

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

Mainfreight Limited For Half Year Ended 30 September 2018

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 the New Zealand equivalent to International Accounting Standard 34

Interim Financial Reporting and fairly presents 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 2018

	Note	30 Sept 2018 \$000	30 Sept 2017 \$000	31 March 2018 \$000
Operating Revenue		1,430,994	1,225,583	2,616,189
Interest Income		-	-	511
Total Revenue		1,430,994	1,225,583	2,616,700
Transport Costs		(875,751)	(748,541)	(1,605,459)
Labour Expenses Excluding Share Based Payments		(305,700)	(266,441)	(538,483)
Occupancy Expenses and Rental Recharge		(40,247)	(35,727)	(73,192)
Depreciation and Amortisation Expenses		(26,080)	(23,115)	(47,788)
Other Expenses		(100,954)	(86,108)	(183,941)
Finance Costs		(3,966)	(3,927)	(7,567)
Profit Before Abnormal Items and Taxation for the Year		78,296	61,724	160,270
Income Tax on Profit Before Abnormal Items		(22,400)	(18,952)	(48,266)
Net Profit Before Abnormal Items for the Year		55,896	42,772	112,004
Abnormal Items	4	(291)	(906)	(7,224)
Income Tax on Abnormal Items	4	98	351	2,898
Abnormal Items After Taxation	4	(193)	(555)	(4,326)
Profit Before Taxation for the Year		78,005	60,818	153,046
Income Tax Expense		(22,302)	(18,601)	(45,368)
Net Profit for the Year		55,703	42,217	107,678

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

	Cents	Cents	Cents
Basic Earnings Per Share: Total Operations	55.32	41.92	106.93
Diluted Earnings Per Share: Total Operations	55.32	41.92	106.93

Statement of Comprehensive Income for the Six Months Ended 30 September 2018

Net Profit for the Year	55,703	42,217	107,678
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	13,780	(1,198)	(1,978)
Income Tax effect	941	-	3,371
Net Other comprehensive income to be reclassified to profit (loss) in subsequent periods	14,721	(1,198)	1,393
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of Land including Foreign Exchange Movements	325	356	638
Income Tax effect	-	-	-
Net Other comprehensive income not to be reclassified to profit (loss) in subsequent periods	325	356	638
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined Benefit Pension Provision	(7)	(29)	325
Income Tax effect	-	-	(137)
Net Other comprehensive income not to be reclassified to profit (loss) in subsequent periods	(7)	(29)	188
Other Comprehensive Income for the Year, Net of Tax	15,039	(871)	2,219
Total Comprehensive Income for the Year, Net of Tax	70,742	41,346	109,897

Balance Sheet as at 30 September 2018

	30 Sept 2018 \$000	30 Sept 2017 \$000	31 March 2018 \$000
Current Assets			
Bank	85,318	67,487	80,521
Trade Debtors	432,321	330,872	361,737
Income Tax Receivable	-	644	270
Properties Available for Sale	8,473	-	7,852
Other Debtors	53,446	51,170	60,811
	579,558	450,173	511,191
Non-current Assets			
Property, Plant & Equipment	605,584	586,300	582,310
Software	49,956	45,326	49,374
Goodwill	216,681	204,093	207,919
Brand Names	8,096	11,262	7,863
Other Intangible Assets	8,237	10,065	9,164
Deferred Tax Asset	9,189	9,149	8,882
	897,743	866,195	865,512
TOTAL ASSETS	\$1,477,301	\$ 1,316,368	\$ 1,376,703
Current Liabilities			
Bank	-	-	36
Trade Creditors & Accruals	355,666	284,152	298,916
Employee Entitlements	56,093	50,698	53,373
Provision for Taxation	2,234	7,569	12,323
Finance Lease Liability	1,956	1,838	2,077
	415,949	344,257	366,725
Non-current Liabilities			
Bank Term Loan	277,595	284,892	270,753
Employee Entitlements	3,856	745	3,634
Deferred Tax Liability	21,835	23,769	21,526
Finance Lease Liability	3,948	2,565	4,507
	307,234	311,971	300,420
Shareholders' Equity			
Share Capital	85,821	85,821	85,821
Accumulated Surplus	612,880	537,031	583,359
Revaluation Reserve	51,579	50,972	51,254
Foreign Currency Translation Reserve	4,077	(13,235)	(10,644)
Defined Benefit Pension Reserve	(239)	(449)	(232)
	754,118	660,140	709,558
TOTAL EQUITY	754,118	660,140	709,558
TOTAL LIABILITIES AND EQUITY	\$1,477,301	\$ 1,316,368	\$ 1,376,703

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

Statement of Changes in Equity for the Six Months Ended 30 September 2018

Six Months to 30 September 2018

	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	TOTAL \$000
Balance at 1 April 2018	85,821	51,254	(10,644)	(232)	583,359	709,558
Profit for the Period					55,703	55,703
Other Comprehensive Income		325	14,721	(7)		15,039
Total Comprehensive Income for the F	-	325	14,721	(7)	55,703	70,742
Transactions with Owners in Their Capacity as Owners:						
Shares Issued						-
Executive Share Scheme Costs						-
Supplementary Dividends					(989)	(989)
Dividends Paid					(26,182)	(26,182)
Foreign Investor Tax Credit					989	989
Balance at 30 September 2018	85,821	51,579	4,077	(239)	612,880	754,118

Six Months to 30 September 2017

	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	TOTAL \$000
Balance at 1 April 2017	85,821	50,616	(12,037)	(420)	518,982	642,962
Profit for the Period					42,217	42,217
Other Comprehensive Income		356	(1,198)	(29)		(871)
Total Comprehensive Income for the F	-	356	(1,198)	(29)	42,217	41,346
Transactions with Owners in Their Capacity as Owners:						
Shares Issued						-
Executive Share Scheme Costs						-
Supplementary Dividends					(824)	(824)
Dividends Paid					(24,168)	(24,168)
Foreign Investor Tax Credit					824	824
Balance at 30 September 2017	85,821	50,972	(13,235)	(449)	537,031	660,140

Twelve Months to 31 March 2018

	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	TOTAL \$000
Balance at 1 April 2017	85,821	50,616	(12,037)	(420)	518,982	642,962
Profit for the Period					107,678	107,678
Other Comprehensive Income		638	1,393	188		2,219
Total Comprehensive Income for the F	-	638	1,393	188	107,678	109,897
Transactions with Owners in Their Capacity as Owners:						
Shares Issued						-
Executive Share Scheme Costs						-
Supplementary Dividends					(1,497)	(1,497)
Dividends Paid					(43,301)	(43,301)
Foreign Investor Tax Credit					1,497	1,497
Balance at 31 March 2018	85,821	51,254	(10,644)	(232)	583,359	709,558

Cash Flow Statement for the Six Months Ended 30 September 2018

	Note	Group		31 March 2018
		30 Sept 2018	30 Sept 2017	
		\$000	\$000	\$000
Cash Flows From Operating Activities				
Receipts from Customers		1,603,121	1,389,656	2,580,429
Interest Received		-	-	511
Payments to Suppliers and Team Members		(1,495,938)	(1,304,324)	(2,388,030)
Interest Paid		(3,965)	(3,927)	(7,567)
Income Taxes Paid		(32,212)	(24,257)	(45,107)
NET CASH FLOWS FROM OPERATING ACTIVITIES		71,006	57,148	140,236
Cash Flows From Investing Activities				
Proceeds from Sale of Property, Plant & Equipment		2,391	1,198	4,507
Proceeds from Sale of Software		-	-	46
Repayments by Team Members		7	213	213
Purchase of Property, Plant & Equipment		(33,129)	(22,944)	(51,509)
Purchase of Software		(9,456)	(10,592)	(17,726)
Advances to Team Members		-	(6)	(10)
Establishment of Franchises and Subsidiaries		-	-	(250)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(40,187)	(32,131)	(64,729)
Cash Flows From Financing Activities				
Proceeds of Long Term Loans		-	-	1,974
Proceeds of Share Issues		-	-	-
Dividend Paid to Shareholders		(26,182)	(24,168)	(43,300)
Repayment of Loans		(3,736)	(7,730)	(28,441)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(29,918)	(31,898)	(69,767)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		901	(6,881)	5,740
Net Foreign Exchange Differences		3,932	3	380
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		80,485	74,365	74,365
CASH AND CASH EQUIVALENTS AT END OF PERIOD		85,318	67,487	80,485
Comprised				
Bank and Short Term Deposits		85,318	67,487	80,521
Bank Overdraft		-	-	(36)
		85,318	67,487	80,485

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 2018 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 2018 financial statements except for the adoption of NZ IFRS 15 Revenue from Contracts with Customers. (Please see Note 2 (e) of the Financial Statements in the March 2018 Annual Report for further information).

A restatement of the 2018 Financial Statements was required as a result of this and the impact was:

Opening (1 April 2017) net assets and equity of the Group was reduced by \$2,640,000.

Profit before tax was reduced by \$302,000 and after tax by \$215,000 in the 31 March 2018 year.

Revenue in the year to 31 March 2018 was reduced by \$2,160,000.

3 Required NZX Disclosures

Movements in Ordinary Shares on Issue

	<u>Parent</u>		
	30 Sept 2018 Shares	30 Sept 2017 Shares	31 March 2018 Shares
Closing Balance	100,698,548	100,698,548	100,698,548
Net Tangible Assets	521,104	434,720	484,612
Net Tangible Assets per Security (cps)	517.49	431.70	481.25

Dividends Paid and Proposed

	<u>Group</u>	
	30 Sept 2018 \$000	30 Sept 2017 \$000
Recognised Amounts		
Declared and Paid During the Year to Parent Shareholders		
Final Fully Imputed Dividend for 2018: 26.0 cents (2017: 24.0 cents)	26,182	24,168
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	26,182	24,168
Unrecognised Amounts		
Interim Fully Imputed Dividend for 2019: 22.0 cents (2018: 19.0 cents)	22,154	19,133

After the balance date, the above unrecognised dividends were approved by directors' resolution dated 13 November 2018. These amounts have not been recognised as a liability as at 30 September 2018 but will be brought to account in the full year to 31 March 2019.

4 Abnormal Items

During the six months the Group had \$291,000 of abnormal expenses (September 2017 \$906,000). The related after tax expense was \$193,000 (September 2017 \$555,000).

These items comprised of:

<u>September 2018 Six Months</u>	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>Group</u> <u>After Tax</u> <u>\$000</u>
Redundancies	(291,000)	98,000	(193,000)
	(291,000)	98,000	(193,000)
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<u>September 2017 Six Months</u>	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>Group</u> <u>After Tax</u> <u>\$000</u>
Redundancies	(906,000)	351,000	(555,000)
	(906,000)	351,000	(555,000)
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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 **13 / 11 / 2018**

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 Enter N/A if not applicable
 Treatment of Fractions Tick if *pari passu* OR provide an explanation of the ranking

Strike price per security for any issue in lieu or date Strike Price available.

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) **\$0.220** 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 **\$0.038824**
 Total monies **\$22,153,681** Date Payable **14 December, 2018**

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 **\$0.015278** Imputation Credits (Give details) **\$0.085556**
 Foreign Withholding Tax \$ FWP Credits (Give details)

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm For calculation of entitlements - **7 December, 2018**
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. **14 December, 2018**

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:

