Half Year Result
To September 2008

Result Highlights

- Net surplus up 9.5% to $17.22 million
  (before abnormals and discontinued activities)
- EBITDA up 23.1% to $35.36 million
- Revenue increase of 63% to $625 million
- Improved EBITDA results in New Zealand Domestic, Australian International and our operations in the United States
- Interim dividend increase to 8.5 cents per share

Financial Highlights

NZ$ million

Revenues	**This Year**	**Last Year**	**Variance**
Continuing Operations	625.02	383.33	63.0%*
Sold Businesses	–	32.45	
Group Revenues	$625.02	$415.78	

EBITDA			
Continuing Operations	35.36	28.72	23.1%*
Sold Businesses	–	0.69	
Group EBITDA	$35.36	$29.41	

Cash Flows

NZ$ million	This Year	Last Year
Operating cash flow	$20.24	$16.08

- Net capital expenditure in the half $20.60 million
- Financial indebtedness has risen
  - Exchange rate movements
  - Halford acquisition
- Property development costs of $14.10 million
  - Whangarei
  - Air-freight facility Auckland
  - Warehouse extension Auckland
  - Daily Freight Christchurch
- Strong emphasis on cash collection and age of debtors

Dividend

- Interim dividend of 8.5 cents per share
  - Up from 8.0 cents per share last year
  - Equates to $8.37 million dividend payment
- Fully imputed
  - Imputation credits continually monitored and managed
  - Encourage further debate on Australasian imputation regime and corporate tax levels

New Zealand Domestic

NZ$ million	This Year	Last Year	Variance
Sales revenue	153.51	134.06	14.5%
EBITA	12.92	11.57	12.0%
EBITDA	16.91	15.00	12.8%

- Strong sales activity has seen increase in market share
  - Driven by customers focusing on supply chain logistics
- Fuel adjustment factor decreasing – currently 7.3% from a high of 16.9% in July
- New account gains during October expected to trade $10 million plus per annum
- New facilities in Whangarei, and Daily Freight Christchurch

New Zealand International

NZ$ million	This Year	Last Year	Variance
Sales revenue	50.99	48.78	4.5%
EBITA	1.49	1.77	(15.8%)
EBITDA	1.63	1.96	(16.5%)

- Export sales have reduced by 6% in the half year
- Margin contraction as Imports ex Asia increase (shipping rate reductions)
- Perishable and Air-freight growth expected as accounts are gained
  - Cost reduction as old Auckland facility exited
  - New facility opening November 2008

Australian Domestic

NZ$ million	**This Year**	**Last Year**	**Variance**
Sales revenue	95.08	69.30	37.2%
EBITA	3.33	4.39	(24.1%)
EBITDA	4.25	4.99	(14.9%)

- Transport operations revenue increase of 38.7%, EBITDA increase of 16.8%
- Issues around Logistics operations where warehousing footprint is adjusted to provide for growth
- Redundant property costs for first half are $1.23 million; $0.46 million of this will be offset by sub-leases from November on

Australian International

NZ$ million	This Year	Last Year	Variance
Sales revenue	94.74	67.41	40.6%
EBITA	2.60	2.45	6.5%
EBITDA	2.79	2.64	5.8%

- Halford acquisition slower to integrate than expected
  - Technology / communication / shared facilities
  - WACO and agency agreements
- Core business has seen decline in Asian imports, and margins contracted due to over-tonnaging (shipping)
- Air-freight focus producing improvement in volume and new dedicated services
- European development

United States – CaroTrans

NZ$ million	This Year	Last Year	Variance
Sales revenue	91.08	61.86	47.2%
EBITA	4.58	3.16	45.1%
EBITDA	4.99	3.53	41.1%

- Increased export volumes assisting growth, however
  - FCL increase has resulted in decreasing gross margins
  - Fuel adjustment factors difficult to apply expeditiously under US law
- Agency changes in Europe will see increased import volumes
- CaroTrans brand developing globally as Group’s independent wholesale operation (now in US, New Zealand, Australia, Hong Kong, Shanghai)

United States – Mainfreight USA

NZ$ million	**This Year**	**Last Year**	**Variance**
Sales revenue	127.74	119.03	7.2%
EBITA	2.75	2.42	13.6%
EBITDA	3.43	2.97	15.4%

Reflects total performance in last year's figures

- Senior Mainfreight personnel located to US to promote faster change
  - International sales
  - Everyday domestic freight development
  - Linehaul and PUD (pick-up and delivery) management
  - Introduction of "our" technology

Asia

NZ$ million	This Year	Last Year	Variance
Sales revenue	11.88	9.24	28.5%
EBITA	1.29	1.57	(17.8%)
EBITDA	1.36	1.57	(13.4%)

Reflects total performance in last year's figures

- Revenue growth continues, particularly to NZ and US
- Additional costs incurred
  - Personnel
  - Technology
  - Accounting infrastructure
  - New branches (Guangzhou opened, Dalian under consideration)
- Margins contracting to Australia due to over-tonnaging (shipping); third quarter improvement expected

Outlook

Post 30 September:

- Group EBITDA at similar levels to prior year (7 weeks)
- Strong sales focus across all divisions
- Extra vigilance on aged debtors
- Freeze on hiring new team members
  - Executive salary freeze – September
- Capital expenditure and general cost management under review