) Debtors

Debtors are stated at estimated realisable value after providing against debts where collection is doubtful.

1 Statement of Accounting Policies

(vi) Taxation

The taxation charge against surplus for the year is the estimated total liability in respect of that surplus after allowance for permanent differences. The Group follows the liability method of accounting for deferred taxation, on a comprehensive basis, in that amounts provided are calculated at the current rate of company taxation. Future taxation benefits attributable to tax losses and debit balances in the deferred tax account are recognised only to the extent of the accumulated net credits arising from timing differences in the deferred taxation account and where there is virtual certainty of realisation.

(vii) Foreign Currencies

Assets and liabilities expressed in foreign currencies are converted to New Zealand dollars at the rate of exchange ruling at balance date. Surpluses and deficits realised on exchange are recognised in the period in which they occur by way of a credit or charge in the Statement of Financial Performance. Unrealised surpluses and deficits on translation of foreign currency subsidiaries are taken to the Foreign Currency Translation Reserve.

(viii) Leases

Finance leases, which effectively transfer to the entity substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets and corresponding liabilities are disclosed and the leased assets are amortised over the period the entity is expected to benefit from their use. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

(ix) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of net tangible and identifiable intangible assets at the time of acquisition of a business. Goodwill is amortised by the straight line method over the period during which benefits are expected to be received. This is a maximum of 10 years.

(x) Investments

Long term investments are stated at cost, and investments held for resale are stated at the lower of cost and net realisable value.

(xi) Financial Instruments

Financial instruments, with off-balance sheet risk, have been entered into for the primary purpose of reducing the exposure to fluctuations of foreign currency. The financial instruments are subject to the risk that market values may change subsequent to acquisition. However, such changes would generally be offset by an opposite change in value of the item being hedged.

(xii) Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on a consistent basis with previous years. Certain prior year numbers have been reclassified to conform with current year presentation.

2 Surplus Before Amortisation and Taxation

The Surplus before Amortisation and Taxation is stated:	Group 1999 $000	Group 1998 $000	Parent 1999 $000	Parent 1998 $000
After Charging:				
Audit Fees and Expenses - Parent Company Auditors	264	149	71	67
Audit Fees and Expenses - Other Auditors	8	–	–	–
Other Fees Paid to Auditors	49	31	49	31
Depreciation	3,583	3,000	2,179	1,844
Directors Fees	188	150	150	150
Foreign Currency Losses (Gains)	(386)	45	–	92
Interest: Fixed Loans	1,039	772	1,039	772
Finance Leases	39	122	–	72
.Other Interest	331	32	288	224
Bad Debts Written Off	654	401	244	111
Change in Bad Debt Provision	(9)	24	(43)	24
Donations	128	52	103	52
(Surplus) Deficit on Disposal of Assets	(46)	10	(43)	(12)
Rental & Operating Lease Costs	7,676	5,918	2,975	3,056
After Crediting:				
Interest Income	143	149	268	139
Rental Income	846	842	2,292	1,539
Dividend Received	-	-	2,000	1,764

3 Share Capital

Authorised, Issued and Paid Up Capital 72,297,766 ordinary shares	34,961	34,961	34,961	34,961

At balance date there were 2,605,000 options outstanding issued under an executive share option scheme. Each option gives the right to purchase one ordinary share at predetermined prices and dates.

4 Income Tax

	Group		Parent	
	1999 $000	1998 $000	1999 $000	1998 $000
Surplus Before Taxation	11,154	11,639	10,223	8,671
Prima facie taxation at 33% NZ & 36% Australia (31 March 1998 NZ 33% & Australia 36%)	3,681	3,841	3,374	2,861
Adjusted by the tax effect of:				
Non-assessable dividend income	–	–	(660)	(582)
Other non-assessable revenues	(19)	(36)	(34)	(36)
Non-deductible expenses	421	230	19	27
	4,083	4,035	2,699	2,270
Represented by:				
Current Tax	5,000	4,550	3,043	2,384
Deferred Tax	(917)	(515)	(344)	(114)
	4,083	4,035	2,699	2,270
Deferred Tax Account				
Opening balance	(515)	(661)	(114)	(205)
Adjusted for the tax effect of:				
Movements in provision for doubtful debts	(92)	–	14	(8)
Difference between accounting and tax accumulated depreciation	(61)	23	(148)	–
Movement in holiday pay and bonus accrual	(216)	(30)	2	1
Uncompleted sale and linehaul	(154)	141	(98)	98
ACC accrued	(13)	15	–	–
Movements in provisions	134	(3)	–	–
Closing Balance	(917)	(515)	(344)	(114)
Imputation Credit Account				
Imputation and Dividend Withholding Payment Credits				
Opening balance	5,003	2,784	2,921	1,461
Credits distributed during the year	(3,682)	(2,770)	(1,958)	(1,771)
Credits received during the year	1,724	874	1,724	873
Tax payments made	4,209	4,115	2,400	2,358
Closing balance	7,254	5,003	5,087	2,921
Representing credits available to owners of the Group at balance date:	6,879	4,764	5,087	2,921
Tax Losses				
Unrecognised tax losses available for set off against future assessable income:				
Tax Losses	6,878	6,490	–	–
Tax savings thereon	2,476	2,336	–	–

Minority shareholders would be entitled to 25% of these tax losses. The ability to use these tax losses depends on the generation of sufficient assessable income in the respective tax jurisdictions and continuity of business.

Notes to the Financial Statements

5 Bank Term Loan

Term Liabilities fall due for repayment in the following periods:

	Group		Parent	
	1999	1998	1999	1998
	$000	$000	$000	$000
Current	–	–	–	–
Non-Current	23,420	12,462	23,420	12,462
	23,420	12,462	23,420	12,462

A long term facility with the Westpac Banking Corporation remains in place secured by debenture and cross company guarantees. The facility agreement was varied on 29 September 1998 increasing the facility from $20,000,000 to $25,000,000 and increasing the amount allowed to be drawn in Australian currency from $Australian 5,000,000 to $Australian 10,000,000. The term of the loan was extended by three years until 5 August 2001.

Interest was payable at the average rate of 7.04% per annum (1998 7.96%).

6 Leases

At balance date the Group and company had the following lease commitments:

FINANCE LEASE LIABILITIES				
Payable:				
• not later than one year	114	47	–	–
• later than one year but not later than two years		83	–	– –
• later than two years but not later than five years		97	–	– –
• after five years	–	–	–	–
Minimum Lease Payments	294	47	–	–
Less Future Finance Charges	(31)	(1)	–	–
	263	46	–	–

CLASSIFIED IN THE STATEMENT OF FINANCIAL POSITION AS:				
Current	97	46	–	–
Non-Current	166	–	–	–
	263	46	–	–

OPERATING LEASE COMMITMENTS				
• not later than one year	6,497	5,733	2,417	2,175
• later than one year but not later than two years	3,688	3,899	1,308	1,499
• later than two years but not later than five years	4,157	3,769	1,122	1,438
• after five years	4,770	1,096	1,623	832
	19,112	14,497	6,470	5,944

7 **Fixed Assets**

Group

	1999			1998		
Asset Description	Cost $000	Accum Depn $000	Book Value $000	Cost $000	Accum Depn $000	Book Value $000
Freehold Land	12,244	–	12,244	10,555	–	10,555
Buildings	26,930	3,405	23,525	25,925	2,705	23,220
Leasehold Improvements	6,557	1,075	5,482	5,617	892	4,725
Plant, Vehicles & Equip.						
• Owned	24,714	14,189	10,525	23,780	14,518	9,262
• Finance Leases	335	147	188	130	64	66
Totals	70,780	18,816	51,964	66,007	18,179	47,828

At 31 March 1999 Registered Valuers Darroch and Co Ltd and Herron Todd White (Vic) Pty Ltd performed a valuation of the Group's land and buildings at $47,901,000 (March 1998 $43,502,000). The valuations were carried out on the following basis:

Vacant Properties	:	Open market value
Napier /Palmerston North /Gracefield Rd, Wellington	:	Depreciated replacement cost
Others	:	Existing use value

In addition the directors valued two properties in Mainfreight Ltd (last year Lep International Pty Ltd) not covered by these valuations at $4,593,000 (March 1998 $3,037,000).

Parent

	1999			1998		
Asset Description	Cost $000	Accum Depn $000	Book Value $000	Cost $000	Accum Depn $000	Book Value $000
Freehold Land	11,627	–	11,627	9,057	–	9,057
Buildings	23,235	3,126	20,109	23,104	2,442	20,662
Leasehold Improvements	4,243	603	3,640	3,701	429	3,272
Plant, Vehicles & Equip.						
• Owned	13,569	7,568	6,001	12,096	6,619	5,477
• Finance Leases	–	–	–	–	–	–
Totals	52,674	11,297	41,377	47,958	9,490	38,468

At 31 March 1999 Registered Valuers Darroch and Co Ltd and Herron Todd White (Vic) Pty Ltd performed a valuation of the Company's land and buildings at $42,440,000 (March 1998 $41,062,000). The valuations were carried out on the following basis:

Vacant Properties	:	Open market value
Napier /Palmerston North /Gracefield Rd, Wellington	:	Depreciated replacement cost
Others	:	Existing use value

In addition the directors valued two properties in Auckland not covered by these valuations at $4,593,000.

8 Goodwill

	Group		Parent	
	1999	1998	1999	1998
	$000	$000	$000	$000
Opening balance	6,495	2,852	–	–
Amounts Paid for Acquisitions during the year in excess of the fair value of their net tangible assets.	4,666	4,098	–	–
Goodwill Amortised over Period	(905)	(455)	–	–
Closing Balance	10,256	6,495	–	–

Goodwill arose during the year from the purchase of:				
Intertraffic-T.F.I Pty Ltd	5,261	–	–	–
Lep International Pty Ltd (75% of shares)	(714)	725		
Road City (100% of Business Assets)	119	–		
Trade Air Ocean Ltd (100% of shares)	–	1,981	–	–
Prochem (100% of Business Assets)	–	100	–	–
Mainfreight International Ltd (50% of shares)	–	1,292	–	–
	4,666	4,098	–	–

9 Employee Share Purchase Scheme

Opening balance	430	326	430	326
Value of Shares Issued During the Year	–	281	–	281
Value of Shares Sold During the Year	–	(63)	–	(63)
Staff Loan Repayment During the Year	(159)	(114)	(157)	(109)
Closing Balance	271	430	273	435

10 Investment in Subsidiary Companies

The Parent Company's investment in subsidiary companies comprised:	1999 $000	1998 $000
Shares at Cost	16,187	12,933

Principal Subsidiary Companies Include:	Balance Date	Principle Activity	Percentage Shareholding	
Mainfreight International Ltd	31 March	International Freight Forwarding	100%	100%
Mainfreight Distribution Pty Ltd	31 March	Freight Forwarding	100%	100%
Daily Freight (1994) Ltd	31 March	Freight Forwarding	100%	100%
Lep International (NZ) Ltd	31 March	International Freight Forwarding	75%	75%
Lep International Pty Ltd	31 March	International Freight Forwarding	75%	75%
Intertraffic-T.F.I Pty Ltd	31 March	International Freight Forwarding	100%	Nil

On 1 October 1998 Mainfreight Holdings Pty Ltd acquired 50,000 shares in Intertraffic - T.F.I. Pty Limited (trading as I.S.S. Express Lines) for $3,252,493 ($Australian 2,725,000) representing 100% of shares.

On 1 October 1998 Mainfreight Distribution Pty Ltd acquired the business assets of Road City Interstate Transport Pty Ltd for $118,567 ($Australian 100,000).

The increase in assets and liabilities as a result of acquisition were:

	Intertraffic -T.F.I.
Bank Overdraft	388
Creditors & Accruals	6,188
Employee Entitlements	643
Provision for Taxation	270
Loans	2,573
CURRENT LIABILITIES	10,062
TOTAL LIABILITIES	10,062
FIXED ASSETS	786
Trade Debtors	6,312
Other Debtors	679
Deferred Tax Asset	268
CURRENT ASSETS	7,259
TOTAL ASSETS	8,045
NET ASSETS	(2,017)

Goodwill arising as a result of these acquisitions is shown in note 8.

Notes to the Financial Statements

11 Capital Commitments and Contingent Liabilities

The Group and Company had the following capital commitments at 31st March 1999 (31st March 1998 168,271).

Brisbane Land	1,218,000

All obligation guarantees are given by the Company in favour of Westpac Banking Corporation in respect of Mainfreight Distribution Pty Ltd, Daily Freight (1994) Ltd and Lep International Pty Ltd.

12 Subsequent Events

Subsequent to balance date the Group has entered into an agreement to fund a minority interest in a Northern Hemisphere international freight forwarding company. Net consideration for this interest is expected to be less than $3,000,000.

On 23 April 1999 the Westpac multi option credit line facility was increased from $25,000,000 to $35,000,000.

13 Segmental Reporting

The Group operates in the domestic freight and international freight industries.

The Group operates predominantly in two geographical segments - New Zealand and Australia. The basis for intersegment pricing is at normal trade price.

Industrial and Geographical Segments

	N.Z. Domestic	N.Z. Internat.	Australia Domestic	Australia Internat.	Inter-company	1999 $000 Consolidated
Operating revenue						
• sales to customers outside the group	115,494	75,631	8,772	86,424	–	286,321
• intersegments sales	2,025	2,796	1,469	6,249	(12,539)	–
Total revenue	117,519	78,427	10,241	92,673	(12,539)	286,321
Segment and Group result	11,541	747	(940)	(194)	–	11,154
Segment & Total Assets	84,100	15,695	5,127	17,067	(17,414)	104,575

						1998 $000
Operating revenue						
• sales to customers outside the group	113,576	85,006	7,397	4,343	–	210,322
• intersegments sales	2,112	2,399	385	302	(5,198)	–
Total revenue	115,688	87,405	7,782	4,645	(5,198)	210,322
Segment and Group result	9,473	2,112	79	(25)	–	11,639
Segment & Total Assets	68,439	16,099	2,145	11,892	(8,752)	89,823

14 Reconciliation of Cash Flows with Reported Net Surplus

	Group		Parent	
	1999	1998	1999	1998
	$000	$000	$000	$000
Net surplus/deficit	7,071	7,604	7,524	6,401
Non-cash items:				
Depreciation	3,583	3,000	2,179	1,844
Amortisation of goodwill	905	455	–	–
(Increase) decrease in deferred tax asset	(134)	165	(230)	91
	11,425	11,224	9,473	8,336
Add (less) movements in other working capital items:				
(Increase) decrease in accounts receivable	(4,452)	(8,707)	(3,250)	981
Elimination of acquisition accounts receivable	6,992	9,652	–	–
Increase (decrease) in accounts payable	(336)	8,813	140	(838)
Elimination of acquisition accounts payable	(6,830)	(8,407)	–	–
Increase (decrease) in interest payable	(210)	127	(210)	127
(Increase) decrease in interest receivable	–	–	(82)	–
(Increase) decrease in dividend receivable	–	–	1,500	–
Increase (decrease) in taxation payable	(114)	(418)	365	(198)
Increase (decrease) in net GST	(291)	20	(316)	74
Less item classified as investing activity :				
Net (surplus) deficit on sale of fixed assets	(46)	10	(43)	(12)
Net cash inflow from operating activities	6,138	12,314	7,577	8,470

15 Financial Instruments

At balance date the Group and Company had the following financial assets; cash and bank balances, accounts receivable (trade and sundry), related party receivables and the following financial liabilities; accounts payable (trade and sundry), bank overdraft, related party payables, taxation payable, dividends payable.

CREDIT RISK

The values attached to each financial asset in the Statement of Financial Position represents the maximum credit risk. There are no financial assets not disclosed in the Statement of Financial Position.

No collateral is held with respect to any financial assets. There are no significant concentrations of credit risk.

FAIR VALUE

The fair value of all financial instruments recognised in the Statement of Financial Position is their stated value. There are no financial instruments not disclosed in the Statement of Financial Position.

CURRENCY & INTEREST RATE RISK

The interest rate on the bank account (whilst in overdraft) is variable. The company seeks to obtain the most competitive market rate of interest at all times.

At 31 March 1999 the Group has the following financial instruments denominated in foreign currencies, 39% of accounts payable (trade), 64% of related party receivables and 41% of accounts receivable (trade).The Company monitors exchange rate movements.

16 Related Parties

The ultimate holding company is Mainfreight Limited.

In addition to transactions disclosed elsewhere in these financial statements, during the period the Company transacted with the following related parties:

Name of Related Party	Nature of Relationship	Type of Transactions	1999 Costs $000	1998 Costs $000
C. Howard-Smith	Director	Legal & Trustee Fees	106	94
N . Graham	Director	Trustee Fees	–	10
			106	104

Related Party Receivables Outstanding at Balance Date:

Name of Related Party	Type of Transaction	Terms of Settlement	Balance Receivable $000	Balance Receivable $000
Daily Freight (1994) Ltd	Trade	30 Days	1,197	673
Mainfreight International Ltd	Trade	30 Days	341	282
Lep International (NZ) Ltd	Trade	30 Days	182	221
Lep International Pty Ltd	Trade	30 Days	105	–
Trade Air Ocean Ltd	Trade	30 Days	–	14
Mainfreight International Ltd	Advance	On Call	660	424
Lep International (NZ) Ltd	Advance	On Call	596	559
Mainfreight Distribution Pty Ltd	Advance	On Call	3,135	534
Lep International Pty Ltd	Advance	On Call	2,075	1,200
			8,291	3,907

Related Party Payables Outstanding at Balance Date:

Name of Related Party	Type of Transaction	Terms of Settlement	Balance Payable $000	Balance Payable $000
Daily Freight (1994) Ltd	Trade	30 Days	33	39
Mainfreight International Ltd	Trade	30 Days	21	3
Lep International (NZ) Ltd	Trade	30 Days	10	295
Lep International Pty Ltd	Trade	30 Days	8	–
Daily Freight (1994) Ltd	Advance	On Call	1,200	1,660
Lep International (NZ) Ltd	Advance	On Call	2,680	1,720
			3,952	3,717

The Company transacts with each other company within the Group on an arms length basis.

No related party debts have been written off or forgiven during the period (31 March 1998 nil).

In addition to the above the Group transacted with the following related parties:

Nature of Name of Related Party	Type of Relationship	Transactions	Costs $000	Costs $000
C. Howard-Smith	Director	Legal Fees	30	30

Name of Related Party	Type of Transaction	Terms of Settlement	Payable $000	Payable $000
Geologistics Ltd	Advance	On Call	569	178

Geologistics Ltd (formerly named Lep (New Zealand) Ltd) is the minority shareholder in Lep International (NZ) Ltd.

ARTHUR ANDERSEN

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& Business Advisors

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Auditors' Report

To the Members of
Mainfreight Limited

We have audited the accompanying financial statements of Mainfreight Limited ("the Company") set out on pages 19 to 32. The financial statements provide information about the past financial performance and financial position of Mainfreight Limited and subsidiaries ("the Group") and the Company as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 22 and 23.

Directors' Responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Group and Company as at 31 March 1999 and of the results of their operations and cash flows for the year then ended.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out other assignments for the Group in the area of taxation and special consultancy projects. The firm has no other interests in the Group.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the financial statements referred to above:

a) comply with generally accepted accounting practice; and

b) give a true and fair view of the financial position of the Company and Group as at 31 March 1999 and the results of their operations and cash flows for the year then ended.

Our audit was completed on 30 June 1999 and our unqualified opinion is expressed as at that date.

Arthur Andersen

Auckland

Statutory Information

Directors

The following people held office as Director during the year and received the following remuneration including benefits during the year.

Name	Remuneration	Current Director or Date Resigned
Don Rowlands	$50,000	Current
Bruce Plested	$207,000	Current
Neil Graham	$25,000	Current
Carl Howard-Smith*	$25,000	Current
John Fernyhough	$25,000	Current
Richard Prebble	$25,000	Current

* Excludes legal and trustee fees (refer to note 16 to the Financial Statements).

Subsidiary Company Directors

Additional directors of subsidiary companies within the Group were:

C. S Dunphy	J. R. Hepworth
J. J. Cahill	Q. B. Williams
W. Hollerman	M. B. Bennett

Employees' Remuneration

The Group paid remuneration including benefits to 21 employees (other than directors) during the year in excess of $100,000 in the following bands:

Remuneration	Number of Employees
$100,000 - $110,000	7
$110,000 - $120,000	1
$120,000 - $130,000	4
$130,000 - $140,000	1
$140,000 - $150,000	2
$150,000 - $160,000	3
$160,000 - $170,000	1
$170,000 - $180,000	2

C.S. Dunphy, a director of a subsidiary company has been granted a loan from the group of $1,054,000 to assist in his relocation to Melbourne. The sum was secured after balance date by a registered first mortgage in favour of the company at Mainfreight's commercial bank rates and is repayable upon demand.

Donations and Auditors' Fees

Donations and Auditors' fees are set out in note 2 of the Financial Statements. The company has an Audit Committee comprising of Carl Howard-Smith and Richard Prebble.

Statutory Information

Minority Veto Provisions

The Company has adopted "minority veto" provisions in its constitution.

Directors' Shareholdings at Balance Date

	1999	1998
BG Plested		
• beneficially owned	22,893,567	22,643,567
• held by associated persons	270,100	220,100
NL Graham		
• beneficially owned	6,005,223	7,005,223
CG Howard-Smith		
• held as trustee of staff share purchase scheme	613,120	613,120
• held by associated persons	50,000	50,000
DD Rowlands		
• beneficially owned	142,000	142,000
CJ Fernyhough		
• beneficially owned	100,000	100,000
• held by associated persons	126,300	126,300
TOTAL	30,200,310	30,900,310

Substantial Security Holders

The following information is given pursuant to Section 26 of the Securities Amendment Act 1988.

The following are recorded by the Company as at 2 June 1999 as Substantial Security Holders in the Company, and have declared the following relevant interest in voting securities under the Securities Amendment Act 1988:

BG Plested	22,893,567
NL Graham	6,005,223
Shamrock Holdings of California Inc	5,968,889
Tower Corporation	3,834,664
TOTAL on Issue	72,297,766

Statutory Information

Largest Security Holders as at 2 June 1999

BG Plested	22,893,567	31.67%
NL Graham	6,005,223	8.31%
Shamrock Holdings of California Inc	5,968,889	8.26%
Tower Corporation	3,834,664	5.30%
National Mutual Life Assurance of Australasia Ltd	3,570,876	4.94%
Trustees Executors and Agency Company of New Zealand Ltd	2,516,614	3.48%
ABN Amro Nominees Ltd	2,084,200	2.88%
Royal and Sun Alliance Life Ltd	1,960,200	2.71%
Guardian Assurance Ltd	1,862,400	2.58%
Accident Rehabilitation & Compensation Insurance Corporation	1,300,000	1.80%
Penumbra Investments	1,050,000	1.45%
Mainfreight Team Share Purchase Trust	613,120	0.85%
Dynamic Baskets Pty Ltd	525,000	0.73%
Perpetual Nominees	521,192	0.72%
Portfolio Custodian Ltd	511,290	0.71%
P.M Masfen & J.A. Masfen	500,000	0.69%
Athene Nominees Ltd	480,000	0.66%
The NZ Guardian Trust Co Ltd	418,840	0.58%
John Grant & Kerry Nolan	380,000	0.53%
Public Nominees	375,000	0.52%

Spread of Security Holders as at 2 June 1999

Size of Shareholding	Number of Holders	%	Total No. Held	%
1 - 999	171	8.95%	84,143	0.12%
1,000 - 4,999	1,016	53.17%	2,273,673	3.14%
5,000 - 9,999	364	19.05%	2,364,482	3.27%
10,000 - 49,999	315	16.48%	5,054,222	6.99%
50,000 - 99,999	16	0.84%	1,058,280	1.46%
100,000 - 999,999	22	1.15%	6,047,210	8.36%
1,000,000 - PLUS	7	0.37%	55,415,756	76.65%
TOTAL	1,911	100.00%	72,297,766	100.00%

Interests Register

Name of Director or other Person having Interest	Details of Interest	Date Interest Disclosed
Bruce Plested	Purchased 250,000 shares at $1.54 per share.	03 April 1998
	Purchased 1,000,000 shares not beneficially owned at $1.20 per share.	31 July 1998
	Sold 1,000,000 shares not beneficially owned at $1.20 per share.	19 November 1998
Neil Graham	Sold 1,000,000 shares at $1.40 per share.	28 December 1998

Corporate Governance Statement

This statement gives readers an overview of the Group's main corporate governance policies and processes adopted or followed by the Board.

Role of the Board of Directors

The Board is responsible for the proper direction and control of the Group's activities. This responsibility includes such areas of stewardship as the identification and control of the Group's business risks, the integrity of management information systems and reporting to shareholders. While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, and the careful selection and training of qualified personnel.

Group Management Structure

The Group's organisational structure is focused on its three main activities : domestic forwarding, international forwarding and logistics. These divisions are all separately managed, with at least one of the Company's Directors being on the Board of each subsidiary.

Risk Identification and Management

The Group has in place policies and procedures to identify areas of significant business risk and implement procedures to effectively manage those risks. Where appropriate, the Board obtains advice directly from external advisers. Once a risk is identified, the Board is advised and corrective action is taken promptly to mitigate the risk.

Board Committees

The Board has constituted a number of standing Committees that focus on specific areas of the Board's responsibility.

Audit Committee

The Committee is required to establish a framework of internal control mechanisms to ensure proper management of the Group's affairs. The Committee is accountable to the Board for the recommendations of the external auditors, Arthur Andersen, directing and monitoring the audit function and reviewing the adequacy and quality of the annual audit process. The Committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the Group's Annual Report, including the financial statements.

The Committee is also responsible for ensuring that the Group has an effective internal control framework.

These controls include: safeguarding of assets; maintaining proper accounting records; complying with legislation and ensuring the reliability of financial information.

Remuneration Committee

The Committee reviews the remuneration and benefits of senior executives and makes recommendations to the Board. The Committee also monitors and reports on general trends and proposals concerning employment conditions and remuneration.

The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the Annual Report, the Interim Report and the Quarterly Shareholder Bulletins. The Board encourages full participation of shareholders at the Annual Meeting to ensure a high level of accountability and identification with the Group's strategies and goals.

Year 2000

The Year 2000 issue is discussed in the Year 2000 Report on page 9.

Statistics

The table below provides a summary of key performance and financial statistics.

		1999	1998	1997	1996	1995
	Notes ($000's) ($000's) ($000's)	($000's)	($000's)			
Net Sales		286,321	210,322	162,872	130,842	130,527
EBITDA	1	17,588	16,020	14,150	11,319	9,528
Surplus before Abnormals,Interest & Tax		13,100	12,565	11,584	8,997	7,361
Abnormals	2	537	0	525	122	1,196
EBIT	3	12,563	12,565	11,059	8,875	6,165
Net Interest Cost		1,266	777	1,073	1,085	888
Net Surplus (NPAT)	4	6,882	7,258	5,953	4,769	3,315
Cashflow	5	11,559	11,059	8,871	7,326	5,699
Net Tangible Assets	6	34,673	35,530	20,197	19,750	16,215
Net Debt	7	25,637	11,909	16,222	7,236	7,405
Total Assets		104,625	89,823	64,791	45,105	41,079
EBIT Margin (before Abnormals) (%)		4.6	6.0	7.1	6.9	5.6
Equity Ratio (%)	8	33.1	39.6	31.2	43.8	39.5
Return on NTA (%)	9	19.8	20.4	29.5	24.1	20.4
Net Interest Cover (x)	10	10.35	16.17	10.80	8.29	8.29
Earnings per Share (cps)	11	9.52	10.04	8.23	6.60	4.59
Adjusted Earnings per Share (cps)	11,12	10.26	10.04	8.96	6.77	6.24
Cashflow per Share (cps)	11	15.99	15.30	12.27	10.13	7.88
NTA per Share (cps)	11	47.96	49.14	27.94	27.32	22.43

Notes :

1. EBITDA is defined as earnings before interest, tax, depreciation,amortisation and abnormals.
2. Abnormal items for the year ended 31 March 1999 relate to restructuring costs in Lep International Pty Ltd, Mainfreight International Ltd and Mainfreight Distribution Pty Ltd.
   Abnormal items for the years ended 31 March 1996 and 31 March 1997 relate to flotation costs.
   The year ended 31 March 1995 related to restructuring costs on the purchase of Daily Freight.
3. EBIT is defined as earnings before interest and tax.
4. Net Surplus (NPAT) is net profit after tax, abnormals and minorities but before dividends.
5. Cashflow is defined as NPAT plus amortisation of goodwill, depreciation and minorities.
6. Net Tangible Assets includes 75% of Lep International (NZ) Ltd and 75% of Lep International Pty Ltd.
7. Net debt is long term plus short term debt less cash balances.
8. Equity Ratio is Net Tangible Assets as a percentage of Total Assets.
9. Return on NTA is NPAT as a percentage of Net Tangible Assets.
10. Net Interest Cover is Surplus before Abnormals,Interest and Tax divided by Net Interest Cost.
11. Per Share calculations are based on the current issued capital of 72.298 million Shares.
12. Adjusted Earnings per Share figures are based on NPAT with abnormal items added back.

mainfreight proxy form

I/We ______________________________

(full names in block letters)

Of ______________________________

____

(full names in block letters)

being a member/members of Mainfreight Limited Hereby appoint*

Full Name of Proxy ______________________________

Address ______________________________

or Failing him/her ______________________________

of ______________________________

as my proxy for me/us on my/our behalf at the Annual Meeting of Mainfreight Limited to be held on Thursday 29 July at 2.30pm, and at any adjournment thereof.

Unless otherwise instructed below, the Proxy may vote as he or she thinks fit or abstain from voting. Should the shareholder(s) wish to direct the Proxy how to vote, please indicate with a tick in the appropriate boxes below.

resolutions

Ordinary Business	For	Against
1. To receive the Financial Statements and Reports of Directors and Auditors.	☐	☐
2. a) To re-elect Mr B.G. Plested as a Director.	☐	☐
b) To re-elect Mr N.L. Graham as a Director.	☐	☐
3. a) To elect Mr C.S. Dunphy as a new Director.	☐	☐
b) To elect Mr D.R. Braid as a new Director.	☐	☐
4. To authorise the Directors to fix the remuneration of the Auditors.	☐	☐

Signed this ____________ day of ____________ 1999

Usual Signatures(s) ______________________ Number of Shares held ____________

note

All Shareholders are entitled to attend this meeting and are entitled to vote.

A member of Mainfreight Limited entitled to attend and vote is entitled to a proxy to attend and vote on his/her behalf. A proxy need not be a member of Mainfreight Limited. To be valid, instruments appointing a proxy must be deposited at the registered office of Mainfreight Limited at 12-14 Southdown Lane, Penrose, Auckland, not less than 48 hours before the holding of the Annual Meeting.

Joint holders should all sign this form. Companies should execute this form under common seal or by an office or attorney duly authorised in accordance with their Constitution/Articles of Association. If this form is executed under Power of Attorney a Certificate of Non-revocation of Power of Attorney together with a copy of the Power of Attorney, should be forwarded with this form if they have not already been produced to Mainfreight Limited.

change of address advice

Previous Address ______________________________

____

Present Address ______________________________

____

* If you wish you may appoint as your proxy "The Chairman of the Meeting".

tape here

No postage stamp required if posted in New Zealand

BUSINESS REPLY POST
Authority No. 2888 Auckland NZ
Postage and fee will be paid on delivery to:

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The Registrar
Mainfreight Ltd
C/- Computer Share Registry Services Ltd
Private Bag 92119
Auckland 1030
New Zealand

Our Champions cover the world!

MAINFREIGHT