MAINFREIGHT LIMITED

Financial result for the six months ended 30 September 2012 (Unaudited)

The Mainfreight Group is pleased to report a net surplus after taxation of $27.74 million for the first six months of the 2013 financial year; a decrease of 4.6% on the previous year's result of $29.08 million (excluding non-recurring items, the decrease is 6.3%).

EBITDA performance declined 5.1% to $61.06 million, down $3.31 million from the previous year's record for the same period of $64.37 million (excluding foreign exchange effects, this represents a decrease of 3.1%).

Total revenue (sales) increased 4.9% or $43.47 million to $936.37 million (excluding foreign exchange effects, this represents an increase of 6.9%).

For comparison purposes, results for the period excluding the European division saw sales revenue improve 9.8% to $742.49 million, and EBITDA improve 15.0% to $52.73 million, an increase of $6.87 million over the same period last year. These increases highlight the continuing strength across the balance of the Mainfreight global network, and of course reflect the poor trading performance from our European operations.

The trading performance from Europe is indicative of ongoing economic weakness in the region, coupled with the European summer holiday period. The loss of warehousing customers post-acquisition, as previously mentioned, has also contributed.

Trading in New Zealand, Australia, Asia and the United States has continued the trends of the first quarter, with revenue and EBITDA showing positive growth and reflecting Mainfreight's improved performance across all four regions.

Similarly, the third quarter has started strongly and includes better weekly trading results from Europe compared to the same period last year.

<u>Regional Performance</u> (figures in local currencies)

New Zealand (NZ$)

New Zealand EBITDA improved 8.7% to NZ$24.19 million, compared to the same period last year. Sales revenues were up 5.9% to NZ$228.29 million.

Financial performance in both divisions, Domestic and Air & Ocean, is ahead of the prior year, with Domestic sales contributing more to the result. Trading into the third quarter continues those trends.

In our Air & Ocean division, the gaining of new business is expected to bring an immediate benefit to revenue levels. Logistics (warehousing) activity has increased from the year prior with our new South Auckland facility contributing positively, ahead of expectations.

Domestic freight performance is also ahead of the year prior, with new facilities in Invercargill and Palmerston North expected to be fully operational by early January 2013. A conditional agreement to purchase approximately seven hectares of land in Hamilton has been signed. This land will be rail-served, in line with Mainfreight's commitment to the use of rail freight throughout New Zealand.

Australia (AU$)

In Australia EBITDA performance improved 22.0% to AU$13.02 million compared to the same period last year. Sales revenue momentum carried through from the first quarter, up 13.3% on the previous year to AU$209.42 million.

Our Domestic Transport and Logistics operations are the significant contributors to this performance with sales and EBITDA growth both exceeding 20%.

Improved warehouse utilisation and activity have lifted performance, and in our Domestic Transport operations revenue growth is being driven by market share gains.

In both instances, growth is placing pressure on facilities and at times impacting gross margin. The capital investments being made in Queensland, New South Wales, Victoria and South Australia will bring welcome relief.

Our Air & Ocean operations are providing incremental increases in revenue and EBITDA contributions. A clear emphasis remains in place for improved air and ocean freight volume growth, to and from the Australian market.

Trading into the third quarter continues to be strong for our Australian operations.

Asia (US$)

Satisfactory inter-company trading (within the Mainfreight network) has boosted EBITDA which is up 19.2% to US$1.37 million. In-country sales declined 4.2% to US$14.75 million and European trade remains weak; both areas are targeted for development.

Good performances from our Southern China, Hong Kong and Shanghai branches assisted the improved EBITDA result.

Both Airfreight and Seafreight categories are ahead, primarily in the export sector although a small improvement in imports is encouraging and one which we will build upon.

Trading into the third quarter has delivered further gains, although we are yet to see peak season volumes of previous years.

United States of America (US$)

Revenues in the USA have improved 10.2% to US$182.04 million and EBITDA is up 18.7% to US$8.12 million, with the primary contribution coming from Mainfreight USA.

Growth in the Mainfreight operations has been dominated by international Air & Ocean sales growth and gross margin improvement. Domestic sales, while ahead, are up only marginally by 2.4%.

Revenues within this division are now nearly equally split between Air & Ocean and Domestic freight. Our first branch in Canada is now operational in Toronto, and our Mexico City branch is expected to open in early December.

CaroTrans, our wholesale NVOCC operation, has seen EBITDA performance similar to that of the prior year, with revenues up 3.6% to US$68.98 million.

Trading into the third quarter reflects ongoing improvement for Mainfreight and similar year-on-year performance for CaroTrans.

Europe (Euro €)

Our most disappointing result, exacerbated by poor trading during the European holiday period of August and September. Whilst we have been able to maintain revenue levels at similar levels to those of last year, with just a 1.4% decrease to €122.36 million, EBITDA has declined 50.4% to €5.26 million as margins reduced through poor warehouse utilisation and activity, and poorly performing transport operations in Belgium and France. Cost structures have also increased as labour costs were incurred to facilitate new customer gains in our Logistics facilities.

We expect improving margins as revenue from new customers bolsters our Logistics and Air & Ocean divisions. Meanwhile the focus remains on better management of cost structures in the Transport operations. We will continue with strong sales efforts in our Air & Ocean business, supported by our global network. Eastern Europe and Russia offer further opportunity for development and recent expansion includes branches opened in Katowice, Poland and Kiev, Ukraine.

We maintain our confidence in the long-term benefits of our European acquisition although we are disappointed with the financial performance over the last six months.

Trading into the third quarter is marginally ahead of the same period last year.

Group Operating Cash Flows

Operating cash flows were NZ$31.28 million, on par with the prior year.

Capital Expenditure totalled NZ$32.38 million, of which NZ$20.94 million related to property development.

Dividend

The Directors of Mainfreight have approved an interim dividend of 12.0 cents per share (remaining at the same level as that declared for the 2012 year).

This dividend will be fully imputed and will be paid on 14 December 2012, with books closing on 7 December 2012. A supplementary dividend will be paid to non-resident shareholders.

Appointment to Board of Directors

We are pleased to announce the appointment of Simon Cotter as a Director of Mainfreight Limited.

Simon (45) has had a long association with Mainfreight as a director of Grant Samuel & Associates and has personally assisted in Mainfreight's mergers and acquisitions activity since 2003. In addition to a comprehensive understanding of the company and the industry, Simon brings strong financial and analytical skills which will be of significant value and will complement the mix of skills and experience of the existing board members.

Simon's appointment will take place effective 1 January 2013. He will stand for election at the Company's Annual Meeting of Shareholders on 31 July 2013.

Outlook

Whilst the half-year result has been negatively impacted by our poor European contribution, the performance of all our other divisions remains satisfactory and all continue to find improved sales growth and profitability.

We are confident of maintaining this growth and profitability, and expect to see improving returns from our European interests.

As previously indicated to the market, Mainfreight has moved to half-yearly reporting. Our full year results to 31 March 2013 will be reported on 29 May 2013.

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