## 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 Interest Income			1,142,437 -	1,114,141 -	2,284,226 581
Total Revenue		-	1,142,437	1,114,141	2,284,807
Transport Costs Labour Expenses Excluding Share Base Occupancy Expenses and Rental Rech Depreciation and Amortisation Expense Other Expenses Finance Costs Non-cash Share Based Payment Expen	arge s		(701,578) (242,085) (31,790) (21,454) (80,636) (3,790) (55)	(702,708) (232,977) (28,463) (19,192) (78,411) (4,030) (178)	(1,426,847) (460,070) (60,664) (39,320) (161,798) (8,953) (356)
Profit Before Abnormal Items and Taxat Income Tax on Profit Before Abnormal I Net Profit Before Abnormal Items for the	tems	- -	61,049 (18,723) 42,326	48,182 (15,040) 33,142	126,799 (38,623) 88,176
Abnormal Items Income Tax on Abnormal Items Abnormal Items After Taxation		4 4 4	(679) 201 (478)	(386) 114 (272)	(2,352) 1,780 (572)
Profit Before Taxation for the Year Income Tax Expense Net Profit for the Year		- =	60,370 (18,522) 41,848	47,796 (14,926) 32,870	124,447 (36,843) 87,604
Earnings per share for profit attributable	to the ordinary equity hold	ers of the company are:			
Basic Earnings Per Share:	Total Operations		<b>Cents</b> 41.79	<b>Cents</b> 33.01	<b>Cents</b> 87.98
Diluted Earnings Per Share:	Total Operations		41.70	32.87	87.65
Statement of Comprehens	sive Income for the	e Six Months En	ded 30 Se	eptember .	2016
Net Profit for the Year			41,848	32,870	87,604
Other Comprehensive Income Other comprehensive income to be recl Exchange Differences on Translation of Income Tax Effect	Foreign Operations	, , _	(13,248)	26,951	16,644 3,767
Net Other comprehensive income to subsequent periods	be reclassified to profit o	r loss in	(13,248)	26,951	20,411
Other comprehensive income not to be Revaluation of Land Income Tax Effect	reclassified to profit or loss	in subsequent periods:	(780)	1,532	631 (56)
Net Other comprehensive income no subsequent periods	t to be reclassified to pro	fit or loss in	(780)	1,532	575
Other Comprehensive Income for the	Year, Net of Tax		(14,028)	28,483	20,986
Total Comprehensive Income for the	Year, Net of Tax		27,820	61,353	108,590

# Balance Sheet as at 30 September 2016

	30 Sept 2016 \$000	30 Sept 2015 \$000	31 March 2016 \$000
Current Assets	70.400	50.000	00.000
Bank Trade Debtors	76,486 304,443	50,208 333,472	93,829 293,194
Income Tax Receivable	304,443	79	293,194 877
Properties Available for Sale	2,240	6,185	1,787
Other Debtors	38,732	53,366	44,498
	421,901	443,310	434,185
Non-current Assets 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 Deferred Tax Asset	12,058 7,905	16,348 8,429	13,902 8,555
	825,306	848,786	844,392
TOTAL ASSETS	\$1,247,207	\$ 1,292,096	\$ 1,278,577
Current Liabilities Bank Trade Creditors & Accruals	- 258,813	- 304,477	1,093 262,640
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
Non-current Liabilities 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
Shareholders' Equity Share Capital 3	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

		ASSET	FOREIGN CURRENCY		
Six Months to 30 September 2016	ORDINARY	REVALUATION	TRANSLATION	RETAINED	
	SHARES	RESERVE	RESERVE	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)
Total Comprehensive Income for the Period	-	(780)	(13,248)	41,848	27,820
Transactions with Owners in Their Capacity as Own	iers:				
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
<del>-</del>					

		ASSET	FOREIGN CURRENCY		
Six Months to 30 September 2015	ORDINARY	REVALUATION	TRANSLATION	RETAINED	
	SHARES	RESERVE	RESERVE	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 -
Total Comprehensive Income for the Period	-	1,532	26,951	32,870	61,353
Transactions with Owners in Their Capacity as Ow	ners:				
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

		ASSET	FOREIGN CURRENCY		
Twelve Months to 31 March 2016	ORDINARY Shares	REVALUATION RESERVE	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
Total Comprehensive Income for the Period	-	(1,531)	20,411	89,710	108,590
Transactions with Owners in Their Capacity as Own	ners:				
Shares Issued	250				-
Executive Share Scheme Costs Supplementary Dividends	356			(725)	356 (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

		<u> </u>		
	Note	30 Sept	30 Sept	31 March
		2016	2015	2016
On the Floring France On source them Andreideline		\$000	\$000	\$000
Cash Flows From Operating Activities Receipts from Customers		1,289,127	1,235,923	2,275,422
Interest Received		1,209,127	1,233,923	2,273,422 581
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)
NET CASH FLOWS FROM OPERATING ACTIVITIES		52,034	45,934	130,266
Cash Flows From Investing Activities				
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)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(27,908)	(58,500)	(93,386)
Cash Flows From Financing Activities				
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)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(36,472)	(11,581)	(15,009)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(12,346)	(24,147)	21,871
Net Foreign Exchange Differences		(3,904)	9,934	6,444
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		92,736	64,421	64,421
CASH AND CASH EQUIVALENTS AT END OF PERIOD		76,486	50,208	92,736
Comprised				
Bank and Short Term Deposits		76,486	50,208	93,829
Bank Overdraft				(1,093)
		76,486	50,208	92,736

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>!</u>	Parent Parent	
	30 Sept	30 Sept	31 March
	2016	2015	2016
	Shares	Shares	Shares
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 29July 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>Gre</u>	oup
	30 Sept 2016 \$000	30 Sept 2015 \$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
	23.160	19.915
	23,160	19,915
Unrecognised Amounts		
Interim Fully Imputed Dividend for 2017: 17.0 cents (2016: 14.0 cents)	17,119	13,940

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:

mose items complised of:			Group
September 2016 Six Months	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> \$000	Group After Tax \$000
NZ, USA, Asian & European Redundancies	(679,000)	201,000	(478,000)
_	(679,000)	201,000	(478,000)
			Group
September 2015 Six Months	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> \$000	Group After Tax \$000
September 2015 Six Months  NZ, Australian & European Redundancies			After Tax

#### 5 Segmental Reporting

The Group operates in the domestic supply chain (i.e. moving and storing freight within countries) and air and ocean freight industries (i.e. moving freight between countries).

New Zealand, Australia, The Americas and Europe are each reported to management as one segment as the businesses there perform both

New Zealand, Australia, The Americas and Europe are each reported to management as one segment as the businesses there perform both domestic and air and ocean services.

The accounting policies of the operating segments are the same as those described in the notes in note 2 with the exception of deferred tax and the fair value of derivative financial instruments which are not reported on a monthly basis.

The segmental results from operations are disclosed below.

#### Geographical Segments

The following table represents revenue, margin and certain asset information regarding geographical segments for the six months ended 30 September 2016 and 30 September 2015. Inter segment transactions are entered into on a fully commercial basis.

	New Zealand	Australia	The Americas	Asia	Europe	Inter- Segment	2016 \$000 Group
Operating Revenue							
<ul> <li>sales to customers outside the group</li> </ul>	287,546	273,950	319,798	44,481	216,662	-	1,142,437
- inter-segment sales	550	8,003	8,167	47,443	9,316	(73,479)	
Total Revenue	288,096	281,953	327,965	91,924	225,978	(73,479)	1,142,437
EBITDA	37,163	17,110	13,878	6,052	12,145	-	86,348
Depreciation & Amortisation	9,263	3,427	2,613	295	5,856	-	21,454
Capital Expenditure	16,105	3,643	3,258	163	4,739	-	27,908
Trade Receivables	80,532	82,122	82,730	18,730	60,802	(20,473)	304,443
Non-current Assets	352,877	171,955	84,091	17,984	198,399	-	825,306
Total Assets	437,129	275,763	193,025	55,097	306,666	(20,473)	1,247,207
Total Liabilities	211,279	144,386	114,891	29,078	167,768	(20,473)	646,929
•							
	New Zealand	Australia	The Americas	Asia	Europe	Inter- Segment	2015 \$000 Group
Operating Revenue							
<ul> <li>sales to customers outside the group</li> </ul>	270,957	270,877	330,780	31,386	210,141	-	1,114,141
- inter-segment sales	659	8,256	9,529	39,529	6,588	(64,561)	
Total Revenue	271,616	279,133	340,309	70,915	216,729	(64,561)	1,114,141
EBITDA	28,989	14,366	13,606	5,140	9,481	-	71,582
Depreciation & Amortisation	7,691	2,746	2,471	309	5,975	-	19,192
Control France Proces	10.000	04.700	4.004	205	7.004		50.400
Capital Expenditure	13,968	31,730	4,821	285	7,694	(44.740)	58,498
Trade Receivables	78,826	90,347	98,779	10,977	69,283	(14,740)	333,472
Non-current Assets	345,567	161,725	91,114	19,815	230,565	-	848,786
Total Assets	427,201	276,104	211,678	50,814	341,039	(14,740)	1,292,096
Total Liabilities	217,373	166,696	137,052	33,263	202,218	(14,740)	741,862
Reconciliation between Segment EBITI	DA and the In	come Statem	ent			2016 \$000	2015 \$000
Profit from Operations Before Abnorma Interest Income	I Items and Ta	axation for the	e Year			61,049	48,182
Derivative Fair Value Movement Non-cash Share Based Payment Exper	nse					- 55	- 178
Finance Costs Depreciation & Amortisation						3,790 21,454	4,030 19,192
EBITDA					-	86,348	71,582

EBITDA is defined as earnings before net interest expense, tax, depreciation, amortisation, abnormal items, royalties, share based payment expense, minority interests and associates.

There are no customers in any segment that comprise more than 10% of that segment's revenue.

The gegraphical segments are determined based on the location of the Group's assets.

#### 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)

of Issuer Mainfreight Limit	ted				
Name of officer authorised to make this notice	Tim Williams		Authority for e.g. Directors		tors Resolution
Contact phone number (09) 259 550	Contact t number	(09) 270 7	402	Date {	3 / 11 / 2016
Nature of event Tick as appropriate Bonus Issue Rights Issue non-renounce	If ticked, state whether: Taxable Capital Call Divided the change	nd If ticked, state	Conv		Rights Issue st Renouncable DRP Applies
EXISTING securities affected by this	If more th	nan one security is affec	ted by the event	, use a separate form.	
Description of the class of securities  Ordinary	/ Shares				ZMFTE0001S9 If unknown, contact NZX
Details of securities issued pursuar	t to this event	If more than one cla	ass of security is	to be issued, use a separa	te 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  for for
Conversion, Maturity, Call Payable or Exercise Date			Treatment of Fr	ractions	
Enter N/A if not applicable  Tick if provide an OR explanation of the strike price available.  Strike price available.  Enter N/A if not applicable  DR explanation of the ranking					
Monies Associated with Event	Dividend payable, Cal	l payable, Exercise price	e, Conversion pr	ice, Redemption price, App	plication money.
In dollars  Amount per security (does not include any excluded incom	\$0.170	Source of Payment		Rev	renue
Excluded income per security (only applicable to listed PIEs)		]	_	_	
Currency	NZ \$	de	vidend etails -	Amount per security in dollars and cents	\$0.030000
Total monies	\$17,118,753	NZSX Lis	ting Rule 7.12.7	Date Payable	16 December, 2016
Taxation		Amo	unt per Security	in Dollars and cents to six	decimal places
In the case of a taxable bonus issue state strike price	\$ Resident Withholdi		06	Imputation Cred (Give details)	\$0.066111
	Foreign Withholdi	ing Tax		FWP Credits (Give details)	
Timing (Refer Appendix 8 in	the NZSX Listing Rules)				
Record Date 5pm For calculation of entitlements -	9 December, 2016	Also Inter Con of ap	lication Date , Call Payable, Executed Payable, Executed Date. In oplications this metals and of the second payable of the second pa	ercise Date, the case oust be the	mber, 2016
Notice Date Entitlement letters, call notices, conversion notices mailed  OFFICE USE ONLY		For a	tment Date the issue of new t be within 5 bus pplication closing	iness days	

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

Security Code:

Security Code:

