TIL Group’s Prospective Financial Information, a reconciliation of non-GAAP to GAAP information, and supplementary financial information

A. Prospective Financial Information

Bethunes Investments Limited ("**Bethunes**") is currently an investment company listed on the NZX Main Board. Bethunes has been actively seeking a high quality acquisition opportunity to present to its shareholders. On 26 October 2017 Bethunes announced that it had entered into an agreement to acquire the transport and logistics business of TIL and the shares in TIL Logistics Group Limited (the "**Acquisition**").

The Proposed Transaction constitutes a reverse acquisition. A reverse acquisition occurs when the entity that issues securities (the legal acquirer, in this case Bethunes) is identified as the acquiree for accounting purposes.

This document contains prospective consolidated financial statements for the years ending 30 June 2018 and 30 June 2019 to support selected financial information included in the NZX Listing Profile.

1. Introduction

The prospective consolidated financial statements of the TIL Group comprise the following Prospective Financial Information ("**PFI**"):

- prospective consolidated statement of comprehensive income;
- prospective consolidated statement of financial position;
- prospective consolidated statement of changes in equity;
- prospective consolidated statement of cash flows;
- basis of preparation and significant accounting policies;
- a description of the general and specific assumptions that support the PFI; and
- an analysis of the sensitivity of the PFI to changes in specific key assumptions.

Capitalised terms used but not otherwise defined in this document have the same meaning as the defined term presented in the NZX Listing Profile on TIL's transport and logistics business dated 17 November 2017 ("the **Profile**").

The information contained in this document should be read in conjunction with the Profile and other information presented on the Bethunes Website, http://www.bethunesinvestments.com.

2. Basis of Preparation

The PFI has been prepared in accordance with the requirements of Financial Reporting Standard 42: *Prospective Financial Statements*, and as required by NZX Listing Rule (7.1.3(a)), which requires the preparation of an Online Register Entry consistent with that which would be required by Clause 53(1)(c) of Schedule 3 to the Financial Markets Conduct Regulations 2014. This has been prepared specifically for the purpose of the Proposed Transaction and may not be suitable for any other purpose.

The PFI, including the assumptions underlying it, has been prepared by TIL's management and approved by the Proposed Directors. It is based on the Proposed Director's assessment of events and conditions existing at the date of the Profile, the accounting policies and best estimate assumptions set out in Section 4 below.

PFI by its nature involves risks and uncertainties, many of which are beyond the control of TIL Group. The Proposed Directors believe that the PFI has been prepared with due care and attention, and consider the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this PFI. Actual results are likely to vary from the information presented as anticipated events and results may not occur as expected, and the variations may be material. Accordingly, neither the Proposed Directors nor any other person can provide any assurance that the PFI will be achieved and investors are cautioned not to place undue reliance on the PFI.

The prospective consolidated statements of comprehensive income, prospective consolidated statements of changes in equity and prospective consolidated statements of cash flows cover the Prospective Period, comprising the year ending 30 June 2018 ("**FY18F**") and the year ending 30 June 2019 ("**FY19F**") (collectively "the **Prospective Period**"). The prospective consolidated statements of financial position are presented as at 30 June 2018 and 30 June 2019.

The Profile also includes pro forma information for the FY18 and FY19 period. There are no pro forma adjustments for FY19F.

Section 4.2 *Specific assumptions*, includes disclosures and commentary relating to both the pro forma PFI and the statutory PFI.

The Proposed Directors are responsible for and have authorised the issue of the PFI on 17 November 2017. There is no present intention to update the PFI or to publish PFI in the future, other than as required by NZX Listing Rules. TIL Group will present a comparison of the PFI with actual financial results in its FY18 and FY19 annual reports.

The PFI is presented in New Zealand dollars and is rounded to the nearest thousand or nearest million (as appropriate).

3. Significant accounting policies

The significant accounting policies applied in preparing the PFI are the same as the accounting policies as set out in the audited financial statements for the year ended 30 June 2017 for Transport Investments Limited ("**TIL**") and unaudited financial statements for MOVE Logistics Limited ("**MOVE**"), Southern Fleet Leasing Limited ("**SFL**") and NZL Group Limited ("**NZL**").

Prior to the Proposed Transaction, the entities prepared their financial statements using the following frameworks:

— TIL has prepared audited financial statements in accordance with GAAP and in compliance with tier 2 for-profit accounting standards (NZ IFRS RDR).

— MOVE, SFL and NZL have prepared unaudited special purpose financial statements in accordance with the special purpose framework for use by for-profit entities as published by the New Zealand Institute of Chartered Accountants.

The above financial statements are included on the Bethunes Website.

3.1. Reverse acquisition

The Proposed Transaction constitutes a reverse acquisition. A reverse acquisition occurs when the entity that issues securities (the legal acquirer, in this case Bethunes or its nominated subsidiary) is identified as the acquiree for accounting purposes.

TIL Group is assumed to be the acquirer for accounting purposes as it will have control of Bethunes following completion of the Proposed Transaction. On the basis that Bethunes has no business at acquisition, the shares held by the existing shareholders in Bethunes post completion of the Proposed Transaction are treated as a share based payment in accordance with NZ-IFRS 2, and recognised as an expense. The fair value of this share based payment is based on the price per share multiplied by the number of shares held by existing Bethunes shareholders post completion. This is deemed to approximate the fair value of the services (listing) provided by BIL.

As TIL Group is assumed to be the acquirer for accounting purposes, the financial statements present full year financial results for TIL Group and the financial position of TIL Group as if it was the acquirer.

4. General and specific assumptions

The following general and specific assumptions have been adopted in preparing the PFI. The general and specific assumptions contained in this section should be read in conjunction with the Section 3 *Risks to TIL Group's business and plans* of the Profile.

4.1. General assumptions in respect of the PFI

- **Economic environment** - there will be no material change in the general economic environment in which TIL Group operates or sells its services.
- **Political, legislative and regulatory environment** – as at the date of this document a new coalition Government has been formed following elections in September 2017. Except where stated, the PFI assumes that there will be no material change to the political, legal or regulatory environments in which TIL Group acquires its inputs, sells its services or otherwise operates, including in relation to transport regulations.
- **Competitive environment** – there will be no material change in the competitive dynamics of the markets in which TIL Group operates or sells its products, including any material change in competitor activity. It is assumed that no new entrants will materially change the competitive environment in which TIL Group operates and no existing participant will leave TIL Group's key markets.
- **Industry conditions** - there will be no material change in the general industry structure, third party relationships, trends in seasonal demand, or employee environments.
- **Key suppliers and customers** - there is expected to be no change in key suppliers or customers and existing contractual, business and operational arrangements will remain in place. Several key customer contracts are up for renewal during the prospective period but the PFI assumes that these contracts will be retained on materially similar terms.
- **Disruption to operations** - there will be no material disruption to operations, including through plant and equipment failure, natural disasters, accidents, fires, product supply or quality issues or through normal hazards associated with activities (including disruptions to, or affecting, any of TIL Group's key suppliers or customers).
- **Operating environment** - there will be no material costs incurred through either industrial or contractual disputes. Management consider that any increases in minimum wage increases will be able to be passed through to customers and are not likely to be material to the PFI.
- **Management of TIL Group** - no key management, personnel or consultants will leave TIL Group and management resources will be sufficient for TIL Group's requirements.
- **Taxation** - as at the date of this document, the new Government has signalled a fuel tax for Auckland. Should this eventuate, TIL Group management consider that this would be recoverable from customers and no specific amendment has been made to the PFI. Other than this matter, it is assumed that there will be no material change to the income tax, excise tax, import duties, road user charges or goods and services tax regime in New Zealand.
- **Accounting policies** – For the purposes of preparing the PFI, TIL Group's current accounting policies have been applied. These can be viewed in TIL Group's audited financial statements, available on the Bethunes Website. The Directors consider that these policies remain appropriate throughout the PFI period.
- **Financial reporting standards** – There will be several changes in financial reporting standards during the prospective period. The most significant of which are NZ IFRS 15 (Revenue from contracts with customers) will replace NZ IAS18 (Revenue) and NZ IFRS 9 (Financial Instruments) which replaces IAS 39 (Financial Instruments – recognition and measurement). For the purposes of preparing the PFI, TIL Group has assessed the effect that transitioning to these new standards will have on its financial reporting and considers that any impact will be immaterial .

4.2. Specific Assumptions

4.2.1. Revenue

Revenue					
$'000 Financial year ended 30 June	Pro forma FY15	Pro forma FY16	Pro forma FY17	Pro forma FY18F	FY19F
	Historical	Historical	Historical	Prospective	Prospective
Revenue					
Freight revenue	300,228	282,800	285,280	288,072	294,484
Warehousing revenue	18,859	21,368	28,743	31,340	32,070
International revenue	7,561	6,571	6,237	6,488	6,412
Other revenue	3,485	2,551	3,248	2,886	2,578
Total revenue	**330,134**	**313,289**	**323,509**	**328,786**	**335,545**
% Total Revenue					
Freight revenue	90.9%	90.3%	88.2%	87.6%	87.8%
Warehousing revenue	5.7%	6.8%	8.9%	9.5%	9.6%
International revenue	2.3%	2.1%	1.9%	2.0%	1.9%
Other revenue	1.1%	0.8%	1.0%	0.9%	0.8%
Total revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
% Total Movement in Revenue					
Freight revenue	na	-6%	1%	1%	2%
Warehousing revenue	na	13%	35%	9%	2%
International revenue	na	-13%	-5%	4%	-1%
Other revenue	na	-27%	27%	-11%	-11%
Total revenue	**na**	**-5%**	**3%**	**2%**	**2%**

Note: Table not rounded

(1) Other revenue includes interest, dividends and rent received and gains / losses on disposal of assets.
(2) Pro forma revenue reflects the aggregation of the acquired entities and businesses and if those acquisitions had occurred prior to FY15 and the business had been part of TIL Group for the entire historical and prospective periods.

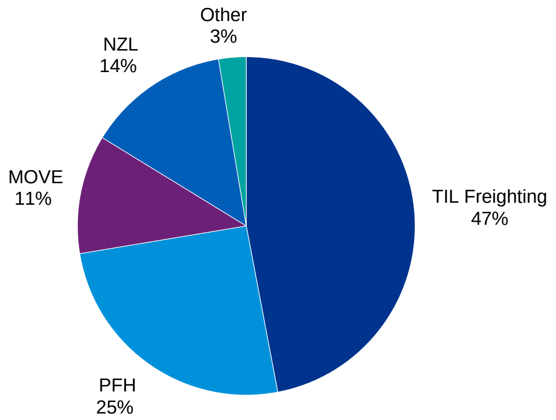
TIL Group generates its revenue through three main sources: freight services (which includes both fuel haulage and general freight), warehousing, and international freight revenue. TIL Group customers may use all or some of freight, warehousing and international services. With the exception of Pacific Fuel Haul's ("**PFH**") customers, the majority of TIL Group's customers are not contracted to use TIL Group for a specific period or committed volume, rather TIL Group has customer relationships with an established pattern of trade over a number of years.

Revenue has been forecast on a customer by customer basis for large TIL Group customers for the larger business units (TIL Freighting, Pacific Fuel Haul, MOVE, NZL and, McAuley). TIL Group management have reviewed whether the continuation of trade with these larger customers is a reasonable assumption for the purpose of preparing the PFI.

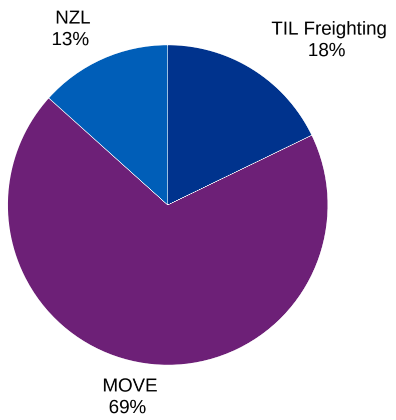
The mix of revenue is based on historical experience for TIL Freighting, PFH, McAuleys, Hookers and Alpha Customs for the preceding period. Revenue mix for MOVE and NZL is based on analysis of customer revenue analysis which is split between freight and warehousing services.

The contribution to freight, warehouse and international revenue by business unit is detailed in the graphs below.

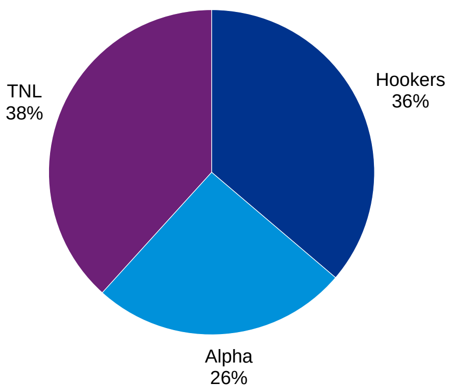
Freighting revenue by business unit FY18F



Warehouse revenue by business unit FY18F



International revenue by business unit FY18F



Revenue assumptions

Revenue has been forecast on a customer by customer basis using knowledge and information specific to each customer, for example negotiated price increase or known changes in volumes arising from economic activity specific to the company or sector. Management have also considered the last twelve months ended August 2017 ("**LTM**") trading for each customer and a judgment as to whether the customer was in a growth, mature or decline phase, and the implications of this for future trading activity. This approach is considered to be appropriate as the pattern of trade for customers is an indicator of future activity. Where there were no customer specific assumptions, the PFI assumes revenue growth per customer of 3.4% per annum, reflecting expected nominal GDP growth over the next two years, based on forecasts from the Reserve Bank of New Zealand [1].

The percentage increases by business division includes intercompany revenue forecast between business units, for example between TIL Freighting and MOVE. As a consequence the headline growth in TIL Group revenue is less than that inferred by the aggregate revenue growth across business units.

Based on this approach, TIL Group has made the following assumptions:

- **TIL Freighting:** the largest customers represent approximately 70% of revenue (this represents approximately the top 100 customers). In aggregate, revenue for TIL Freighting is expected to increase by 3.7% in FY18F and 1.6% in FY19F.
- **MOVE:** the largest 11 customers (together representing approximately 80% of FY17 MOVE revenue). Revenue for MOVE is expected to increase by 2.7% in FY18F and 3.2% in FY19F. Glassworks (customer contract with OI Glass) was acquired by MOVE in September 2017. Management have forecast Glassworks revenue based on an analysis of historical volumes and discussions with the customer.
- **NZL:** the largest 26 customers (together representing approximately 75% of FY17 NZL revenue). Revenue for NZL is expected to decrease by (1.8)% in FY18F and decrease by (0.6)% in FY19F.
- **Multi-Trans Projects ("MTP"):** The assets for this business were acquired as part of the acquisition of NZL. The revenue for this business is dependent upon significant infrastructure projects and the oil and gas industry. TIL Group management have estimated the revenue for FY18F and FY19F based on assessment of future potential projects.
- **McAuley's:** the largest 20 customers (together representing approximately 80% of FY17 McAuley's revenue). Revenue for McAuley's is expected to increase by 6.6% in FY18F and 1.6% in FY19F.
- **International Revenue:**
  - Alpha Customs: Revenue forecast for FY18F is based on LTM. This growth reflects two months trading performance and an assumption of no growth in FY18F;
  - Hookers: Hookers revenue for FY18F represents growth of approximately 12% on FY17. This growth reflects two months trading performance and increased activity in the methanol industry;
  - TNL: TNL revenue forecast for FY18F is based on LTM. This growth reflects two months trading performance and an assumption of no growth in FY18F; and
  - FY19F is forecast to remain similar to FY18F.

[1] Reserve Bank of New Zealand Monetary Policy Statement, August 2017

Pacific Fuel Haul ("PFH")

PFH has three significant contracts that expire during the Prospective Period, being its top three contracts by revenue in FY17 (together those contracts represented approximately 80% of PFH's FY17 pro forma revenue). The first and third largest of these contracts are currently subject to a combined tender process as they are with the same customer. That customer has requested an extension of the current contract term until August 2018 (with an option to extend until October 2018). The customer under the second largest of these contracts has indicated that it wishes to renew its contract with PFH and the terms of the renewed contract are currently being negotiated.

Section 3 *Risks to TIL Group's business and plans* of the Profile contains a discussion on this specific risk (contract renewal).

The PFI assumes that all customers of PFH are retained over the PFI period. The Proposed Directors consider this to be a reasonable assumption on the basis that re-tendering of contracts is generally signalled well in advance of any re-tendering process being commenced.

Revenue has been forecast on a customer by customer basis for all of PFH's 8 customers. Revenue for PFH is expected to increase by 2.0% in FY18F and 3.5% in FY19F primarily as a result of volume growth from existing customers for FY18F and FY19F and price growth of between 0% and 7% in FY18F and 0% and 1.5% in FY19F. These assumptions are based on TIL Group management discussions held with PFH customers.

4.2.2. Operating Costs

Total expenses comprise Direct Costs and Overheads as detailed in the table below.

Total expenses					
$'000	Pro forma	Pro forma	Pro forma	Pro forma	
Financial year ended 30 June	FY15	FY16	FY17	FY18F	FY19F
	Historical	Historical	Historical	Prospective	Prospective
Direct costs	(260,105)	(239,186)	(244,808)	(248,112)	(252,042)
Overheads	(54,737)	(52,739)	(54,109)	(52,447)	(52,345)
Total expenses	**(314,842)**	**(291,925)**	**(298,917)**	**(300,559)**	**(304,388)**

4.2.2.1. Direct Costs

Direct costs include, staff costs, owner drivers, subcontractors, repairs and maintenance, licencing, haulage, fuel and oil, and other direct costs. For the purposes of the PFI, direct costs have been calculated predominantly on the basis of a percentage of revenues with reference to recent trading performance. In some instances direct costs have fixed cost components such as equipment leases. These costs have been estimated based on LTM experience and TIL Group management's estimates of future costs and synergy savings.

Direct costs					
$'000	Pro forma	Pro forma	Pro forma	Pro forma	
Financial year ended 30 June	FY15	FY16	FY17	FY18F	FY19F
	Historical	Historical	Historical	Prospective	Prospective
Total direct costs	**(260,105)**	**(239,186)**	**(244,808)**	**(248,112)**	**(252,042)**
Gross profit	**70,029**	**74,103**	**78,701**	**80,674**	**83,502**
Gross profit percentage	*21.2%*	*23.7%*	*24.3%*	*24.5%*	*24.9%*

The following specific assumptions have been made with respect to the categories of direct costs:

— **Staff Costs** comprise direct wages and salaries. The proportion of staff costs to owned fleet freight revenue is based on LTM historical experience, with adjustments for seasonality. Staff costs are the most significant direct cost, accounting for approximately 37% of total direct costs in FY18F.

— **Owner drivers** are used where own staff or own fleet are not available. Owner drivers are paid a percentage of owner driver revenue generated. Owner drivers are contracted to drive for TIL Group and are provided the same opportunities as company drivers. Owner driver costs expressed as a percentage of owner driver revenue have reduced in recent years as TIL Group has migrated owner drivers from old legacy contracts to new contracts. Owner driver costs as a percentage of owner driver freight revenue are forecast to be reduced by 0.3% in FY18F and 0.1% in FY19F. Owner driver costs account for approximately 16% of total direct costs in FY18F.

— **Subcontractors** are used where own staff or own fleet are not available. Subcontractor rates are variable based on routes and seasonality. Subcontractor costs are forecast based on LTM experience, with management adjustment for known changes to subcontracting terms. Subcontractor costs expressed as a percentage of subcontractor revenue in FY18F and FY19F are forecast to decrease from FY17 as TIL reduces inefficient routes. Subcontractor costs account for approximately 14% of total direct costs in FY18F.

— **Repairs and maintenance** costs include all costs associated with maintaining the fleet of trucks, trailers and large plant and machinery such as fork hoists. Repairs and maintenance costs include, but are not limited to, compliance costs, livery, and curtains and cleaning. The FY18F and FY19F repairs and maintenance costs for trucks have been forecast based on a percentage of revenue generated from TIL Group's owned fleet. The percentage cost is based on LTM experience.

- **Licencing and haulage costs** comprise road user charges (RUC), licences, permits, registrations, and container haulage costs. The forecast FY18F and FY19F RUC costs are based on a percentage of the revenue generated from own fleet. The percentage cost is based on LTM experience.
- **Fuel & Oil** has been forecast for FY18F and FY19F based on an analysis of LTM ratio of fuel and oil to owned fleet freight revenue. Changes in the cost of fuel are in most cases recovered through a fuel adjustment factor which is included as a standard term in customer contracts. The gross margin percentage assumes no significant increase or decrease in the price of fuel and oil over the Prospective Period.
- **Other direct costs** include insurance, equipment hire, tyres and costs associated with deriving International income. These are management estimates based on LTM experience.

4.2.2.2. Overheads

Overheads					
$'000 **Financial year ended 30 June**	**Pro forma FY15**	**Pro forma FY16**	**Pro forma FY17**	**Pro forma FY18F**	**FY19F**
	Historical	**Historical**	**Historical**	**Prospective**	**Prospective**
Administration	(7,354)	(7,277)	(7,524)	(6,702)	(6,936)
Communication costs	(4,661)	(3,967)	(3,832)	(3,718)	(3,623)
Occupancy costs	(17,596)	(18,724)	(19,580)	(19,596)	(19,327)
Operations	(2,912)	(2,574)	(2,660)	(2,333)	(2,284)
Salaries and wages	(22,213)	(20,197)	(20,513)	(20,098)	(20,175)
Total	**(54,737)**	**(52,739)**	**(54,109)**	**(52,447)**	**(52,345)**

Overhead expenses include administration, communication costs, occupancy, operations and salaries and wages. The following specific assumptions have been made with respect to the categories of overhead:

- **Administration expenses** primarily relate to professional services, bank charges and other administration costs. Administration expenses are forecast to reduce in FY18F due to three factors. Firstly, reductions in bank establishment fees and costs incurred in relation to acquisitions which are not likely to be incurred in FY18F. Secondly, NZL management and governance fees for the performance of central office functions are now provided by TIL Group at no additional charge and NZL no longer incurs a charge for these items. Thirdly, administrative expenses in Glassworks historical pro forma are no longer incurred under TIL Group ownership due to efficiency gains. Pro forma administration expenses exclude advisor costs incurred in undertaking the Proposed Transaction, but include an allowance for a full year of NZX listing and share registry fees which reflects the incremental cost associated with being a listed entity.
- **Communication expenses** include information technology, phone and in-cab communication as well as office communication costs. Communication costs are forecast to decrease slightly in FY18F and FY19F primarily due to synergies available through centralising the information technology, office communication tasks of TIL Group following the acquisition of MOVE and NZL. These synergies will not be fully realised until FY19F.
- **Occupancy expenses** include rent and all operations expenses related to leased sites, including insurance. Occupancy costs are based on current lease commitments considering expected rent increases and inflationary increases to services. The reduction in occupancy costs in FY19F reflects site consolidation following the acquisition of MOVE and NZL and other property related synergies, primarily related to insurance. Some of the site consolidation synergies will not be realised until FY19F. Insurance synergies have been realised at the date of this document.

- **Operations expenses** include other operating costs such as uniforms, staff training, health and safety, motor vehicle expenses and operating leases. Operating expenses have been forecast based on a review of LTM expenditure and specific management information as to forward looking expenses.
- **Salaries and Wages** FY18F wages and salaries are forecast to decrease due to restructuring and centralisation of administrative roles and restructuring roles as TIL Group integrates MOVE, Glassworks and NZL into its operations plus general efficiency improvements across the business. The benefits of some of these synergies are not expected to be fully realised until FY19F. Pro forma salaries and wages exclude share based payments to Bethunes existing shareholders, Proposed Directors and employees which will be included in the salaries and wages expense for statutory purposes. FY19F is forecast to increase due primarily to expected inflationary adjustments to wages of 1.5%, which are partly offset by synergies.

4.2.3. Synergies

The table below provides a summary of the synergies assumed within the PFI and the phasing for realisation. These are split between direct costs and overheads.

Insurance synergies relating to properties (categorised under Occupancy Costs) have already been achieved. Other synergies relating to communication costs, occupancy costs associated with site consolidation and rationalisation of staff roles (salaries and wages) are not yet implemented and are not likely to be fully realised until FY19F.

Synergies relating to overheads		
$'000	**Pro forma**	
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
Direct costs		
Equipment hire/lease costs	273	406
Fuel & oil costs	170	170
Other direct costs	80	160
Overheads		
Administration	-	-
Communication costs	194	278
Occupancy costs	601	931
Operations	28	28
Salaries and wages	83	250
Total synergies	**1,429**	**2,223**

Note: The synergy estimates in the table are presented before inflation adjustment in the PFI Model of 1.5% CPI adjustment.

4.2.4. Advisor costs, share based payments and other

One-off items		
$'000		
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
One-off pro forma items		
Advisor costs and one-off listing fees	7,251	-
Employee share based payment (Proposed Directors, employees and owner drivers)	2,217	-
Share based payment (Parties related to Kern Group)	9,696	-
Other	(457)	-
Total EBITDA impact	**18,707**	**-**

Advisor costs of $7.25 million will be paid at completion of the transaction, and have been excluded from the pro forma financial information. The majority of these costs will be expensed for NZ IFRS financial reporting purposes.

Advisor costs includes the costs incurred by Bethunes which are payable by TIL Group. The total estimated costs incurred by Bethunes in respect of the Proposed Transaction are approximately $1.0 million.

TIL Group will expense share based payments of approximately $2.2 million from the transfer of shares received from TIL Group to Proposed Directors, employees, owner drivers and Hayes Kinght. $0.5 million of this payment is a cash payment equal to the associated tax liability payable by the Proposed Directors, employees and owner drivers. A share based payment will also be recognised for the fair value attributable to the shares issued to Bethunes existing shareholders as part of the Proposed Transaction. The fair value of these share based payments is based on the price paid for the business and assets of TIL by Bethunes. These share based payments will be expensed for NZ IFRS financial reporting purposes and has been excluded from the pro forma financial information.

TIL Group will expense a share based payment of $9.7 million in relation to a share based payment to entities related to the Kern Group for the shares in TIL Logistics Group Limited which provided services to TIL Group in relation to the Proposed Transaction. This share based payment is calculated as 6.463 million shares to be issued at a share price of $1.50.

Other pro forma adjustments relate to the presentation of listed company costs on a full year basis and two months of pre-acquisition earnings of Glassworks, a business acquired by MOVE in September 2017. This acquisition is not considered to be a material acquisition.

Advisor costs, share based payments and other adjustments are included within Operating Expenses within the Propsective Consolidated Statement of Comprehensive Income, refer to section 6.1.

4.2.5. Depreciation, amortisation and capital expenditure

Depreciation and amortisation in the prospective period have been calculated based on the prevailing rates of depreciation and amortisation applied by TIL Group.

Depreciation rates adopted in the prospective period are based on an assessment of the useful lives of assets and are not expected to change in the prospective period.

Depreciation on fleet (truck and trailer unit) assets has been forecast on an individual asset-by-asset basis having regard to the age and useful life applicable to each specific unit.

Forecast depreciation of other (non-fleet) assets has been calculated on an aggregated basis for each asset category using current weighted average depreciation rates.

TIL Group's forecast capital expenditure, depreciation and amortisation expense is shown in the table below.

Capital expenditure, depreciation and amortisation					
$'000 **Financial year ended 30 June**	**Pro forma FY15**	**Pro forma FY16**	**Pro forma FY17**	**Pro forma FY18F**	**FY19F**
	Historical	**Historical**	**Historical**	**Prospective**	**Prospective**
Capital expenditure and disposals					
Net additions	**16,742**	**8,957**	**8,813**	**10,218**	**7,704**
Depreciation and amortisation					
Depreciation	(12,482)	(12,968)	(12,382)	(10,891)	(10,148)
Amortisation	(1,690)	(1,712)	(1,722)	(1,904)	(2,138)
Total depreciation and amortisation	**(14,171)**	**(14,680)**	**(14,103)**	**(12,796)**	**(12,286)**

The forecast depreciation charge in the prospective period is lower than the historical pro forma depreciation due to MOVE and NZL assets being fair valued at acquisition and their useful lives being re-estimated. The pro forma historical depreciation charges are an aggregation of the actual depreciation charges recognised in each of the respective entities in the relevant periods.

The capital expenditure relative to depreciation reflects a higher level of capital expenditure in earlier years due to changes in regulations and an upgrade of fleet. This investment in earlier periods is now reflected in lower capital expenditure in the PFI.

Forecast capital expenditure ("**capex**") is taken from TIL Group's existing capex plan which reflects management expectations of fleet replacement and other fixed asset requirements, having regard to projected freight volumes and warehousing activity during the prospective period. The capex profile included in the PFI does not assume any increase in fleet productivity or utilisation.

The PFI includes approximately $1,200,000 of asset disposals as assets reach the end of their useful lives. Disposals are assumed to be priced at depreciated book value with no gain or loss arising on disposal, which is conservative based on historical experience.

4.2.6. Financing

TIL Group has entered into a term sheet for the establishment of a facility agreement with ASB Bank Limited ("**Facilities Agreement**") with the following terms.

Financing structure

The facilities available under the Facilities Agreement will have the key features set out in the following table.

Facility	Facility Size	Expiry Date
ASB Revolving Committed Cash Advance Facility ("**Acquisition Facility**")	$90 million	Repayable 3 years from Commencement Date, subject to the Borrower requesting an extension for a further year and the lender agreeing to the extension.
ASB Working Capital Overdraft ("**Working Capital Facility**")	$10 million	Repayable on written demand of the lender (ASB)
Bank Guarantee / Bond Facility	$5.8 million	-

The Acquisition Facility will be drawn down at Completion by Bethunes. TIL Group is required to pay interest on, and fees in relation to, the facilities provided under the Facilities Agreement. Interest is calculated as a margin on BKBM. The margin is variable based on the leverage ratio, expressed as Net Senior Debt to EBITDA.

Amortisation requirements

The Facility agreement provides for the following amortisation requirements.

Facility	Amortisation requirements
Acquisition Facility	— At completion, $8.0 million upon first utilisation of the Facility, and $0.65 million within 5 days. — Amortisation of $1.35m per quarter commencing March 2018, until the principal amount outstanding is $75m or less.

The PFI assumes a higher rate of amortisation at $12 million per annum.

Security

TIL Group will granted a first ranking General Security Agreement over all of their present and future assets and undertaking in favour of ASB Bank Limited in support of the facilities provided under the Facilities Agreement.

Undertakings and financial covenants

The Facilities Agreement contains several legally binding undertakings given by TIL Group, which are usual for facilities of this nature. Important among these are the following financial covenants tested quarterly.

Covenant	Initial Covenant
Net Senior Debt to EBITDA (Leverage ratio)	<3.50x
Interest Cover	>3.00
Debt Service Coverage Ratio	>1.20x
Group Coverage Ratio	The Total Tangible Assets and EBITDA of the Guaranteeing Group must not be less than 90% of the Consolidated Group.

The financial covenants include adjustments which provide for the exclusion of one-off transaction costs related to advisors and share based payment expenses.

Distributions are permitted once the Leverage Ratio is less than 2.50x in respect of distributions announced during the period from 1 July 2017 to 31 December 2018, and thereafter is less than 2.25x, and provided no event of default is subsisting or would occur as a result of the distribution.

The Facilities Agreement contains several events of default which are usual for facilities of this nature, including failure to pay, breach of financial undertaking, breach of general undertaking, misrepresentation, cross-default, insolvency and related events and unenforceability. Events of review under the Facilities Agreement include a change of control of the company or the shares in the company being suspended from trading on NZX for more than 5 consecutive business days.

4.2.7. Dividends

The payment of dividends and other distributions are made solely at the Board's discretion and depends on TIL Group's financial performance. The payment of dividends is not guaranteed, and TIL Group's dividend policy may change in the future. When declaring dividends, TIL Group must comply with the solvency test under the Companies Act 1993 and the covenants in its banking facilities.

Dividends are expected to be declared and paid based on a targeted dividend pay-out ratio of between 50% and 70% of Net Profit After Tax ("**NPAT**").

Subject to TIL Group's forecasts being achieved and other relevant factors, the Board expects to declare a final cash dividend of $2.7 million (or $0.033 per share) in respect of FY18F earnings, expected to be paid September 2018. An interim cash dividend of $3.3 million (or $0.041 per share) in respect of FY19F, expected to be paid in March 2019.

TIL Group anticipates dividends will be fully imputed.

Factors which are expected to influence or affect the Board's decision to pay dividends over time are set out in Section 3 of the Profile.

4.2.8. Working Capital

Working capital					
$'000	**Pro forma**	**Pro forma**	**Pro forma**	**Pro forma**	
Financial year ended 30 June	**FY15**	**FY16**	**FY17**	**FY18F**	**FY19F**
	Historical	**Historical**	**Historical**	**Prospective**	**Prospective**
Trade and other receivables	43,512	39,820	39,896	38,047	39,229
Other current assets	3,712	1,640	1,457	2,267	2,267
Total	47,224	41,460	41,353	40,315	41,496
Trade payables	(27,981)	(16,787)	(18,659)	(22,660)	(23,190)
Sundry payables	(8,786)	(8,347)	(14,724)	(10,147)	(10,391)
Provisions	(8,775)	(8,155)	(8,892)	(9,908)	(10,012)
Other current liabilities	-	(1,253)	(1,246)	(1,443)	(1,785)
Total	(45,542)	(34,542)	(43,522)	(44,158)	(45,377)
Net working capital	**1,681**	**6,919**	**(2,168)**	**(3,843)**	**(3,881)**

More recently TIL Group has operated with a negative working capital balance. TIL Group consider this to be a sustainable working capital position (based on current terms of trade). The FY18F and FY19F working capital balances have been forecast as follows:

- Trade receivables have been calculated using a 45 debtor days assumption based on an historical average.
- Other current assets relates to prepayments and other sundry assets. Income tax receivable and GST payable are included within other current assets in FY15.
- Trade payables have been calculated using a 26 creditor days assumption, based on an historical average.
- Sundry payables have been calculated as being equal to 52% of direct costs in future periods. This is based on an historical average for April to June. This shortened period has been used as the historical balance sheet beyond this period is not on a comparable basis.
- Provisions and other current liabilities have been based on the historical percentage of provisions expressed as a percentage of salaries and wages.
- Other current liabilities relates to income tax and GST tax payable. GST is assumed to be paid monthly.

TIL Group management believe that TIL Group has sufficient working capital and bank facilities to carry out its stated objectives.

4.2.9. Tax

PFI forecast assumes a New Zealand company tax rate of 28% for the Prospective Period.

4.2.10. Inflation

Inflation is assumed to be 1.5% per annum for the Propective Period. This is based arithmetic average of forecast annual CPI inflation for 3Q17 to 2Q19 (source: Reserve Bank of New Zealand).

4.2.11. Acquisition accounting

TIL Group has undertaken a purchase price allocation exercise for the purpose of establishing the fair value of the tangible and intangible assets acquired as part of the MOVE, NZL and Glassworks acquisitions. TIL Group has revalued trucks and plant and equipment acquired to fair value, and recognised intangible assets relating to customer contracts and relationships. In undertaking the purchase price allocation TIL Group sought independent valuation advice with respect to the market value of plant and equipment acquired and the value of intangible assets. Deferred tax liabilities and goodwill have also been recognised at acquisition as a result of the recognition of the customer contracts and relationship assets.

The customer contracts and relationships are being amortised over a period of between 6 and 7 years.

4.2.12. Deferred consideration payments

As part of its acquisition of MOVE and Glassworks, TIL Group has agreed to deferred consideration payments if certain financial targets are met for these entities. Based on the current forecasts these contingent deferred consideration payments will not be triggered and thus have not been included in the PFI. The total deferred consideration payments are capped at $10.45 million. However, the Proposed Directors consider it highly unlikely that any material deferred consideration payments will be made in the Prospective Period.

An amount of $0.57 million had been provided for as at 30 June 2017 for a deferred acquisition payment in relation to MOVE to be conservative and thus upside to the PFI.

4.2.13. Share price on completion and implied market capitalisation

The share price on completion of the Proposed Transaction is estimated to be $1.50 per share. This share price infers a market capitalisation of approximately $124 million based on approximately 82.8 million shares on issue post completion of the Proposed Transaction.

5. Sensitivity analysis

The PFI is sensitive to a number of variations in certain assumptions used in its preparation. A summary of the likely effect that variations to certain assumptions may have on the PFI is detailed below. The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes but are for information purposes to allow potential investors to gain an understanding of potential sensitivities of financial outcomes to changes in key assumptions.

Care should be taken in interpreting the sensitivity information set out below. Each movement in an assumption is treated in isolation from possible movements in other assumptions, which is not likely to be the case. Movements in one assumption may have offsetting effects or compounding effects on other variables, the impact of which is not reflected in the PFI. In addition, it is possible that more than one assumption may move at any point in time, giving rise to cumulative effects, which are not reflected in the PFI.

Key risks that are considered to have a significant potential impact on TIL Group's forecast financial performance are as detailed in the table below, together with the nature of profit and loss impact. Refer to Section 3 *Risks to TIL Group's business and plans* of the Profile for a detailed discussion on risks.

Nature of risk	Explanation of risk	Profit and loss line items impacted by risk
Loss of key customers	TIL Group could lose key customers for a number of reasons. Consistent with industry practice, many of TIL Group's contracts with customers are subject to tender and renewal processes and there is a risk that TIL Group may not be successful in tender or contract renewal processes or will be unable to renew any contract on the same or better terms. **PFH contracts** PFH has three significant contracts that expire during the Prospective Period, being its top three contracts by revenue in FY2017. The first and third largest of these contracts are currently subject to a combined tender process as they are with the same customer. That customer has requested an extension of the current contract term until August 2018 (with an option to extend until October 2018). The PFI assumes that these contracts are retained on materially similar terms for the duration of the PFI.	Revenue may decrease
Revenue from existing customers may reduce	TIL Group's customer contracts do not provide for any minimum volume commitments from its customers. The level of demand from any individual customer can fluctuate within any given month as well as from month-to-month, season-to-season and year-to-year, depending on that customer's underlying business performance and general economic conditions.	Revenue may decrease
Labour costs	TIL Group endeavours to pass labour costs on to its customers, however, if labour costs fluctuate materially, TIL Group may not be able to pass on all of those costs or its margins may be materially reduced. **Minimum Wage Policy** The Government has indicated an intention to raise the minimum wage to $20 per hour. TIL Group consider that this cost can be passed through to customers as it is a cost which impacts the entire industry.	Gross margin may reduce Salaries and wages (overheads) may increase
Increased operating costs	TIL Group endeavours to pass increases in operating costs on to its customers, for example, fuel price increases are generally able to be contractually passed through to customers	Gross margin may reduce Total overheads may increase

Nature of risk	Explanation of risk	Profit and loss line items impacted by risk
	with a fuel adjustment factor. However, if other operating costs fluctuate materially, there is a risk that TIL Group may not be able to pass on all of those costs or its margins may be materially reduced.	
Integration risk	There is a risk that realising the synergies that TIL Group management considers are available may take longer or cost more than anticipated, which could affect the profitability of TIL Group.	Total overheads may increase

Sensitivity of EBITDA to impacts on profit and loss line items

The tables below illustrates the impact on pro forma EBITDA for the full Prospective Period from a movement of -1% and +1% for movements in TIL Group's revenue, gross margin, salaries and wages (overhead) and total overheads. The below sensitivities do not take into account any mitigating measures that TIL Group may take should a change in these assumptions arise and do not represent a quantification of the extent to which the risks above may impact specific profit and loss line items.

Sensitivity analysis		
$'000		
Financial year ended 30 June	**Pro forma EBITDA impact**	
Loss of key customers or reduction in revenue from existing customers resulting in revenue decline		
Movement in revenue	**+ 1%**	**- 1%**
FY18F	923	(923)
FY19F	1,127	(1,127)
Increase in direct costs resulting in a reduction in gross margin percentage		
Movement in direct costs	**+ 1%**	**- 1%**
FY18F	(2,481)	2,481
FY19F	(2,520)	2,520
Increase in salaries and wages (overheads) not able to be passed onto customers		
Movement in salaries and wages (overheads)	**+ 1%**	**- 1%**
FY18F	(201)	201
FY19F	(202)	202
Increase in total overhead operating costs not able to be passed on to customers		
Movement in total overhead operating costs	**+ 1%**	**- 1%**
FY18F	(524)	524
FY19F	(523)	523

Note (1) Revenue sensitivity is based on 10 months of the remaining forecast period for FY18F and 12 months for FY19F. EBITDA movement reflects that some direct cost items are fixed over the PFI period.

6. Prospective Financial Statements

6.1. Prospective consolidated statement of comprehensive income

Prospective consolidated statement of comprehensive income		
$'000	**Statutory**	**Statutory**
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
Revenue	324,923	332,966
Other income	2,886	2,578
Total income	**327,809**	**335,545**
Operating expenses	(318,289)	(304,388)
Finance costs - interest on borrowing	(3,539)	(3,468)
Depreciation/amortisation expenses	(12,766)	(12,286)
Total expenses	**(334,595)**	**(320,141)**
Operating (loss) / profit before income tax	**(6,785)**	**15,403**
Share of net profit of associates accounted for using equity method	212	228
Profit before income tax	**(6,574)**	**15,632**
Income tax expense	(3,499)	(4,351)
(Loss) / Profit from continuing operations	**(10,073)**	**11,280**
(Loss) / Profit attributable to:		
Owners of the parent	(10,294)	11,060
Non-controlling interests	221	220

Calculation of prospective consolidated EBITDA:

Calculation of prospective consolidated EBITDA		
$'000	**Statutory**	**Statutory**
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
(Loss) / Profit for the year attributable to shareholders	**(10,294)**	**11,060**
add back Share of net profit of associates accounted for using the equity method	(212)	(228)
add back Profit attributable to non-controlling interests	221	220
(Loss) / Profit for the year	**(10,284)**	**11,052**
Income tax expense	3,499	4,351
Finance cost - Interest on borrowings	3,539	3,468
Depreciation and amortisation	12,766	12,286
Earnings before interest, tax depreciation and amortisation ("EBITDA")	**9,520**	**31,157**

The prospective consolidated statements of financial position should be read in conjunction with the notes to the prospective consolidated financial statements in sections 1, 2, 3, 4 and 5 above.

6.2. Prospective consolidated statement of financial position

Prospective consolidated statement of financial position		
$'000	**Statutory**	**Statutory**
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
Assets		
Non-current assets		
Property, plant & equipment	76,823	74,166
Intangible assets	24,752	22,827
Investments in associates	2,356	2,584
Total non-current assets	103,931	99,577
Current assets		
Cash and cash equivalents	7,950	5,742
Inventories	227	227
Trade and other receivables	40,088	41,270
Advances	478	478
Total current assets	48,742	47,716
Total assets	**152,673**	**147,293**
Equity		
Ordinary shares	28,161	28,161
(Accumulated losses) / Retained earnings	251	5,318
Minority interest	1,027	1,247
Total equity	**29,439**	**34,726**
Liabilities		
Non-current liabilities		
Borrowings	75,500	63,801
Deferred tax liability	3,575	3,388
Total non-current liabilities	79,075	67,189
Current liabilities		
Trade and other payables	34,138	34,997
Employee entitlements and provisions	9,908	10,012
Tax payable	112	369
Total current liabilities	44,158	45,377
Total liabilities	**123,233**	**112,567**
Net equity and liabilities	**152,673**	**147,293**

Notes to statement of financial position

Note (1) Intangible assets relates to computer software and customer contracts and relationships. The customer contracts and relationships were recognised upon acquisition of MOVE, NZL and Glassworks.

Note (2) Investment in Associates relates to investments held in ATL Limited, TNC Christchurch Limited and UNITE Logistics Limited.

Note (3) Employee entitlements and provisions relate primarily to holiday pay provisions, sick leave provisions, alternate day provisions and make good provisions in relation to leases.

Note (4) Deferred Tax Liability relates to the differential between accounting and tax deprecation rates on fixed assets, and the deferred tax liability arising from the recognition of customer contract and relationship assets, which are amortised for accounting purposes but not depreciable for tax purposes.

6.3. Prospective consolidated statement of changes in equity

Prospective consolidated statement of changes in equity		
$'000	**Statutory**	**Statutory**
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
Total equity		
Balance at beginning of year	41,629	na
Pro forma adjustment to equity removal of TIL Properties	(8,577)	na
Balance at beginning of year adjusted for removal of TIL Properties	33,052	29,439
Issuance of Shares	11,360	
Share based payment	11,454	-
Capitalisation of issuance costs	(127)	-
Total (loss) / profit for the year	(10,294)	11,060
Total profit attributable to minorities	221	220
Dividends and Distributions paid	(16,228)	(5,993)
Balance at end of year	**29,439**	**34,726**

Note to statement of changes in equity

Note (1) Dividend and Distributions comprise an estimate of the cash received by the Transport Investments Limited at completion, as vendor for the business and assets of TIL Group during FY18F the cash received has been referred to as a distribution. Transport Investments Limited is not being acquired by TIL. This distribution is calculated based on the cash proceeds expected to be received by TIL under the sale and purchase agreement with BIL, net of any debt which is required to be settled by Transport Investments Limited. The final distribution in FY18F will be dependent on purchase price adjustments with respect to the extent the business is debt free and cash free at completion. No dividends are assumed to be paid in FY18F. Two dividends are forecast to be paid in FY19F, refer to section 4.2.7.

Note (2) The pro forma adjustment to remove the equity of TIL Properties is detailed in Section B,table 3.2. This is calculated as the Total Assets of TIL Properties less Total Liabilities of TIL Properties as at 30 June 2017. TIL undertook a process of reviewing that the rent and terms for leased properties reflect market rates and terms.

Equity breakdown by component:

Equity breakdown by component		
$'000	**Statutory**	**Statutory**
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
Share capital	28,161	28,161
Retained earnings	251	5,318
Minority interest	1,027	1,247
Total equity	**29,439**	**34,726**

6.4. Prospective consolidated statement of cash flows

Prospective consolidated statement of cash flows		
$'000	**Statutory**	**Statutory**
Financial year ended 30 June	**FY18F**	**FY19F**
	Prospective	**Prospective**
Cash flows from operating activities		
Receipts from customers	327,868	334,517
Payments to suppliers and employees	(306,302)	(303,580)
Interest paid	(3,487)	(3,261)
Income taxes paid	(3,969)	(4,281)
Interest received	97	94
Net cash flow from operating activities	14,208	23,489
Cash flows to investing activities		
Additions of property, plant and equipment	(11,367)	(7,754)
Disposals of property, plant and equipment	1,150	50
Net cash flows to investing activities	(10,218)	(7,704)
Cash flows to financing activities		
Proceeds from issuance of shares	11,360	-
Issuance costs	(127)	-
Dividends paid & Distributions to shareholders	(16,228)	(5,993)
Drawdowns of interest bearing liabilities	90,000	-
Repayments of interest bearing liabilities	(84,051)	(12,000)
Net cash flows to financing activities	954	(17,993)
Cash and cash equivalents at beginning of the year	3,005	7,950
Net increase / (decrease) in cash and cash equivalents	4,944	(2,208)
Cash and cash equivalents	**7,950**	**5,742**

Notes to statement of cash flows

Note (1) Issuance costs relates to the proportion of advisor costs capitalised. The proportion of advisor costs is calculated based on the proportion of new equity raised under the Private Placement as compared to the total shares issued under the Proposed Transaction.

Note (2) The cash received by TIL Group as consideration for this transaction will be applied to repay existing debt facilities with the ANZ.

Note (3) The proceeds from the issuance of shares equals the private placement of $13.57 million less that portion of the private placement made to Hayes Knight in consideration for services provided ($0.15 million) in relation to the transaction. This share based payment to Hayes Knight is recognised as an expense and an increase equity.

Reconciliation of opening cash to statutory financial statements FY17	
$'000	
	FY17
Closing Cash per TIL audited financial statements	3,081
Pro forma adjustment TIL Properties	(76)
Opening Cash per pro forma prospective consolidated statement of cash flows	3,005

B. Reconciliation of non-GAAP to GAAP information

This section contains reconciliations between the non-GAAP financial information contained in the Profile with the GAAP financial information. The reconciliations contained within this section are as follows:

1. Reconciliation of Non-GAAP to GAAP information – FY15

1.1 TIL Group

1.2 TIL (Audited)

1.3 MOVE Logistics and Southern Fleet Leasing (Unaudited, Special Purpose)

1.4 NZL (Unaudited, Special Purpose)

1.5 Glassworks (Unaudited, Special Purpose)

2. Reconciliation of Non-GAAP to GAAP information – FY16

2.1 TIL Group

2.2 TIL (Audited)

2.3 MOVE Logistics and Southern Fleet Leasing (Unaudited, Special Purpose)

2.4 NZL (Unaudited, Special Purpose)

2.5 Glassworks (Unaudited, Special Purpose)

3. Reconciliation of Non-GAAP to GAAP information – FY17

3.1 TIL Group

3.2 TIL (Audited)

3.3 MOVE Logistics and Southern Fleet Leasing (Unaudited, Special Purpose)

3.4 NZL (Unaudited, Special Purpose)

3.5 Glassworks (Unaudited, Special Purpose)

4. **Reconciliation of Non-GAAP to GAAP information – FY18F**

4.1 TIL Group

1. Reconciliation of Non-GAAP to GAAP information – FY15

This section contains reconciliations between the non-GAAP financial information contained in the Profile with the GAAP financial information for TIL Group for the FY15 period.

1.1. TIL Group

$000 (unless otherwise indicated)	TIL Pro forma	MOVE+SFL Pro forma	NZL Pro Forma	Glassworks Pro Forma	*Structural Changes* Incremental Listed Company Costs	Amortisation Costs	Listed Company Structural Changes	TIL Group Pro forma
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Revenue	253,319	34,634	39,863	2,317	-	-	-	330,134
Expenses	(240,883)	(31,440)	(38,762)	(2,073)	(1,683)	-	-	(314,842)
EBITDA	12,436	3,194	1,101	244	(1,683)	-	-	15,292
Depreciation	(8,215)	(2,867)	(1,311)	(88)	-	-	-	(12,482)
Amortisation	(27)	-	-	-	-	(1,663)	-	(1,690)
Net Finance Costs	(2,850)	(609)	(528)	(7)	-	-	-	(3,994)
Operating Surplus Before Income Tax	1,344	(282)	(738)	149	(1,683)	(1,663)	-	(2,874)
Share of Profit of Associates	228	(174)	-	-	-	-	-	54
Minority Interest	(319)	-	-	-	-	-	-	(319)
Loss on Revaluation of Property	-	-	-	-	-	-	-	-
Profit Before Income Tax	1,254	(457)	(738)	149	(1,683)	(1,663)	-	(3,138)
Income Tax	271	30	207	(52)	471	466	-	1,392
Profit for the Year	1,525	(427)	(531)	97	(1,212)	(1,197)	-	(1,747)
Dividends on all shares	(47)	-	-	-	-	-	-	(47)
Total assets	93,957	16,931	14,771	2,483	-	23,057	-	151,200
Cash and cash equivalents	1,860	(79)	1	(89)	-	-	-	1,692
Total liabilities	(71,938)	(13,435)	(11,384)	(2,387)	-	(23,057)	(12,703)	(134,904)
Total debt	(34,396)	(9,606)	(7,967)	(732)	-	(20,197)	(12,703)	(85,601)
Net cash flows from operating activities	8,250	1,444	(3,374)	474	(1,212)	-	-	5,582

Note 1: See Reconciliation for TIL Pro forma Information in Table 1.2

Note 2: See Reconciliation for MOVE and SFL Pro forma Information in Table 1.3

Note 3: See Reconciliation for NZL Pro forma Information in Table 1.4

Note 4: See Reconciliation for Glassworks Pro forma Information in Table 1.5

Note 5: Additional costs relating to the new listed company structure

Note 6: Amortisation Charges relating to intangible assets recognised upon the purchase of MOVE, SFL, NZL and Glassworks

Note 7: Additional liabilities recognised under the new structure, primarily relating to share based payments, listing fees and increase in debt

1.2. TIL

$000 (unless otherwise indicated)	TIL Audited Financial Statements	*Pro forma Adjustments* Remove TIL Properties Ltd	Remove Actus Transport	Reverse Eliminations	Reallocate Debt	Add McAuley's	Timing Adjustment	TIL Pro forma
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Revenue	259,449	(1,477)	(7,504)	1,464	-	988	400	253,319
Expenses	(244,938)	54	6,281	(1,464)	-	(817)	-	(240,883)
EBITDA	14,512	(1,424)	(1,223)	-	-	171	400	12,436
Depreciation	(8,604)	490	(30)	-	-	(71)	-	(8,215)
Amortisation	(27)	-	-	-	-	-	-	(27)
Net Finance Costs	(3,466)	487	129	-	-	-	-	(2,850)
Operating Surplus Before Income Tax	2,415	(447)	(1,124)	-	-	101	400	1,344
Share of Profit of Associates	228	-	-	-	-	-	-	228
Minority Interest	(319)	-	-	-	-	-	-	(319)
Loss on Revaluation of Property	-	-	-	-	-	-	-	-
Profit Before Income Tax	2,324	(447)	(1,124)	-	-	101	400	1,254
Income Tax	128	154	127	-	-	(26)	(112)	271
Profit for the Year	2,452	(293)	(997)	-	-	75	288	1,525

Dividends on all shares	(47)	-	-	-	-	-	-	(47)
Total assets	124,065	(29,564)	(1,463)	20,602	(19,682)	-	-	93,957
Cash and cash equivalents	1,864	-	(4)	-	-	-	-	1,860
Total liabilities	(94,677)	23,055	603	(20,602)	19,682	-	-	(71,938)
Total debt	(54,079)	-	-	-	19,682	-	-	(34,396)
Net cash flows from operating activities	9,575	(728)	(785)	-	-	(100)	288	8,250

Note 1: To exclude TIL Properties Limited which is out of scope of the acquisition by TIL Group

Note 2: To remove the impact of Actus Transport Limited which was sold in June 2015

Note 3: To reverse the elimination entries within the TIL statutory financial statements relating to the intercompany rent charged by TIL Properties Ltd and Intercompany Loans with TIL Properties

Note 4: Allow for the repayment of intercompany loans outstanding between TIL, TIL Properties Limited and Actus Transport Limited and corresponding repayment of external debt

Note 5: To reflect the financial results of McAuley's Transport Limited in July and August 2014 which was purchased by TIL in September 2014

Note 6: Income of $400,000 relating to the 2015 financial year was recorded in the 2016 financial year, when it more properly related to the 2015 financial year

1.3. MOVE Logistics and Southern Fleet Leasing

			Pro forma Adjustments								
$000 (unless otherwise indicated)	**MOVE Unaudited Financial Statements**	**SFL Unaudited Financial Statements**	**Allow for Deferred Tax to 31/03/2015**	**Deduct MOVE Results for April, May and June 2014**	**Add MOVE Results for April, May and June 2015**	**Deduct SFL Results for April, May and June 2014**	**Add SFL Results for April, May and June 2015**	**Eliminate Intercompany Charges and Balances**	**Allow for Software Licence Fee**	**Allow for Share of Unite Logistics Limited Profits (Losses)**	**MOVE+SFL Pro forma**
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	
Revenue	32,818	-	-	(7,355)	9,171	-	517	(517)	-	-	34,634
Expenses	(29,512)	-	-	6,741	(8,982)	-	(1)	517	(204)	-	(31,440)
EBITDA	3,306	-	-	(614)	190	-	516	-	(204)	-	3,194
Depreciation	(2,527)	-	-	291	(215)	-	(417)	-	-	-	(2,867)
Amortisation	-	-	-	-	-	-	-	-	-	-	-
Net Finance Costs	(548)	-	-	101	(65)	-	(97)	-	-	-	(609)
Operating Surplus Before Income Tax	232	-	-	(222)	(90)	-	2	-	(204)	-	(282)
Share of Profit of Associates	-	-	-	-	-	-	-	-	-	(174)	(174)
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-	-	-	-	-	-	-
Profit Before Income Tax	232	-	-	(222)	(90)	-	2	-	(204)	(174)	(457)
Income Tax	(355)	-	242	66	20	-	-	-	57	-	30
Profit for the Year	(124)	-	242	(156)	(70)	-	2	-	(147)	(174)	(427)
Dividends on all shares	-	-	-	-	-	-	-	-	-	-	-
Total assets	16,529	-	-	-	(5,239)	-	7,851	(2,035)	-	(174)	16,931
Cash and cash equivalents	338	-	-	-	(630)	-	213	-	-	-	(79)
Total liabilities	(12,705)	-	(85)	-	5,169	-	(7,849)	2,035	-	-	(13,435)
Total debt	(7,910)	-	-	-	3,847	-	(5,543)	-	-	-	(9,606)
Net cash flows from operating activities	2,863	-	-	(714)	(866)	-	308	-	(147)	-	1,444

Note 1: See MOVE Unaudited Financial Statements for the year ended 31 March 2015 on the Bethunes Website

Note 2: SFL commenced trading on 1 April 2015, hence no financial statements exist as at 31 March 2015

Note 3: To allow for deferred tax not accounted for in the statutory financial statements of MOVE and SFL

Note 4: See MOVE Special Purpose Management Accounts for the 3 months ended 30 June 2014 on the Bethunes Website

Note 5: See MOVE Special Purpose Management Accounts for the 3 months ended 30 June 2015 on the Bethunes Website. The adjustments to asset and liabilities reflect the movement in these balances between 1 April 2015 and 30 June 2015.

Note 6: SFL commenced trading after 30 June 2014, hence there are no trading figures for this period

Note 7: See SFL Special Purpose Management Accounts for the 3 months ended 30 June 2015 on the Bethunes Website. The adjustments to asset and liabilities reflect the movement in these balances between 1 April 2015 and 30 June 2015.

Note 8: To eliminate the internal lease costs charged by SFL for fleet assets used by MOVE and the intercompany balances between the two companies.

Note 9: To allow for a software licence fee that will apply under new ownership of MOVE

Note 10: To allow for a 50% share of earnings in Unite Logistics Limited, an associate of MOVE. This income was not included in MOVE's statutory financial statements to 31 March 2015

1.4. NZL

$000 (unless otherwise indicated)	NZL for the year ended 30 June 2015 (Unaudited)	NZL Pro forma
Revenue	39,863	39,863
Expenses	(38,762)	(38,762)
EBITDA	1,101	1,101
Depreciation	(1,311)	(1,311)
Amortisation	-	-
Net Finance Costs	(528)	(528)
Operating Surplus Before Income Tax	(738)	(738)
Share of Profit of Associates	-	-
Minority interest	-	-
Loss on Revaluation of Property	-	-
Profit Before Income Tax	(738)	(738)
Income Tax	207	207
Profit for the Year	(531)	(531)

Dividends on all shares		-
Total assets		14,771
Cash and cash equivalents		1
Total liabilities		(11,384)
Total debt		(7,967)
Net cash flows from operating activities		(3,374)

1.5. Glassworks

$000 (unless otherwise indicated)	Glassworks for the year ended 31 March 2015 (Unaudited)	Pro forma Adjustments: Carve out April, May, June of FY15 financial year	Carve in April, May, June of FY16 financial year	Pull through fixed assets of SEL (FAR15)	Reclassify SEL lease costs to Depreciation	Year-end alignment entries	Tax adjustment	Glassworks Pro forma
		Note 1	*Note 1*	*Note 2*	*Note 3*			
Revenue	1,094	-	1,215	-	-	9	-	2,317
Expenses	(969)	-	(1,193)	-	88	-	-	(2,073)
EBITDA	125	-	23	-	88	9	-	244
Depreciation	-	-	-	-	(88)	-	-	(88)
Amortisation	-	-	-	-	-	-	-	-
Net Finance Costs	(3)	-	(4)	-	-	-	-	(7)
Operating Surplus Before Income Tax	122	-	18	-	-	9	-	149
Share of Profit of Associates	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-	-	-	-
Profit Before Income Tax	122	-	18	-	-	9	-	149
Income Tax	(51)	-	-	-	-	4	(5)	(52)
Profit for the Year	70	-	18	-	-	13	(5)	97

	Glassworks Pro forma
Dividends on all shares	-
Total assets	2,483
Cash and cash equivalents	(89)
Total liabilities	(2,387)
Total debt	(732)
Net cash flows from operating activities	474

Note 1: To readjust the balance date from March to June

Note 2: To record the fixed assets acquired by Glassworks from SEL

Note 3: To reclassify lease costs to depreciation

2. Reconciliation of Non-GAAP to GAAP information – FY16

This section contains reconciliations between the non-GAAP financial information contained in the Profile with the GAAP financial information for TIL Group for the FY16 period.

2.1. TIL Group

$000 (unless otherwise indicated)	TIL Pro forma	MOVE+SFL Pro forma	NZL Pro forma	Glassworks Pro forma	*Structural Changes* Incremental Listed Company Costs	Amortisation Costs	Listed Company Structural Changes	TIL Group Pro forma
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Revenue	224,176	39,300	43,855	5,958	-	-	-	313,289
Expenses	(208,373)	(34,609)	(42,337)	(4,923)	(1,683)	-	-	(291,925)
EBITDA	15,803	4,691	1,518	1,036	(1,683)	-	-	21,365
Depreciation	(7,600)	(2,703)	(1,979)	(686)	-	-	-	(12,968)
Amortisation	(48)	-	-	-	-	(1,663)	-	(1,712)
Net Finance Costs	(2,546)	(622)	(569)	(174)	-	-	-	(3,912)
Operating Surplus Before Income Tax	5,608	1,365	(1,030)	176	(1,683)	(1,663)	-	2,773
Share of Profit of Associates	245	187	-	-	-	-	-	431
Minority Interest	(158)	-	-	-	-	-	-	(158)
Loss on Revaluation of Property	-	-	-	-	-	-	-	-
Profit Before Income Tax	5,694	1,552	(1,030)	176	(1,683)	(1,663)	-	3,046
Income Tax	(1,638)	(391)	288	(70)	471	466	-	(873)
Profit for the Year	4,056	1,161	(741)	107	(1,212)	(1,197)	-	2,173
Dividends on all shares	-	(537)	(1,633)	-	-	-	-	(2,170)
Total assets	85,336	17,533	17,476	3,135	-	23,057	-	146,538
Cash and cash equivalents	1,578	437	1	(469)	-	-	-	1,547
Total liabilities	(57,369)	(13,272)	(11,783)	(2,932)	-	(23,057)	(12,703)	(121,116)
Total debt	(31,140)	(10,007)	(7,089)	(2,505)	-	(20,197)	(12,703)	(83,641)
Net cash flows from operating activities	4,459	3,682	1,259	(775)	(1,212)	-	-	7,413

Note 1: See Reconciliation for TIL Pro forma Information in Table 2.2

Note 2: See Reconciliation for MOVE and SFL Pro forma Information in Table 2.3

Note 3: See Reconciliation for NZL Pro forma Information in Table 2.4

Note 4: See Reconciliation for Glassworks Pro forma Information in Table 2.5

Note 5: Additional costs relating to the new listed company structure.

Note 6: Amortisation Charges relating to intangible assets recognised upon the purchase of MOVE, SFL and NZL.

Note 7: Additional assets and liabilities recognised under the new structure, primarily relating to acquired intangible assets and goodwill.

2.2. TIL

$000 (unless otherwise indicated)	TIL Audited Financial Statements	*Pro forma Adjustments* Remove TIL Properties Ltd	Remove Actus Transport	Reverse Elimination	Reallocate Debt	Timing Adjustment	TIL Pro forma
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Revenue	224,565	(2,717)	(6)	2,734		(400)	224,176
Expenses	(205,719)	65	15	(2,734)		-	(208,373)
EBITDA	18,846	(2,652)	9	-	-	(400)	15,803
Depreciation	(8,272)	671	-	-	-	-	(7,600)
Amortisation	(48)	-	-	-	-	-	(48)
Net Finance Costs	(3,351)	804	-	-	-	-	(2,546)
Operating Surplus Before Income Tax	7,175	(1,176)	9	-	-	(400)	5,608
Share of Profit of Associates	245	-	-	-	-	-	245
Minority Interest	(158)	-	-	-	-	-	(158)
Loss on Revaluation of Property	(383)	383	-	-	-	-	-
Profit Before Income Tax	6,878	(793)	9	-	-	(400)	5,694
Income Tax	(2,163)	415	(2)	-	-	112	(1,638)
Profit for the Year	4,716	(378)	6	-	-	(288)	4,056

Dividends on all shares	-	-	-	-	-	-	-
Total assets	122,249	(36,913)	(829)	26,944	(26,115)	-	85,336
Cash and cash equivalents	1,580	(2)	-	-	-	-	1,578
Total liabilities	(85,875)	29,334	2	(26,944)	26,115	-	(57,369)
Total debt	(57,255)	-	-	-	26,115	-	(31,140)
Net cash flows from operating activities	6,826	(2,148)	69	-	-	(288)	4,459

Note 1: To exclude TIL Properties Limited which is out of scope of the acquisition by TIL Group

Note 2: To remove the impact of Actus Transport Limited which was sold in June 2015

Note 3: To reverse the elimination entries within the TIL statutory financial statements relating to the intercompany rent charged by TIL Properties Ltd and Intercompany Loans with TIL Properties

Note 4: Allow for the repayment of intercompany loans outstanding between TIL, TIL Properties Limited and Actus Transport Limited and corresponding repayment of external debt

Note 5: Income of $400,000 was in incorrectly recorded in the 2016 financial year, when it correctly related to the 2015 financial year

2.3. MOVE Logistics and Southern Fleet Leasing

Pro forma Adjustments

$000 (unless otherwise indicated)	MOVE Unaudited Financial Statements	SFL Unaudited Financial Statements	Allow for Deferred Tax	Deduct MOVE Results for April, May and June 2015	Add MOVE Results for April, May and June 2016	Deduct SFL Results for April, May and June 2015	Add SFL Results for April, May and June 2016	Eliminate Intercompany Charges and Balances	Allow for Software Licence Fee	Allow for Share of Unite Logistics Limited Profits (Losses)	MOVE+SFL Pro forma
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	
Revenue	38,675	2,202	-	(9,171)	9,796	(517)	608	(2,293)	-	-	39,300
Expenses	(36,351)	(12)	-	8,982	(9,315)	1	(3)	2,293	(204)	-	(34,609)
EBITDA	2,324	2,190	-	(190)	481	(516)	605	-	(204)	-	4,691
Depreciation	(952)	(1,684)	-	215	(250)	417	(448)	-	-	-	(2,703)
Amortisation	-	-	-	-	-	-	-	-	-	-	-
Net Finance Costs	(256)	(380)	-	65	(53)	97	(95)	-	-	-	(622)
Operating Surplus Before Income Tax	1,116	126	-	90	178	(2)	62	-	(204)	-	1,365
Share of Profit of Associates	-	-	-	-	-	-	-	-	-	187	187
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-	-	-	-	-	-	-
Profit Before Income Tax	1,116	126	-	90	178	(2)	62	-	(204)	187	1,552
Income Tax	(372)	(126)	142	(20)	(55)	-	(17)	-	57	-	(391)
Profit for the Year	744	(1)	142	70	123	(2)	45	-	(147)	187	1,161
Dividends on all shares	(537)	-	-	-	-	-	-	-	-	-	(537)
Total assets	11,260	8,626	51	-	(395)	-	(342)	(1,679)	-	12	17,533
Cash and cash equivalents	793	156	-	-	(513)	-	1	-	-	-	437
Total liabilities	(7,230)	(8,626)	-	-	518	-	387	1,679	-	-	(13,272)
Total debt	(4,113)	(6,745)	-	-	398	-	453	-	-	-	(10,007)
Net cash flows from operating activities	1,239	1,556	-	866	86	(308)	389	-	(147)	-	3,682

Note 1: See MOVE Unaudited Financial Statements for the year ended 31 March 2016 on the Bethunes Website

Note 2: See SFL Unaudited Financial Statements for the year ended 31 March 2016 on the Bethunes Website

Note 3: To allow for deferred tax not accounted for in the statutory financial statements of MOVE and SFL as at 31 March 2016

Note 4: See MOVE Special Purpose Management Accounts for the 3 months ended 30 June 2015 on the Bethunes Website

Note 5: See MOVE Special Purpose Management Accounts for the 3 months ended 30 June 2016 on the Bethunes Website. The adjustments to asset and liabilities reflect the movement in these balances between 1 April 2016 and 30 June 2016.

Note 6: See SFL Special Purpose Management Accounts for the 3 months ended 30 June 2015 on the Bethunes Website

Note 7: See SFL Special Purpose Management Accounts for the 3 months ended 30 June 2016 on the Bethunes Website. The adjustments to asset and liabilities reflect the movement in these balances between 1 April 2015 and 30 June 2015.

Note 8: To eliminate the internal lease costs charged by SFL for fleet assets used by MOVE and the balances owing between the two companies.

Note 9: To allow for a software licence fee that will apply under new ownership of MOVE. The impact on Total Assets and Cash and Cash Equivalents includes the compounding effect of the same adjustment in the 2015 year.

Note 10: To allow for a 50% share of earnings in UNITE Logistics Limited, an associate of MOVE. This income was not included in MOVE's statutory financial statements to 31 March 2016

2.4. NZL

$000 (unless otherwise indicated)	NZL for the year ended 30 June 2016 (Unaudited)	Pro forma Adjustments: Add: MTP financial performance for year ended 30 June 2016	MTP Lease Charge	MTP Tax expense	NZL Pro forma
		Note 1	*Note 2*	*Note 3*	
Revenue	42,592	1,263	-	-	43,855
Expenses	(40,995)	(1,592)	251	-	(42,337)
EBITDA	1,597	(329)	251	-	1,518
Depreciation	(1,728)	(0)	(251)	-	(1,979)
Amortisation	-	-	-	-	-
Net Finance Costs	(569)	-	-	-	(569)
Operating Surplus Before Income Tax	(700)	(329)	-	-	(1,030)
Share of Profit of Associates	-	-	-	-	-
Minority interest	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-
Profit Before Income Tax	(700)	(329)	-	-	(1,030)
Income Tax	196	-	-	92	288
Profit for the Year	(504)	(329)	-	92	(741)

Dividends on all shares	(1,633)
Total assets	17,476
Cash and cash equivalents	1
Total liabilities	(11,783)
Total debt	(7,089)
Net cash flows from operating activities	1,259

Note 1: Inclusion of the financial performance of MTP for the year ended 30 June 2016

Note 2: Reclassify lease costs as an estimate of depreciation, as fleet owned by TIL in the forecast period.

Note 3: Tax on MTP result

2.5. Glassworks

$000 (unless otherwise indicated)	Glassworks for the year ended 31 March 2016 (Unaudited)	*Pro forma Adjustments*						Glassworks Pro forma
		Carve out April, May, June of FY16 financial year	Carve in April, May, June of FY17 financial year	Pull through fixed assets of SEL (FAR16)	Reclassify SEL lease costs to Depreciation	Carve out interest recharges of asset hire	Tax adjustment	
		Note 1	*Note 1*	*Note 2*	*Note 3*	*Note 4*		
Revenue	5,659	(1,215)	1,515	-	(0)	-	-	5,958
Expenses	(5,462)	1,193	(1,471)	-	685	132	-	(4,923)
EBITDA	197	(23)	44	-	685	132	-	1,036
Depreciation	(0)	-	(0)	-	(685)	-	-	(686)
Amortisation	-	-	-	-	-	-	-	-
Net Finance Costs	(39)	4	(6)	-	-	(132)	-	(174)
Operating Surplus Before Income Tax	157	(18)	37	-	(0)	-	-	176
Share of Profit of Associates	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-	-	-	-
Profit Before Income Tax	157	(18)	37	-	(0)	-	-	176
Income Tax	(64)	-	-	-	-	-	(5)	(70)
Profit for the Year	93	(18)	37	-	(0)	-	(5)	107

Dividends on all shares	-
Total assets	3,135
Cash and cash equivalents	(469)
Total liabilities	(2,932)
Total debt	(2,505)
Net cash flows from operating activities	(775)

Note 1: To readjust the balance date from March to June

Note 2: To record the fixed assets acquired by Glassworks from SEL

Note 3: To reclassify lease costs to depreciation

Note 4: To carve out the interest component of the lease charges previously incurred by Glassworks

3. Reconciliation of Non-GAAP to GAAP information – FY17

3.1. TIL Group

$000 (unless otherwise indicated)	TIL Logistics	TIL Pro forma	MOVE+SFL Pro forma	NZL Pro forma	Glassworks Pro forma	Incremental Listed Company Costs	Amortisation Costs	Capital transaction	Normalise transaction costs	TIL Group Pro forma
			Structural Changes							
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	
Revenue	-	237,495	41,341	38,204	6,468	-	-	-	-	323,509
Expenses	(690)	(220,149)	(35,552)	(36,024)	(5,509)	(1,683)	-	-	690	(298,917)
EBITDA	(690)	17,346	5,789	2,180	959	(1,683)	-	-	690	24,592
Depreciation	-	(7,769)	(2,496)	(1,577)	(540)	-	-	-	-	(12,382)
Amortisation	-	(191)	-	-	-	-	(1,531)	-	-	(1,722)
Net Finance Costs	-	(2,381)	(481)	(491)	(103)	-	-	-	-	(3,457)
Operating Surplus Before Income Tax	(690)	7,005	2,812	112	316	(1,683)	(1,531)	-	690	7,032
					-					
Share of Profit of Associates	-	50	133	-	-	-	-	-		184
Minority interest	-	(72)	-	-	-	-	-	-		(72)
Loss on Revaluation of Property	-	-	-	-	-	-	-	-		-
Profit Before Income Tax	(690)	6,984	2,946	112	316	(1,683)	(1,531)	-	690	7,143
Income Tax	-	(1,961)	(792)	(31)	(111)	471	429	-		(1,996)
Profit for the Year	(690)	5,022	2,154	81	204	(1,212)	(1,102)	-	690	5,147
Dividends on all shares	-	(837)	-	-	-	-	-	-	-	(837)
Total assets	1,146	148,855	-	-	3,327	-	2,134	-	(1,146)	154,316
Cash and cash equivalents	10	3,005	-	-	(69)	-	-	-	(10)	2,936
Total liabilities	(1,835)	(115,803)	-	-	(2,919)	-	(2,134)	(12,703)	1,835	(133,559)
Total debt	-	(69,401)	-	-	(2,423)	-	(1,668)	(12,703)	-	(86,194)
Net cash flows from operating activities	(950)	15,761	3,846	1,899	737	(1,212)	-	-	950	21,032

Note 1: See Reconciliation for TIL Pro forma Information in Table 3.2

Note 2: See Reconciliation for MOVE and SFL Pro forma Information in Table 3.3

Note 3: See Reconciliation for NZL Pro forma Information in Table 3.4

Note 4: See Reconciliation for Glassworks Pro forma Information in Table 3.5

Note 5: Additional costs relating to the new listed company structure

Note 6: Additional liabilities recognised under the new structure, primarily relating to share based payments, listing fees and increase in debt

Note 7: Amortisation of intangible assets acquired - MOVE, NZL and Glassworks; Cost of Glassworks intangible assets acquired

Note 8: Normalise transactions cost in TIL and listing costs incurred

3.2. TIL

$000 (unless otherwise indicated)	TIL Audited financial statements	Remove TIL Property	Lease expense reclassification	Rental expense reclassification	Reclass gain/loss on sale	Reclass intercompany debt	TIL Pro forma
		Pro forma Adjustments					
		Note 1	*Note 3*	*Note 2*	*Note 4*		
Revenue	239,400	(3,117)	3,107	(1,481)	(415)	-	237,495
Expenses	(218,604)	81	(3,107)	1,481		-	(220,149)
EBITDA	20,797	(3,036)	-	-	(415)	-	17,346
Depreciation	(8,499)	558	-	(242)	415	-	(7,769)
Amortisation	(191)	-	-	-	-	-	(191)
Net Finance Costs	(3,369)	988	-	-	-	-	(2,381)
Operating Surplus Before Income Tax	8,737	(1,490)	-	(242)	-	-	7,005
Share of Profit of Associates	50	-	-	-	-	-	50
Minority interest	(72)	-	-	-	-	-	(72)
Loss on Revaluation of Property	(242)	-	-	242	-	-	-
Profit Before Income Tax	8,474	(1,490)	-	-	-	-	6,984
Income Tax	(2,454)	493	-	-	-	-	(1,961)
Profit for the Year	6,020	(997)	-	-	-	-	5,022

Dividends on all shares	(837)	-	-	-	-	-	(837)
Total assets	186,643	(30,960)	-	-	-	(6,827)	148,855
Cash and cash equivalents	3,081	(76)	-	-	-	-	3,005
Total liabilities	(145,014)	22,383	-	-	-	6,827	(115,803)
Total debt	(96,228)	20,000	-	-	-	6,827	(69,401)
Net cash flows from operating activities	17,310	(1,549)	-	-	-	-	15,761

Note 1: To exclude TIL Property Limited which is out of scope of the acquisition by TIL Group

Note 2: To reverse the elimination entries within the TIL statutory financial statements relating to the intercompany rent charged by TIL Properties Ltd

Note 3: To normalise the classification of income and expenses from a sub-leased property for consistency with forecast and historic information.

Note 4: Reclassify gain/ loss on sale for consistent presentation

3.3. MOVE Logistics and Southern Fleet Leasing

$000 (unless otherwise indicated)	MOVE Unaudited Financial Statements	SFL Unaudited Financial Statements	*Pro forma Adjustments* Allow for Deferred Tax	Deduct MOVE Results for April, May and June 2016	Add MOVE Results for April and May 2017	Deduct SFL Results for April, May and June 2016	Add SFL Results for April and May 2017	Eliminate Intercompany Charges and Balances	Allow for Software Licence Fee	Allow for Share of Unite Logistics Limited Profits (Losses)	MOVE+SFL Pro forma
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	
Revenue	43,542	2,428	-	(9,796)	7,603	(608)	404	(2,232)	-	-	41,341
Expenses	(39,717)	(6)	-	9,315	(7,168)	3	(4)	2,229	(204)	-	(35,552)
EBITDA	3,825	2,422	-	(481)	435	(605)	400	(3)	(204)	-	5,789
Depreciation	(1,106)	(1,694)	-	250	(159)	448	(239)	3	-	-	(2,496)
Amortisation	-	-	-	-	-	-	-	-	-	-	-
Net Finance Costs	(190)	(377)	-	53	(37)	95	(25)	-	-	-	(481)
Operating Surplus Before Income Tax	2,529	351	-	(178)	240	(62)	136	-	(204)	-	2,812
Share of Profit of Associates	-	-	-	-	-	-	-	-	-	133	133
Minority interest	-	-	-	-	-	-	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-	-	-	-	-	-	-
Profit Before Income Tax	2,529	351	-	(178)	240	(62)	136	-	(204)	133	2,946
Income Tax	(869)	(157)	212	55	(69)	17	(38)	-	57	-	(792)
Profit for the Year	1,660	195	212	(123)	170	(45)	98	-	(147)	133	2,154

Dividends on all shares	-
Total assets	-
Cash and cash equivalents	-
Total liabilities	-
Total debt	-
Net cash flows from operating activities	3,846

Note 1: See MOVE Unaudited Financial Statements for the year ended 31 March 2017

Note 2: See SFL Unaudited Financial Statements for the year ended 31 March 2017

Note 3: To allow for deferred tax not accounted for in the statutory financial statements of MOVE and SFL as at 31 March 2017

Note 4: See MOVE Special Purpose Management Accounts for the 3 months ended 30 June 2016

Note 5: See MOVE Special Purpose Management Accounts for the 2 months ended 31 May 2017 on the Bethunes Website.

Note 6: See SFL Special Purpose Management Accounts for the 3 months ended 30 June 2016

Note 7: See SFL Special Purpose Management Accounts for the 2 months ended 31 May 2017 on the Bethunes Website.

Note 8: To eliminate the internal lease costs charged by SFL for fleet assets used by MOVE and other immaterial reclassifications

Note 9: To allow for a software licence fee that will apply under new ownership of MOVE

Note 10: To allow for a 50% share of earnings in Unite Logistics Limited, an associate of MOVE. This income was not included in MOVE's statutory financial statements to 31 March 2017

3.4. NZL

$000 (unless otherwise indicated)	NZL for the ten month period ended 30 April 2017 (Unaudited)	*Pro forma Adjustments* Add: MTP financial performance for ten month period ended 31 March 2017	MTP Lease Charge	MTP Tax expense	NZL Pro forma
		Note 1	*Note 2*	*Note 3*	
Revenue	35,700	2,504			38,204
Expenses	(33,753)	(2,685)	414		(36,024)
EBITDA	1,947	(181)	414	-	2,180
Depreciation	(1,163)	(0)	(414)		(1,577)
Amortisation	-	-			-
Net Finance Costs	(491)	0			(491)
Operating Surplus Before Income Tax	293	(181)	-	-	112
Share of Profit of Associates	-	-			-
Minority interest	-				-
Loss on Revaluation of Property	-				-
Profit Before Income Tax	293	(181)	-	-	112
Income Tax	(82)	-		51	(31)
Profit for the Year	211	(181)	-	51	81
Dividends on all shares					
Total assets					
Cash and cash equivalents					
Total liabilities					
Total debt					
Net cash flows from operating activities					1,899

Note 1: Inclusion of the financial performance of MTP for last 10 months ended 31 March 2017

Note 2: Reclassify lease costs as an estimate of depreciation, as fleet owned by TIL in the forecast period.

Note 3: To record the income tax on the financial performance of MTP

3.5. Glassworks

$000 (unless otherwise indicated)	Glassworks for the year ended 31 March 2017 (Unaudited)	Carve out April, May, June of FY16 financial year	Carve in April, May, June of FY17 financial year	Reclassify SEL lease costs to Depreciation	Reclassify SEL lease interest to Finance costs	Tax adjustment	Glassworks Pro forma
		Note 1	*Note 1*	*Note 2*	*Note 2*	*Note 3*	
Revenue	6,553	(1,515)	1,431	-	-	-	6,468
Expenses	(6,171)	1,471	(1,398)	540	49	-	(5,509)
EBITDA	382	(44)	32	540	49	-	959
Depreciation	-	0	(0)	(540)	-	-	(540)
Amortisation	-	-	-	-	-	-	-
Net Finance Costs	(53)	6	(8)	-	(49)	-	(103)
Operating Surplus Before Income Tax	329	(37)	24	-	-	-	316
Share of Profit of Associates	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-
Loss on Revaluation of Property	-	-	-	-	-	-	-
Profit Before Income Tax	329	(37)	24	-	-	-	316
Income Tax	(115)	-	-	-	-	4	(111)
Profit for the Year	214	(37)	24	-	-	4	204

Dividends on all shares	-
Total assets	3,327
Cash and cash equivalents	(69)
Total liabilities	(2,919)
Total debt	(2,423)
Net cash flows from operating activities	737

Note 1: To readjust the balance date from March to June

Note 2: To reclassify lease costs on assets owned by TIL under the current structure

Note 3: Tax adjustment on carve in / carve out

4. Reconciliation of Non-GAAP to GAAP information – FY18F

4.1. TIL Group

Financial year ended 30 June	TIL Group statutory	Advisor costs	Share based payments	Full year listed Listed Company Costs	Glassworks pro forma	Distribution on transaction completion	TIL Group pro forma
		Note 1	*Note 2*	*Note 3*	*Note 4*	Note 5	
Revenue	327,809	-	-	-	977	-	328,786
Expenses	(318,289)	7,251	11,913	(597)	(836)	-	(300,559)
EBITDA	9,520	7,251	11,913	(597)	140	-	28,227
Depreciation	(10,861)	-	-	-	(30)	-	(10,891)
Amortisation	(1,904)	-	-	-	-	-	(1,904)
Net finance costs	(3,539)	-	-	-	-	-	(3,539)
Operating Surplus Before Income Tax	(6,785)	7,251	11,913	(597)	110	-	11,892
Share of associates earnings	212	-	-	-	-	-	212
Attributable to non-controlling interests	(221)	-	-	-	-	-	(221)
Loss on Revaluation of Property	-	-	-	-	-	-	-
Profit before Income Tax	(6,795)	7,251	11,913	(597)	110	-	11,882
Income Tax	(3,499)	-	-	167	(31)	-	(3,363)
Profit for the period	(10,294)	7,251	11,913	(430)	79	-	8,519

Dividends on all shares	(16,228)					16,228	-
Total assets	152,673						152,673
Cash and cash equivalents	7,950						7,950
Total liabilities	(123,233)						(123,233)
Total debt	(75,500)						(75,500)
Net cash flows from operating activities	14,208						14,208

Note 1: Advisor costs have been added back to the profit and loss for pro forma reporting purposes
Note 2: Share based payments to Kern related entities, Proposed Directors, employees and owner drivers are added back to the profit and loss for pro forma reporting purposes
Note 3: Listed company costs adjusted to reflect full year impact in the pro forma profit and loss
Note 4: Two months of pre-acquisition trading for Glassworks (July & August 2017)
Note 5: Distribution to shareholders pre-completion of the Proposed Transaction

5. Reconciliation of Non-GAAP to GAAP information – FY19F

There are no pro forma adjustments for the FY19F year.

C. Supplementary financial information

Introduction

The information contained in this section provides a description of the pro forma adjustments included within the pro forma information presented in the Profile and within the financial information contained in Part A and Part B of this document.

The pro forma adjustments explain the reconciling steps between: the financial information presented in the Table of Selected Financial Information within Section 2 of the Profile and the audited financial statements for TIL for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 and unaudited financial statements for MOVE, SFL, NZL and Glassworks for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 and the Prospective Financial Statements in Part A of this document.

The information contained in this section should be read in conjunction with the Profile, information contained in Part A and Part B of this document and other information presented on the Bethunes Website.

Explanations of Pro forma Adjustments

The prospective financial information prepared for TIL Group presents pro forma financial information for TIL and the companies acquired prior to the Proposed Transaction (MOVE, SFL, NZL and Glassworks). The pro forma financial information is presented as if the acquisitions of those entities had occurred on 1 July 2014 (i.e. the opening balance sheet in the historic pro forma financial information).

Preparation of the pro forma financial information has required inclusion of certain normalisations, and adjustments to present the information in a form consistent with the structure of TIL Group post completion of the Acquisition.

The latest audited financial statements for TIL and unaudited financial statements for all other entities, other than NZL, have been used as the basis for the pro forma information. For NZL the unaudited management financial information has been used.

The financial year ends of the MOVE, SFL and Glassworks were 31 March, rather than the 30 June year end reported in the pro forma financial information. Adjustments were therefore made to restate the information to a 30 June year end basis using the unaudited monthly financial information from these entities.

The pro forma financial information is required to be based on financial statements prepared in accordance with New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). For all financial years prior to completion of the Acquisiton, MOVE, SFL, NZL and Glassworks have been permitted to account for their business transactions in accordance with NZ IFRS Differential Reporting (IFRS diff rep) or Special Purpose Financial Statements (“SPFS”).

The pro forma financial information for each financial year has been adjusted to incorporate differences in accounting treatment between NZ IFRS and IFRS diff rep / SPFS. The most significant adjustment was to account for deferred tax if required.

We note that for NZL the balance sheet information was not available to calculate deferred tax for the pro forma management information. In this case tax expense has been included in the reporting at the current tax rate of 28% on the net profit before tax and no deferred tax balances included in the pro forma reporting. The Directors believe that the financial balances reported are materially consistent with the balances that would be reported under GAAP.

Further information on the significant adjustments made in preparation of the pro forma financial information is provided below.

TIL Group

- **Incremental listed company costs** – this adjustment reflects the additional administration costs expected to be incurred by TIL Group following completion of the Proposed Transaction. These costs, and their tax effect, are added to TIL Group results to provide a comparative basis with the forecast costs included in the PFI.
- **Amortisation costs** – the adjustment reflects the amortisation incurred on the intangible assets acquired on the purchase of the businesses of MOVE, SFL and Glassworks. The amortisation is included to reflect a comparative basis with the forecast amortisation included in the PFI. Adjustment is also included to the pro forma financial position to present the position had these acquisitions occurred prior to 1 July 2014 (i.e. the opening balance sheet in the historic pro forma financial information.
- **Capital transaction** – this adjustment reflects the additional liabilities, such as bank loans, expected to be incurred as part of the Proposed Transaction. The normalisation 'rolls-back' these costs to present the financial position if the Proposed Transaction had occurred prior to 1 July 2014 (i.e. the opening balance sheet in the historic pro forma financial information.
- **Advisor costs** – this adjustment reflects the advisor costs incurred in undertaking the Proposed Transaction. These costs are excluded from the pro forma financial information to present the financial position if the Proposed Transaction had occurred prior to 1 July 2014.
- **Share based payments -** the adjustment reflects the share based payments expense incurred in FY18. These expenses are excluded from the pro forma financial information to present the financial position if the Proposed Transaction had occurred prior to 1 July 2014.

TIL

- **Removal of Actus Transport** – this adjustment relates to removal of revenue and costs associated with trading performance and the one-off and non-recurring items relating to the sale of Actus Transport Limited by TIL in the year ended 30 June 2015.
- **Removal of TIL Properties** – TIL Properties Limited is included in the statutory financial statements of TIL. This subsidiary is not included as part of the purchase of the business and assets of TIL and therefore this adjustment relates to removing all assets, liabilities, income and expenditure relating to this company.
  In addition to the above, any eliminations included in the consolidated financial statements relating to transactions between TIL and TIL Properties Limited have also been reversed to show the correct expenditure to a third party.
- **Reallocate debt** – to reflect the repayment of intercompany loans between TIL, TIL Properties and Actus Transport and the corresponding repayment of external debt.
- **Purchase of McAuleys** – McAuleys Transport Limited was acquired by TIL on 1 September 2014. This adjustment is to include the trading results for the two months prior to acquisition during FY15. McAuleys is considered to be a material transaction.
- **Revenue Restatement** – this adjustment correctly restates $400,000 of revenue from FY2016 to FY15.

MOVE and SFL

- **Aligning balance dates** – the financial statements on the Bethunes Website for MOVE and SFL currently report for a year end 31 March. This adjustment allows for aligning this balance date to the reporting period of TIL Group. The adjustment is in two parts:
  - Removal of the first three months' worth of trading data (April, May and June); and
  - Addition of the three months trading data post year end (also April, May and June).

The resulting adjustments allow for a full year's worth of trading from 1 July to 30 June for each historical and prospective period.

- **MOVE/SFL Elimination** – this adjustment relates to eliminating the intercompany charge between MOVE and SFL for the lease of the Fleet owned by SFL.

NZL

- **Addition of Multi-Trans Projects Limited ("MTP")** – this adjustment relates to the inclusion of revenue and costs associated with the business of MTP which was acquired as part of the acquisition of NZL. MTP is not considered to be a material acquisition.
- **Reallocate depreciation charges** – this adjustment reclassifies the lease cost included in the financial performance of MTP as depreciation. The adjustment is made as an estimate of the depreciation to be incurred by TIL Group following the Proposed Transaction, as the fleet used to provide the business is owned by TIL Group post acquisition of NZL.

Glassworks

- **Aligning balance dates** – the financial statement on the Bethunes Webiste for Glassworks currently report for a year end 31 March. This adjustment allows for aligning this balance date to the reporting period of TIL Group. The adjustment is in two parts:
  - Removal of the first three months' worth of trading data (April, May and June); and
  - Addition of the three months trading data post year end (also April, May and June).
- **Reallocate depreciation charges** – this adjustment reclassifies the lease cost included in the financial performance of Glassworks as depreciation. The adjustment is made as an estimate of the depreciation to be incurred by TIL Group following the Proposed Transaction, as the fleet used to provide the business was acquired as part of the Glassworks acquisition.
- Glassworks is not considered to be a material acquisition.

TIL Group management believe the pro forma adjustments are necessary to provide potential investors with relevant and meaningful information relating to financial performance over the FY2015 to FY2017 historical period and the FY18F and FY19F Prospective Period.