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

	30 Sept 2018	30 Sept 2017	31 March 2018
Net Profit for the Year	55,703	42,217	107,678
Other Comprehensive Income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
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
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
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
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
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

	Note	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	3	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)
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 30 Sept 2018 $000	30 Sept 2017 $000	31 March 2018 $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		**Parent**	
	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

	Group	
	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
	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:

September 2018 Six Months	**Pre-Tax $000**	**Tax $000**	**Group After Tax $000**
Redundancies	(291,000)	98,000	(193,000)
	(291,000)	98,000	(193,000)

September 2017 Six Months	**Pre-Tax $000**	**Tax $000**	**Group After Tax $000**
Redundancies	(906,000)	351,000	(555,000)
	(906,000)	351,000	(555,000)

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 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 2018 and 30 September 2017. Inter segment transactions are entered into on a fully commercial basis.

	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	2018 $000 Group
Operating Revenue							
- sales to customers outside the group	343,120	370,530	345,655	58,786	312,903	-	1,430,994
- inter-segment sales	(577)	9,324	25,401	38,200	18,486	(90,834)	-
Total Revenue	342,543	379,854	371,056	96,986	331,389	(90,834)	1,430,994
EBITDA	45,426	24,418	16,018	4,623	17,857	-	108,342
Depreciation & Amortisation	11,211	3,852	3,226	313	7,478	-	26,080
Capital Expenditure	12,772	12,044	3,462	652	11,264	-	40,194
Trade Receivables	92,744	114,383	114,603	29,111	100,420	(18,940)	432,321
Non-current Assets	373,519	187,845	91,219	11,573	233,587	-	897,743
Total Assets	471,840	333,419	234,783	66,839	389,360	(18,940)	1,477,301
Total Liabilities	203,523	165,444	133,408	34,282	205,466	(18,940)	723,183

	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	2017 $000 Group
Operating Revenue							
- sales to customers outside the group	316,867	314,319	284,037	52,611	257,749	-	1,225,583
- inter-segment sales	109	9,187	19,435	26,720	13,076	(68,527)	-
Total Revenue	316,976	323,506	303,472	79,331	270,825	(68,527)	1,225,583
EBITDA	38,446	22,351	11,809	2,833	13,327	-	88,766
Depreciation & Amortisation	10,223	3,542	2,814	323	6,213	-	23,115
Capital Expenditure	15,710	3,021	2,506	165	10,936	-	32,338
Trade Receivables	79,202	94,466	77,863	20,316	76,103	(17,078)	330,872
Non-current Assets	370,796	177,061	83,630	17,850	216,858	-	866,195
Total Assets	438,047	305,730	188,813	55,733	345,123	(17,078)	1,316,368
Total Liabilities	197,149	155,300	105,133	27,791	187,933	(17,078)	656,228

Reconciliation between Segment EBITDA and the Income Statement	2018 $000	2017 $000
Profit from Operations Before Abnormal Items and Taxation for the Year	78,296	61,724
Interest Income	-	-
Derivative Fair Value Movement	-	-
Non-cash Share Based Payment Expense	-	-
Finance Costs	3,966	3,927
Depreciation & Amortisation	26,080	23,115
EBITDA	108,342	88,766

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.

APPENDIX 7 – NZSX Listing Rules

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 Renouncable* ☐

Rights Issue non-renouncable ☐ 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*	

Enter N/A if not applicable

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
Excluded income per security (only applicable to listed PIEs)	
Currency	NZ $
Total monies	$22,153,681
Source of Payment	Revenue

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	$0.038824
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: