

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

Mainfreight Limited For Full Year Ended 31 March 2017

Preliminary full year report on consolidated results (including the results for the previous corresponding full year). This report has been prepared in a manner which complies with generally accepted accounting practice and fairly presents the matters to which the report relates and is based on unaudited financial statements, which are in the process of being audited. The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

Income Statement for the Year Ended 31 March 2017

	Note	2017 \$000	2016 \$000
Operating Revenue		2,333,088	2,284,226
Interest Income		503	581
Total Revenue		2,333,591	2,284,807
Transport Costs		(1,432,556)	(1,426,847)
Labour Expenses Excluding Share Based Payments		(476,256)	(460,070)
Occupancy Expenses		(65,792)	(60,664)
Depreciation and Amortisation Expenses		(43,492)	(39,320)
Other Expenses		(160,942)	(161,798)
Finance Costs		(7,728)	(8,953)
Non-cash Share Based Payment Expense		(55)	(356)
Profit Before Abnormal Items and Taxation for the Year		146,770	126,799
Income Tax on Profit Before Abnormal Items		(43,606)	(38,623)
Net Profit Before Abnormal Items for the Year		103,164	88,176
Abnormal Items	4	(2,448)	(2,352)
Income Tax on Abnormal Items	4	807	1,780
Abnormal Items After Taxation	4	(1,641)	(572)
Profit Before Taxation for the Year		144,322	124,447
Income Tax Expense		(42,799)	(36,843)
Net Profit for the Year		101,523	87,604

Earnings per share for profit attributable to the ordinary equity holders of the company are:

		Cents	Cents
Basic Earnings Per Share:	Total Operations	101.10	87.98
Diluted Earnings Per Share:	Total Operations	100.97	87.65

Statement of Comprehensive Income for the Year Ended 31 March 2017

Net Profit for the Year		101,523	87,604
Other Comprehensive Income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange Differences on Translation of Foreign Operations		(5,260)	16,644
Income Tax effect		(2,155)	3,767
Net Other comprehensive income to be reclassified to profit (loss) in subsequent periods		(7,415)	20,411
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of Land including Foreign Exchange Movements		(789)	631
Income Tax effect		-	(56)
Net Other comprehensive income not to be reclassified to profit (loss) in subsequent periods		(789)	575
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined Benefit Pension Provision		(635)	-
Income Tax effect		215	-
Net Other comprehensive income not to be reclassified to profit (loss) in subsequent periods		(420)	-
Other Comprehensive Income for the Year, Net of Tax		(8,624)	20,986
Total Comprehensive Income for the Year, Net of Tax		92,899	108,590

Balance Sheet as at 31 March 2017

	Note	2017 \$000	2016 \$000
Current Assets			
Bank		75,312	93,829
Trade Debtors		314,888	293,194
Income Tax Receivable		1,829	877
Properties Held for Sale		-	1,787
Other Receivables		48,008	44,498
		<hr/>	<hr/>
		440,037	434,185
Non-current Assets			
Property		484,244	482,112
Plant & Equipment		86,462	86,901
Software		43,086	33,968
Goodwill		200,721	207,644
Brand Names		10,546	11,310
Other Intangible Assets		10,814	13,902
Deferred Tax Asset		8,855	8,555
		<hr/>	<hr/>
		844,728	844,392
		<hr/>	<hr/>
TOTAL ASSETS		1,284,765	1,278,577
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Current Liabilities			
Bank		947	1,093
Trade Creditors & Accruals		261,206	262,640
Employee Entitlements		47,907	43,949
Provision for Taxation		14,121	4,933
Finance Lease Liability		1,801	2,369
		<hr/>	<hr/>
		325,982	314,984
Non-current Liabilities			
Bank Term Loan		283,029	352,299
Employee Entitlements		3,800	676
Deferred Tax Liability		23,879	26,272
Finance Lease Liability		2,473	3,273
		<hr/>	<hr/>
		313,181	382,520
Shareholders' Equity			
Share Capital		85,821	73,912
Retained Earnings		521,619	459,477
Revaluation Reserve		50,616	52,303
Foreign Currency Translation Reserve		(12,034)	(4,619)
Defined Benefit Pension Reserve		(420)	-
		<hr/>	<hr/>
TOTAL EQUITY		645,602	581,073
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TOTAL LIABILITIES AND EQUITY		1,284,765	1,278,577
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The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 March 2017

2017

\$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total
Balance at 1 April 2016	73,912	52,303	(4,619)	-	459,477	581,073
Profit for the Year	-	-	-	-	101,523	101,523
Transfer of Revaluation Reserve for Land Sold	-	(898)	-	-	898	-
Other Comprehensive Income	-	(789)	(7,415)	(420)	-	(8,624)
Total Comprehensive Income for the Year	-	(1,687)	(7,415)	(420)	102,421	92,899
Transactions with Owners in Their Capacity as Owners:						
Shares Issued	11,854	-	-	-	-	11,854
Executive Share Scheme Costs	55	-	-	-	-	55
Supplementary Dividends	-	-	-	-	(1,212)	(1,212)
Dividends Paid	-	-	-	-	(40,279)	(40,279)
Foreign Investor Tax Credit	-	-	-	-	1,212	1,212
Balance at 31 March 2017	85,821	50,616	(12,034)	(420)	521,619	645,602

2016

\$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total
Balance at 1 April 2015 - - as previously reported	73,556	53,834	(25,030)	-	406,258	508,618
Restatement on change of accounting policy	-	-	-	-	(2,636)	(2,636)
Balance at 1 April 2015 restated	73,556	53,834	(25,030)	-	403,622	505,982
Profit for the Year	-	-	-	-	87,604	87,604
Transfer of Revaluation Reserve for Land Sold	-	(2,106)	-	-	2,106	-
Other Comprehensive Income	-	575	20,411	-	-	20,986
Total Comprehensive Income for the Year	-	(1,531)	20,411	-	89,710	108,590
Transactions with Owners in Their Capacity as Owners:						
Shares Issued	-	-	-	-	-	-
Executive Share Scheme Costs	356	-	-	-	-	356
Supplementary Dividends	-	-	-	-	(725)	(725)
Dividends Paid	-	-	-	-	(33,855)	(33,855)
Foreign Investor Tax Credit	-	-	-	-	725	725
Balance at 31 March 2016	73,912	52,303	(4,619)	-	459,477	581,073

Cash Flow Statement for the Year Ended 31 March 2017

	Note	2017 \$000	2016 \$000
Cash Flows From Operating Activities			
Receipts from Customers		2,307,424	2,275,422
Interest Received		503	581
Payments to Suppliers and Team Members		(2,132,227)	(2,089,222)
Interest Paid		(7,729)	(8,952)
Income Taxes Paid		(36,745)	(47,563)
		<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES		131,226	130,266
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		5,822	11,897
Proceeds from Sale of Software		38	524
Repayments by Team Members		4	17
Purchase of Property, Plant & Equipment		(47,696)	(91,515)
Purchase of Software		(19,603)	(14,104)
Advances to Team Members		(212)	(5)
Establishment of Franchises and Acquisition of Subsidiaries		-	(200)
		<hr/>	<hr/>
NET CASH FLOWS FROM INVESTING ACTIVITIES		(61,647)	(93,386)
Cash Flows From Financing Activities			
Proceeds of Long Term Loans		-	19,162
Proceeds of Share Issues		11,854	-
Dividend Paid to Shareholders		(40,279)	(33,855)
Repayment of Loans		(57,131)	(316)
		<hr/>	<hr/>
NET CASH FLOWS FROM FINANCING ACTIVITIES		(85,556)	(15,009)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(15,977)	21,871
Net Foreign Exchange Differences		(2,394)	6,444
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		92,736	64,421
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CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>74,365</u>	<u>92,736</u>
Comprised			
Bank and Short Term Deposits		75,312	93,829
Bank Overdraft		(947)	(1,093)
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		<u>74,365</u>	<u>92,736</u>

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

1 Corporate Information

The preliminary full year report announcement of Mainfreight Limited ("the parent") and its subsidiaries ("the Group") for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Directors.

Mainfreight Limited is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the NZX Main Board (New Zealand Stock Exchange).

2 Accounting Policies

The Group has changed its policy in relation to recognition of deferred tax liabilities on indefinite lived intangible assets acquired in business combinations. Previously deferred tax was not recognised on such assets, but due to recent clarification by IASB it now is. This change in accounting policy has been accounted retrospectively, and so both equity at 1 April 2015 and the 31 March 2016 balance sheet have been adjusted for this change due to recognition of a deferred tax liability \$2,636,000. This change has impacted the deferred tax liability and retained earnings.

All other accounting policies remain consistent with the 2016 prior year financial statements.

3 Required NZX Disclosures

Movements in Ordinary Shares on Issue

	2017	2016
	Shares	Shares
Closing Balance	100,698,548	99,573,548
Average Balance During Year	100,417,298	99,573,548

In June and July 2016 a total of 1,125,000 redeemable ordinary shares were fully paid by the participants at an average price of \$10.56 per share.

At 31 March 2017 there were no partly paid shares outstanding.

Net Tangible Assets

	2017	2016
	\$000	\$000
Net Tangible Assets	423,521	348,217
Net Tangible Assets per Security (cps)	421.76	349.71

Dividends Paid and Proposed

	2017	2016
	\$000	\$000
Recognised Amounts		
Declared and Paid During the Year to Parent Shareholders		
Final Fully Imputed Dividend for 2016: 23.0 cents (2015: 20.0 cents)	23,160	19,915
Interim Fully Imputed Dividend for 2017: 17.0 cents (2016: 14.0 cents)	17,119	13,940
	<hr/> 40,279	<hr/> 33,855

Unrecognised Amounts

Final Fully Imputed Dividend for 2017: 24.0 cents (2016: 23.0 cents)	24,168	22,902
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After the balance date, the above unrecognised dividends were approved by directors' resolution dated 29 May 2017. These amounts have not been recognised as a liability in 2017 but will be brought to account in 2018.

4 Abnormal Items

During the year the Group had \$2,698,000 of abnormal expenses (2016 \$2,352,000). The related after tax expense was \$1,891,000 (2016 \$1,636,000).

In the year the Group had a \$250,000 abnormal gain (2016 nil). The related after tax gain was \$250,000 (2016 \$1,064,000).

These items comprised of:

<u>2017 Year</u>	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>After Tax</u> <u>\$000</u>
Redundancies	(2,698)	807	(1,891)
Earnout Accrual Written Back	250	-	250
	(2,448)	807	(1,641)
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<u>2016 Year</u>	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>After Tax</u> <u>\$000</u>
Redundancies	(1,695)	519	(1,176)
Customs Agency Receivership	(657)	197	(460)
Deferred Tax Writeback on Buildings Sold	-	1,064	1,064
	(2,352)	1,780	(572)
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5 Annual Report and Annual Meeting

The annual report is expected to be available on 27 June 2017.

The Annual Meeting is to be held at the Barrel Hall, Villa Maria Estate, 118 Montgomerie Road, Mangere, Auckland at 4.00pm on 27 July 2017.

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10. For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant details on additional pages)

Full name of Issuer:

Name of officer authorised to make this notice: Authority for event, e.g. Directors' resolution:

Contact phone number: Contact fax number: Date:

Nature of event
Tick as appropriate

Bonus Issue If ticked, state whether: Taxable / Non Taxable Conversion Interest Rights Issue Renounceable

Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special DRP Applies

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities: ISIN:
If unknown, contact NZX

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities: ISIN:
If unknown, contact NZX

Number of Securities to be issued following event: Minimum Entitlement: Ratio, e.g. ① for ② for

Conversion, Maturity, Call Payable or Exercise Date: Treatment of Fractions:

Strike price per security for any issue in lieu or date Strike Price available: Tick if *pari passu* OR provide an explanation of the ranking:

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

In dollars and cents

Amount per security (does not include any excluded income): Source of Payment:

Excluded income per security (only applicable to listed PIEs):

Currency: Supplementary dividend details - NZSX Listing Rule 7.12.7:

Total monies: Date Payable:

Taxation *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price: \$ Resident Withholding Tax: Imputation Credits (Give details):

Foreign Withholding Tax: \$ FWP Credits (Give details):

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -* **Application Date** *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.*

Notice Date *Entitlement letters, call notices, conversion notices mailed* **Allotment Date** *For the issue of new securities. Must be within 5 business days of application closing date.*

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:

