

# PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

## Mainfreight Limited For Half Year Ended 30 September 2016

Preliminary half year report on consolidated results (including the results for the previous corresponding half year).  
This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited financial statements.  
The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

### Income Statement for the Six Months Ended 30 September 2016

	Note	30 Sept 2016 \$000	30 Sept 2015 \$000	31 March 2016 \$000
Operating Revenue		1,142,437	1,114,141	2,284,226
Interest Income		-	-	581
<b>Total Revenue</b>		<b>1,142,437</b>	<b>1,114,141</b>	<b>2,284,807</b>
Transport Costs		(701,578)	(702,708)	(1,426,847)
Labour Expenses Excluding Share Based Payments		(242,085)	(232,977)	(460,070)
Occupancy Expenses and Rental Recharge		(31,790)	(28,463)	(60,664)
Depreciation and Amortisation Expenses		(21,454)	(19,192)	(39,320)
Other Expenses		(80,636)	(78,411)	(161,798)
Finance Costs		(3,790)	(4,030)	(8,953)
Non-cash Share Based Payment Expense		(55)	(178)	(356)
<b>Profit Before Abnormal Items and Taxation for the Year</b>		<b>61,049</b>	<b>48,182</b>	<b>126,799</b>
Income Tax on Profit Before Abnormal Items		(18,723)	(15,040)	(38,623)
<b>Net Profit Before Abnormal Items for the Year</b>		<b>42,326</b>	<b>33,142</b>	<b>88,176</b>
Abnormal Items	4	(679)	(386)	(2,352)
Income Tax on Abnormal Items	4	201	114	1,780
<b>Abnormal Items After Taxation</b>	<b>4</b>	<b>(478)</b>	<b>(272)</b>	<b>(572)</b>
<b>Profit Before Taxation for the Year</b>		<b>60,370</b>	<b>47,796</b>	<b>124,447</b>
Income Tax Expense		(18,522)	(14,926)	(36,843)
<b>Net Profit for the Year</b>		<b>41,848</b>	<b>32,870</b>	<b>87,604</b>

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

		Cents	Cents	Cents
Basic Earnings Per Share:	Total Operations	41.79	33.01	87.98
Diluted Earnings Per Share:	Total Operations	41.70	32.87	87.65

### Statement of Comprehensive Income for the Six Months Ended 30 September 2016

Net Profit for the Year		41,848	32,870	87,604
<b>Other Comprehensive Income</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange Differences on Translation of Foreign Operations		(13,248)	26,951	16,644
Income Tax Effect		-	-	3,767
<b>Net Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(13,248)</b>	<b>26,951</b>	<b>20,411</b>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Revaluation of Land		(780)	1,532	631
Income Tax Effect		-	-	(56)
<b>Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(780)</b>	<b>1,532</b>	<b>575</b>
<b>Other Comprehensive Income for the Year, Net of Tax</b>		<b>(14,028)</b>	<b>28,483</b>	<b>20,986</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>27,820</b>	<b>61,353</b>	<b>108,590</b>

## Balance Sheet as at 30 September 2016

	30 Sept 2016 \$000	30 Sept 2015 \$000	31 March 2016 \$000
<b>Current Assets</b>			
Bank	76,486	50,208	93,829
Trade Debtors	304,443	333,472	293,194
Income Tax Receivable	-	79	877
Properties Available for Sale	2,240	6,185	1,787
Other Debtors	38,732	53,366	44,498
	421,901	443,310	434,185
<b>Non-current Assets</b>			
Property, Plant & Equipment	556,534	568,270	569,013
Software	39,142	23,866	33,968
Goodwill	198,974	219,695	207,644
Brand Names	10,693	12,178	11,310
Other Intangible Assets	12,058	16,348	13,902
Deferred Tax Asset	7,905	8,429	8,555
	825,306	848,786	844,392
TOTAL ASSETS	\$1,247,207	\$ 1,292,096	\$ 1,278,577
<b>Current Liabilities</b>			
Bank	-	-	1,093
Trade Creditors & Accruals	258,813	304,477	262,640
Employee Entitlements	42,846	42,503	43,949
Provision for Taxation	4,275	2,857	4,933
Finance Lease Liability	1,896	2,166	2,369
	307,830	352,003	314,984
<b>Non-current Liabilities</b>			
Bank Term Loan	312,561	359,543	352,299
Employee Entitlements	715	698	676
Deferred Tax Liability	23,062	26,355	23,636
Finance Lease Liability	2,761	3,263	3,273
	339,099	389,859	379,884
<b>Shareholders' Equity</b>			
Share Capital	85,821	73,734	73,912
Accumulated Surplus	480,801	419,213	462,113
Revaluation Reserve	51,523	55,366	52,303
Foreign Currency Translation Reserve	(17,867)	1,921	(4,619)
TOTAL EQUITY	600,278	550,234	583,709
TOTAL LIABILITIES AND EQUITY	\$1,247,207	\$ 1,292,096	\$ 1,278,577

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

## Statement of Changes in Equity for the Six Months Ended 30 September 2016

<b>Six Months to 30 September 2016</b>	ORDINARY SHARES	ASSET REVALUATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Balance at 1 April 2016	73,912	52,303	(4,619)	462,113	583,709
Profit for the Period				41,848	41,848
Other Comprehensive Income		(780)	(13,248)		(14,028)
<b>Total Comprehensive Income for the Period</b>	-	(780)	(13,248)	41,848	27,820
<b>Transactions with Owners in Their Capacity as Owners:</b>					
Shares Issued	11,854				11,854
Executive Share Scheme Costs	55				55
Supplementary Dividends				(652)	(652)
Dividends Paid				(23,160)	(23,160)
Foreign Investor Tax Credit				652	652
Balance at 30 September 2016	85,821	51,523	(17,867)	480,801	600,278

<b>Six Months to 30 September 2015</b>	ORDINARY SHARES	ASSET REVALUATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Balance at 1 April 2015	73,556	53,834	(25,030)	406,258	508,618
Profit for the Period				32,870	32,870
Other Comprehensive Income		1,532	26,951		28,483
<b>Total Comprehensive Income for the Period</b>	-	1,532	26,951	32,870	61,353
<b>Transactions with Owners in Their Capacity as Owners:</b>					
Shares Issued					-
Executive Share Scheme Costs	178				178
Supplementary Dividends				(401)	(401)
Dividends Paid				(19,915)	(19,915)
Foreign Investor Tax Credit				401	401
Balance at 30 September 2015	73,734	55,366	1,921	419,213	550,234

<b>Twelve Months to 31 March 2016</b>	ORDINARY SHARES	ASSET REVALUATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Balance at 1 April 2015	73,556	53,834	(25,030)	406,258	508,618
Profit for the Period				87,604	87,604
Transfer of Revaluation Reserve for Land Sold		(2,106)		2,106	-
Other Comprehensive Income		575	20,411		20,986
<b>Total Comprehensive Income for the Period</b>	-	(1,531)	20,411	89,710	108,590
<b>Transactions with Owners in Their Capacity as Owners:</b>					
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)	462,113	583,709

## Cash Flow Statement for the Six Months Ended 30 September 2016

	Note	<u>Group</u>		31 March 2016 \$000
		30 Sept 2016 \$000	30 Sept 2015 \$000	
<b>Cash Flows From Operating Activities</b>				
Receipts from Customers		1,289,127	1,235,923	2,275,422
Interest Received		-	-	581
Payments to Suppliers and Team Members		(1,215,332)	(1,160,975)	(2,089,222)
Interest Paid		(3,790)	(4,029)	(8,952)
Income Taxes Paid		(17,971)	(24,985)	(47,563)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>52,034</b>	<b>45,934</b>	<b>130,266</b>
<b>Cash Flows From Investing Activities</b>				
Proceeds from Sale of Property, Plant & Equipment		2,553	2,602	11,897
Proceeds from Sale of Software		-	-	524
Repayments by Team Members		4	4	17
Purchase of Property, Plant & Equipment		(22,429)	(55,068)	(91,515)
Purchase of Software		(8,032)	(6,032)	(14,104)
Advances to Team Members		(4)	(6)	(5)
Establishment of Franchises and Subsidiaries		-	-	(200)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(27,908)</b>	<b>(58,500)</b>	<b>(93,386)</b>
<b>Cash Flows From Financing Activities</b>				
Proceeds of Long Term Loans		-	9,478	19,162
Proceeds of Share Issues		11,854	-	-
Dividend Paid to Shareholders		(23,160)	(19,915)	(33,855)
Repayment of Loans		(25,166)	(1,144)	(316)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(36,472)</b>	<b>(11,581)</b>	<b>(15,009)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(12,346)</b>	<b>(24,147)</b>	<b>21,871</b>
Net Foreign Exchange Differences		(3,904)	9,934	6,444
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>92,736</b>	<b>64,421</b>	<b>64,421</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>76,486</b>	<b>50,208</b>	<b>92,736</b>
<b>Comprised</b>				
Bank and Short Term Deposits		76,486	50,208	93,829
Bank Overdraft		-	-	(1,093)
		<b>76,486</b>	<b>50,208</b>	<b>92,736</b>

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

## **1 Corporate Information**

The preliminary half year report announcement of Mainfreight Limited ("the parent") and its subsidiaries ("the Group") for the six months ended 30 September 2016 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**

Accounting policies remain consistent with the prior year ended 31 March 2016 financial statements.

## **3 Required NZX Disclosures**

### **Movements in Ordinary Shares on Issue**

	<u>Parent</u>		
	<b>30 Sept 2016</b>	<b>30 Sept 2015</b>	<b>31 March 2016</b>
	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>
Closing Balance	100,698,548	99,573,548	99,573,548

At 30 September 2016 there were no partly paid shares outstanding (2015 1,200,000).

Between 30 May 2016 and 29 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. 75,000 partly paid redeemable ordinary shares were cancelled on 29 July 2016.

Net Tangible Assets	378,553	302,013	350,853
Net Tangible Assets per Security (cps)	375.93	303.31	352.36

### **Dividends Paid and Proposed**

	<u>Group</u>	
	<b>30 Sept 2016</b>	<b>30 Sept 2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>Recognised Amounts</b>		
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
	<hr/>	<hr/>
	23,160	19,915

### **Unrecognised Amounts**

Interim Fully Imputed Dividend for 2017: 17.0 cents (2016: 14.0 cents)	17,119	13,940
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After the balance date, the above unrecognised dividends were approved by directors' resolution dated 8 November 2016. These amounts have not been recognised as a liability as at 30 September 2016 but will be brought to account in the full year to 31 March 2017.

#### **4 Abnormal Items**

During the six months the Group had \$679,000 of abnormal expenses (September 2015 \$386,000). The related after tax expense was \$478,000 (September 2015 \$272,000).

These items comprised of:

<b><u>September 2016 Six Months</u></b>	<b><u>Pre-Tax</u></b> <b><u>\$000</u></b>	<b><u>Tax</u></b> <b><u>\$000</u></b>	<b><u>Group</u></b> <b><u>After Tax</u></b> <b><u>\$000</u></b>
NZ, USA, Asian & European Redundancies	(679,000)	201,000	(478,000)
	(679,000)	201,000	(478,000)

  

<b><u>September 2015 Six Months</u></b>	<b><u>Pre-Tax</u></b> <b><u>\$000</u></b>	<b><u>Tax</u></b> <b><u>\$000</u></b>	<b><u>Group</u></b> <b><u>After Tax</u></b> <b><u>\$000</u></b>
NZ, Australian & European Redundancies	(386,000)	114,000	(272,000)
	(386,000)	114,000	(272,000)



EMAIL: **announce@nzx.com**

**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 **Mainfreight Limited**

Name of officer authorised to make this notice **Tim Williams** Authority for event, e.g. Directors' resolution **Directors Resolution**

Contact phone number **(09) 259 5500** Contact fax number **(09) 270 7402** Date **8 / 11 / 2016**

**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 **Ordinary Shares** ISIN **NZMFTE0001S9**  
*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) **\$0.170** Source of Payment **Revenue**  
 Excluded income per security (only applicable to listed PIEs)   
 Currency **NZ \$** Supplementary dividend details - NZSX Listing Rule 7.12.7 Amount per security in dollars and cents **\$0.030000**  
 Total monies **\$17,118,753** Date Payable **16 December, 2016**

**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 **\$0.011806** Imputation Credits (Give details) **\$0.066111**  
 Foreign Withholding Tax \$ FWP Credits (Give details)

**Timing** (Refer Appendix 8 in the NZSX Listing Rules)

**Record Date 5pm** For calculation of entitlements - **9 December, 2016**  
**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. **16 December, 2016**

**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:

