

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

Mainfreight Limited For Full Year Ended 31 March 2016

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 2016

	Note	<u>Group</u>	
		2016	2015
		\$000	\$000
Operating Revenue		2,284,226	2,053,716
Interest Income		581	623
Total Revenue		<u>2,284,807</u>	<u>2,054,339</u>
Transport Costs		(1,426,847)	(1,289,399)
Labour Expenses Excluding Share Based Payments		(460,070)	(405,246)
Occupancy Expenses		(60,664)	(50,964)
Depreciation and Amortisation Expenses		(39,320)	(34,162)
Other Expenses		(161,798)	(145,912)
Finance Costs		(8,953)	(7,261)
Non-cash Share Based Payment Expense		(356)	(356)
Profit Before Abnormal Items and Taxation for the Year		<u>126,799</u>	<u>121,039</u>
Income Tax on Profit Before Abnormal Items		(38,623)	(37,559)
Net Profit Before Abnormal Items for the Year		<u>88,176</u>	<u>83,480</u>
Abnormal Items	4	(2,352)	(1,564)
Income Tax on Abnormal Items	4	1,780	489
Abnormal Items After Taxation	4	<u>(572)</u>	<u>(1,075)</u>
Profit Before Taxation for the Year		124,447	119,475
Income Tax Expense		(36,843)	(37,070)
Net Profit for the Year		<u>87,604</u>	<u>82,405</u>

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

		Cents	Cents
Basic Earnings Per Share:	Total Operations	87.98	82.87
Diluted Earnings Per Share:	Total Operations	87.65	82.58

Statement of Comprehensive Income for the Year Ended 31 March 2016

Net Profit for the Year		87,604	82,405
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		16,644	4,570
Income Tax effect		3,767	(2,715)
Net Other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>20,411</u>	<u>1,855</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of Land including Foreign Exchange Movements		631	10,971
Income Tax effect		(56)	(301)
Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>575</u>	<u>10,670</u>
Other Comprehensive Income for the Year, Net of Tax		20,986	12,525
Total Comprehensive Income for the Year, Net of Tax		108,590	94,930

Balance Sheet as at 31 March 2016

	Note	Group	
		2016 \$000	2015 \$000
Current Assets			
Bank		93,829	64,975
Trade Debtors		293,194	261,068
Income Tax Receivable		877	996
Properties Held for Sale		1,787	6,185
Other Receivables		44,498	48,379
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		434,185	381,603
Non-current Assets			
Property		482,112	436,568
Plant & Equipment		86,901	60,676
Software		33,968	22,735
Goodwill		207,644	190,999
Brand Names		11,310	9,974
Other Intangible Assets		13,902	14,583
Deferred Tax Asset		8,555	7,317
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		844,392	742,852
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TOTAL ASSETS		1,278,577	1,124,455
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Current Liabilities			
Bank		1,093	554
Trade Creditors & Accruals		262,640	230,013
Provisions for Onerous Leases		-	40
Employee Entitlements		43,949	38,370
Provision for Taxation		4,933	12,700
Finance Lease Liability		2,369	2,153
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		314,984	283,830
Non-current Liabilities			
Bank Term Loan		352,299	303,630
Employee Entitlements		676	668
Deferred Tax Liability		23,636	24,414
Finance Lease Liability		3,273	3,295
		<hr/>	<hr/>
		379,884	332,007
Shareholders' Equity			
Share Capital		73,912	73,556
Retained Earnings		462,113	406,258
Revaluation Reserve		52,303	53,834
Foreign Currency Translation Reserve		(4,619)	(25,030)
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TOTAL EQUITY		583,709	508,618
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TOTAL LIABILITIES AND EQUITY		1,278,577	1,124,455
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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 2016

Group 2016

\$000	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 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)	462,113	583,709

Group 2015

\$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance at 1 April 2014	69,229	43,164	(26,885)	356,712	442,220
Profit for the Year	-	-	-	82,405	82,405
Other Comprehensive Income	-	10,670	1,855	-	12,525
Total Comprehensive Income for the Year	-	10,670	1,855	82,405	94,930
Transactions with Owners in Their Capacity as Owners:					
Shares Issued	3,971	-	-	-	3,971
Executive Share Scheme Costs	356	-	-	-	356
Supplementary Dividends	-	-	-	(750)	(750)
Dividends Paid	-	-	-	(32,859)	(32,859)
Foreign Investor Tax Credit	-	-	-	750	750
Balance at 31 March 2015	73,556	53,834	(25,030)	406,258	508,618

Cash Flow Statement for the Year Ended 31 March 2016

	Note	<u>Group</u>	
		2016	2015
		\$000	\$000
Cash Flows From Operating Activities			
Receipts from Customers		2,275,422	2,028,456
Interest Received		581	623
Payments to Suppliers and Team Members		(2,089,222)	(1,876,022)
Interest Paid		(8,952)	(7,261)
Income Taxes Paid		(47,563)	(32,143)
		130,266	113,653
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		11,897	1,539
Proceeds from Sale of Software		524	32
Repayments by Team Members		17	12
Purchase of Property, Plant & Equipment		(91,515)	(122,524)
Purchase of Software		(14,104)	(9,951)
Advances to Team Members		(5)	(17)
Establishment of Franchises and Acquisition of Subsidiaries		(200)	(1,587)
		(93,386)	(132,496)
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Flows From Financing Activities			
Proceeds of Long Term Loans		19,162	56,988
Proceeds of Share Issues		-	3,971
Dividend Paid to Shareholders		(33,855)	(32,859)
Repayment of Loans		(316)	(544)
		(15,009)	27,556
NET CASH FLOWS FROM FINANCING ACTIVITIES			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		21,871	8,713
Net Foreign Exchange Differences		6,444	1,160
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		64,421	54,548
		92,736	64,421
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Comprised			
Bank and Short Term Deposits		93,829	64,975
Bank Overdraft		(1,093)	(554)
		92,736	64,421

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 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 2015 prior year financial statements.

3 Required NZX Disclosures

Movements in Ordinary Shares on Issue

	Parent	
	2016	2015
	Shares	Shares
Closing Balance	99,573,548	99,573,548

In June and July 2014 a total of 550,000 redeemable ordinary shares were fully paid by the participants at an average price of \$7.24 per share.

At 31 March 2016 the following partly paid shares were outstanding:

<u>Quantity</u>	<u>Exercise Price</u>	<u>Exercise Dates</u>
1,200,000	1056.0 cents	30/05/16 to 29/07/16

Net Tangible Assets

Net Tangible Assets	350,853	293,062
Net Tangible Assets per Security (cps)	352.36	294.32

Dividends Paid and Proposed

	Group	
	2016	2015
	\$000	\$000
Recognised Amounts		
Declared and Paid During the Year to Parent Shareholders		
Final Fully Imputed Dividend for 2015: 20.0 cents (2014: 19.0 cents)	19,915	18,919
Interim Fully Imputed Dividend for 2016: 14.0 cents (2015: 14.0 cents)	13,940	13,940
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	33,855	32,859

Unrecognised Amounts

Final Fully Imputed Dividend for 2016: 23.0 cents (2015: 20.0 cents)	22,902	19,915
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After the balance date, the above unrecognised dividends were approved by directors' resolution dated 25 May 2016. These amounts have not been recognised as a liability in 2016 but will be brought to account in 2017.

4 Abnormal Items

During the year the Group had \$2,352,000 of abnormal expenses (2015 \$1,564,000). The related after tax expense was \$1,636,000 (2015 \$1,075,000).

In the year the Group had no pre-tax abnormal gains (2015 nil). The related after tax gain was \$1,064,000 (2015 nil).

These items comprised of:

<u>2016 Year</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	(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)

<u>2015 Year</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	(1,524)	478	(1,046)
Acquisition Costs Customs Brokerage	(40)	11	(29)
	(1,564)	489	(1,075)

5 Annual Report and Annual Meeting

The annual report is expected to be available on 27 June 2016.

The Annual Meeting is to be held at Orakei Bay Centre, 231 Orakei Road, Remuera, Auckland at 4.00pm on Thursday 28 July 2016.

6 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 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.

The following table represents revenue, margin and certain asset information regarding geographical segments for the years ended 31 March 2016 and 31 March 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							
- sales to customers outside the group	563,245	546,423	675,162	69,407	430,570	-	2,284,807
- inter-segment sales	1,537	17,414	18,792	87,455	14,601	(139,799)	-
Total Revenue	564,782	563,837	693,954	156,862	445,171	(139,799)	2,284,807
EBITDA	77,642	37,132	27,563	9,365	23,145	-	174,847
Depreciation & Amortisation	16,472	5,594	5,192	653	11,409	-	39,320
Capital Expenditure	29,243	55,967	10,316	710	10,071	-	106,307
Trade Receivables	74,639	74,672	83,128	18,141	63,087	(20,473)	293,194
Non-current Assets	348,172	181,005	87,341	18,444	209,430	-	844,392
Total Assets	437,861	291,314	191,736	52,640	325,499	(20,473)	1,278,577
Total Liabilities	216,433	162,086	119,035	29,073	188,714	(20,473)	694,868
	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	2015 \$000 Group
Operating Revenue							
- sales to customers outside the group	542,667	529,912	520,996	54,585	406,179	-	2,054,339
- inter-segment sales	135	16,049	16,427	42,006	9,913	(84,530)	-
Total Revenue	542,802	545,961	537,423	96,591	416,092	(84,530)	2,054,339
EBITDA	73,606	40,219	23,582	6,157	18,631	-	162,195
Depreciation & Amortisation	13,058	4,853	4,369	492	11,390	-	34,162
Capital Expenditure	92,716	27,856	4,536	567	5,897	-	131,572
Trade Receivables	71,578	73,679	69,300	9,397	51,854	(14,740)	261,068
Non-current Assets	337,000	123,725	75,925	18,400	187,802	-	742,852
Total Assets	424,060	220,197	165,914	43,275	285,749	(14,740)	1,124,455
Total Liabilities	214,354	126,032	100,575	22,411	167,205	(14,740)	615,837
Reconciliation between Segment EBITDA and the Income Statement							
Profit from Operations Before Abnormal Items and Taxation for the Year					126,799		121,039
Interest Income					(581)		(623)
Derivative Fair Value Movement					-		-
Non-cash Share Based Payment Expense					356		356
Finance Costs					8,953		7,261
Depreciation & Amortisation					39,320		34,162
EBITDA					174,847		162,195

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 geographical 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)

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:

