



ANNUAL REPORT 2019

FOR THE YEAR ENDED
30 JUNE 2019

On behalf of Board and Management, we are pleased to present the TIL Logistics Group Limited Annual Report for the year ended 30 June 2019.

Trevor D Janes
Trevor D Janes
Chairman
24 September 2019

Alan Pearson
Alan Pearson
Chief Executive Officer



OUR PEOPLE

Nelson's Operational Projects Manager, Grant Thorn, has worked for TIL since 1978, more than 40 years. ■

OUR BUSINESS	4
FY19 SNAPSHOT	7
CHAIRMAN & CEO'S REPORT	8
DIVISIONAL PERFORMANCE	16
OUR BOARD	20
LEADERSHIP	22
FINANCIAL STATEMENTS	24
NOTES TO THE FINANCIAL STATEMENTS	30
INDEPENDENT AUDITORS REPORT	66
ADDITIONAL STATUTORY INFORMATION	71
CORPORATE GOVERNANCE	79
GLOSSARY	84
DIRECTORY	85

OUR BUSINESS

TIL Logistics Group is one of the largest freight and logistics companies in New Zealand. We have a nationwide network of branches, depots, cross docks and warehouses and a dedicated team of more than 1,600 employees and contractors.

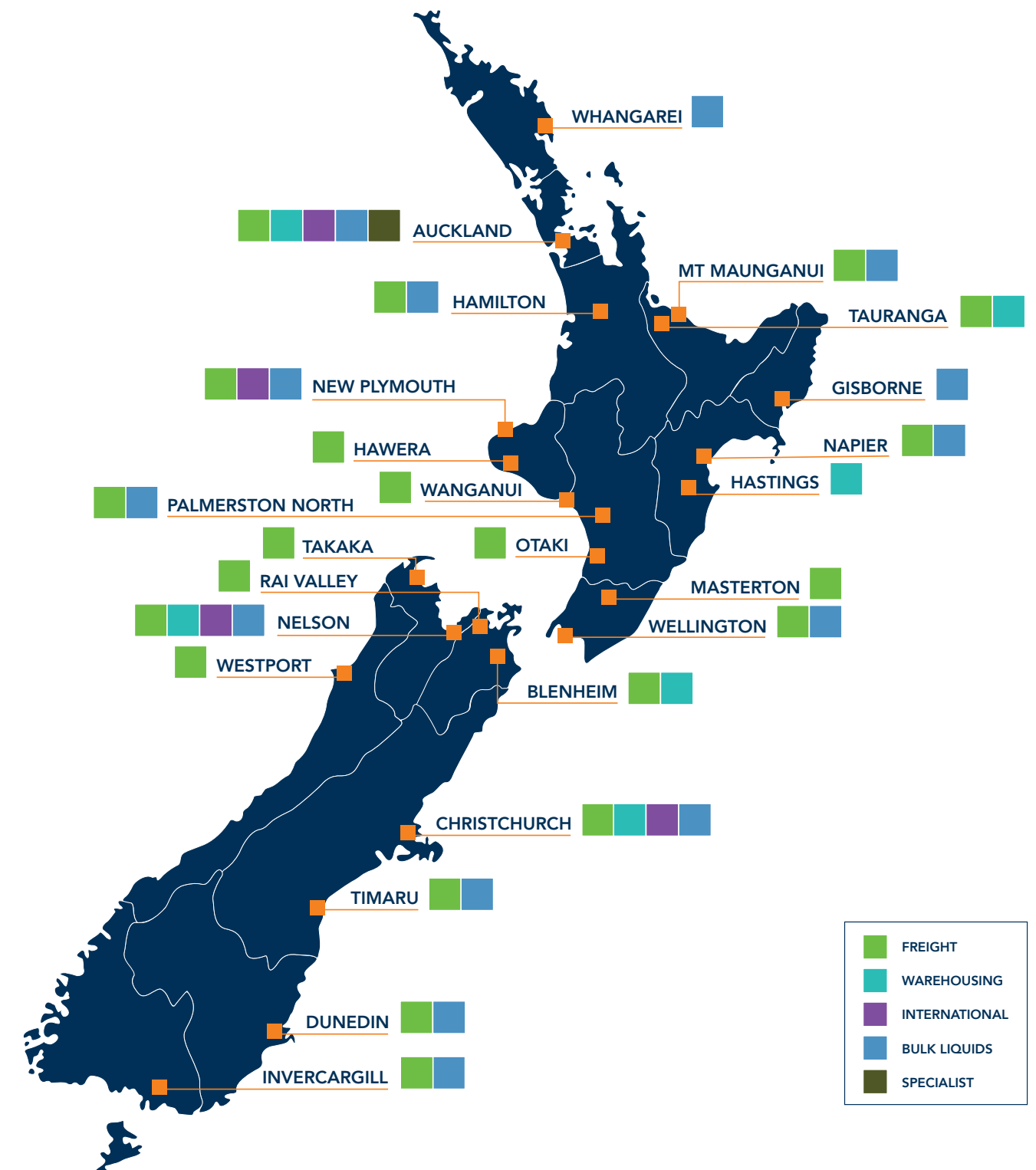
We provide a comprehensive end to end supply chain service, across Freight, Bulk Liquids, Warehousing & Logistics, Specialist Lifting and Transport, and International Freight Forwarding.

Every year, our trucks travel more than 50 million kilometres, delivering product to over 30,000 sites and we store goods for our customers in more than 192,000 square metres of warehouse capacity.

We are investing in technology and IT that is making our business more efficient, further enhancing our customer experience and strengthening the safety of our people and the wider community.

We remain committed to reducing our environmental impact and are a signatory to the Climate Leaders Coalition.

Our goal is to run our company in a way that offers value, not just to our customers but to our staff, our investors and all those involved in the supply chain. ■



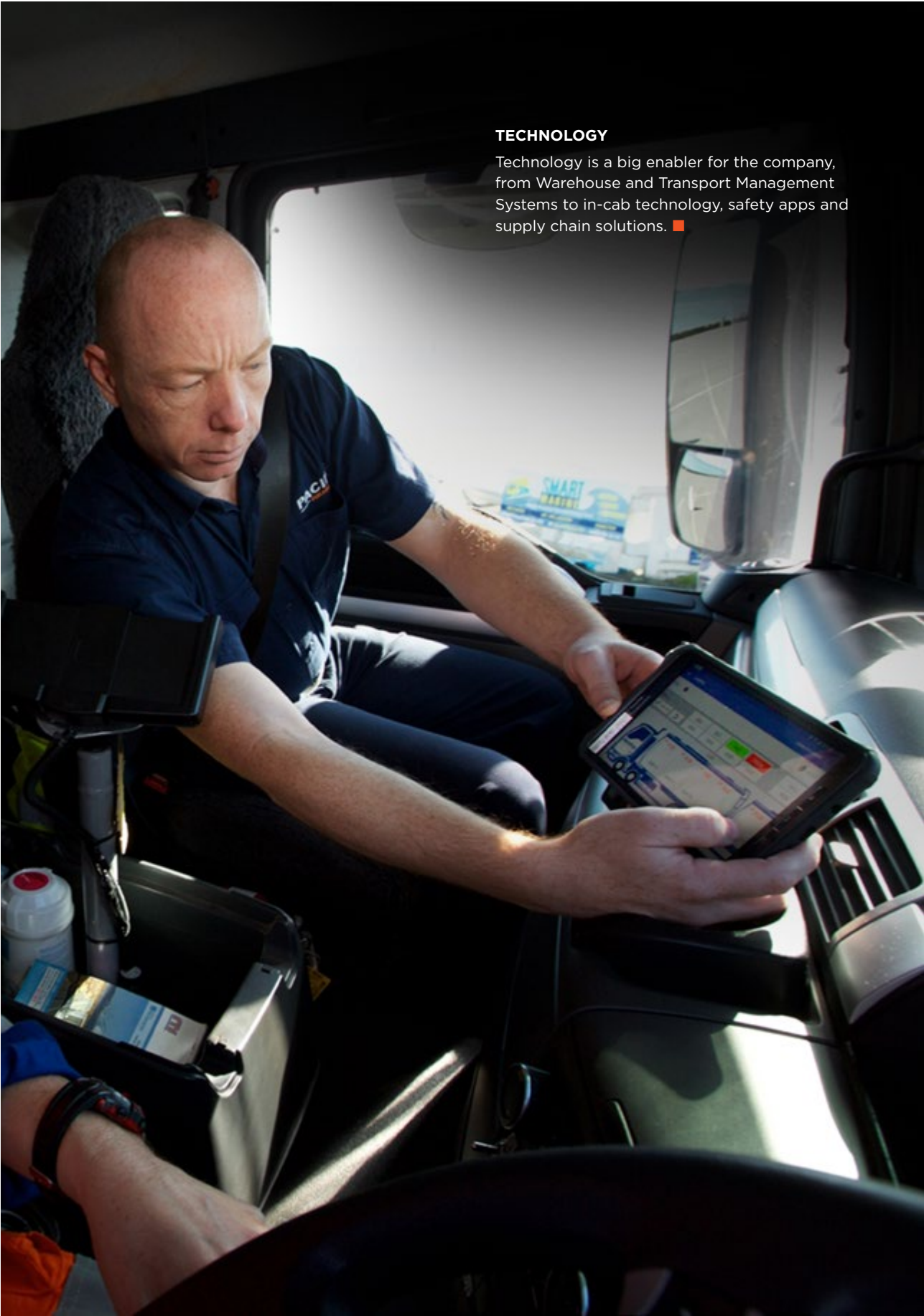
FY19 SNAPSHOT

KEY EVENTS

- Acquisition of Specialised Lifting and Transport Group (SLTG), strengthening existing offer and providing entry into a new sector. Provided an eight-month contribution to the Group and delivered a performance ahead of expectations.
- Significant investment in expansion and development of new warehousing facilities to meet future demand. Completion and relocations of three facilities with additional two facilities due to open in FY20.
- Organisational restructure into five operating divisions, including separation of NZL into freighting and logistics services.
- Bundled transport and logistics offer is starting to show dividends and market share is growing, with new customers and increasing demand from existing customers.
- Number of major customer wins, with results reflecting initial start-up expenses for major Bulk Liquids haulage contracts.
- Establishment of Senior Leadership Team with Divisional CEOs, creation of new CIO, Group HR and Group Safety roles and appointment of Lee Banks as Chief Financial Officer.
- Signatory to Climate Leaders Coalition and signing of Memorandum of Understanding with Hirlinga Energy to investigate hydrogen fuel cell technology transport solutions.

FY19 was a period of business growth and increasing sales across all divisions, with results reflecting investment into growth initiatives and a higher cost base.

SALES REVENUE \$355.1M	Sales revenue continues to trend upwards, with uplift in all sectors
EBITDA \$25.4M ADJUSTED EBITDA \$28.0M	Adjusted EBITDA up 7% on the prior year, despite increased cost base and investment into growth initiatives
NPAT \$4.0M ADJUSTED NPAT \$6.6M	First half in line with expectations with 2H19 earnings gains offset by increased costs and \$2.6m of additional expenses related to deferred acquisition consideration
FY19 DIVIDEND 5.0 CENTS PER SHARE	Full year fully imputed dividend increased to 5.0 cents per share



TECHNOLOGY
Technology is a big enabler for the company, from Warehouse and Transport Management Systems to in-cab technology, safety apps and supply chain solutions. ■

CHAIRMAN AND CEO'S REPORT

It has been more than 150 years since the first delivery was made by Hookers' oxen and dray in 1869. While our delivery modes may have advanced, our DNA is still to serve and to do so to the best of our ability. We have achieved a lot over the past years and we will no doubt achieve a lot more over the next century.

Technology has significantly changed during this time and TIL has always been at the forefront of adopting commercially viable technology in order to fulfill our service promise to our customers. 2019 was no different with the company investing in significant IT initiatives such as commissioning a new Transport Management System (TMS), tablet in-cab technologies, safety technology such as Autosense, as well as extending the coverage of our Warehouse Management system across our new warehouses. Truck technology is undergoing significant evolution with the introduction of Electric vehicles and we are one of the leading participants in the eventual introduction of Hydrogen fuel cell technology into New Zealand.

Today we serve our customers with an end to end supply chain offering a range of services and utilising modern technologies. Our goal is to run our company in a way that offers value, not just to our customers but to our staff and all those involved in the supply chain.

With increasing regulatory requirements, the use of digital technology, rising fuel prices, wage pressures and growing demand from customers for an integrated freighting, logistics and warehousing service, only those businesses that have best practice as their goal, significant scale and access to capital will succeed.

TIL is well positioned to grow both organically and through carefully selected acquisitions. Opportunities have been identified across all sectors to build our business, improve volumes and utilisation, expand the offer and drive efficiencies.

As we have done for over 100 years, we run our business with the long term in mind and will continue to leverage our strengths to gain market share and deliver value to our shareholders.

FY19 WAS A YEAR OF BUSINESS EXPANSION WITH INCREASED CAPACITY, ACQUISITIONS, NEW BUSINESS WINS AND ORGANIC GROWTH.

Highlights for the FY19 year included the acquisition of Specialised Lifting and Transport Group, the renewal of two major customer contracts with Z Energy and Farmlands and the opening of three new warehouses in the second half of the year.

Our commitment to reducing our environmental impact continues and we are a signatory to the Climate Leaders Coalition and have signed a memorandum of understanding with Hiringa Energy to develop hydrogen fuel cell technology transport solutions.

The higher operating cost environment has persisted and is being managed closely, including fluctuating fuel prices, road user charges and regional fuel taxes, increased wage costs and higher costs for parts and equipment due to the lower exchange rate. Unexpected demurrage costs were also incurred in 2H19.

To better reflect TIL's business operations, segment reporting has been changed to five divisions – Freighting; Warehousing & Logistics; Bulk Liquids; Specialist; and International.

A significant focus for management in FY19 was the continuing amalgamation of TIL's brands and businesses into a cohesive group organisation, which allows us to offer our customers an end to end supply chain offer. The NZL business, which was previously part of the warehousing division, has now been split into two streams – Freighting and Warehousing. This restructuring had a cost impact in FY19, but benefits will be seen in FY20 and onwards.

We saw strong growth in the first half of the year, with revenue gains across all divisions and particularly strong growth from Warehousing & Logistics as new warehousing capacity came online in the second half of the year. The specialist sector grew significantly following the acquisition of Specialised Lifting and Transport Group, which delivered additional revenue of \$11.8m.

Pleasingly, the Bulk Liquids division also delivered a year on year increase in sales revenue despite a strong prior year that included one off revenue gains from the pipeline disruption. Multiple long term fuel delivery contracts were secured in FY19, underpinning the business going forward.

Operating costs increased to \$332.6m, reflecting the higher cost environment and a full year of being a listed provider with associated corporate and governance costs. Growth initiatives have also had a cost impact, with increased property rent costs (particularly due to expanded warehousing capacity); wages and fleet lease costs; establishment of the Senior Leadership Team; and higher repairs and maintenance due to new fleet decisions being delayed into FY19 while new contracts were finalised and tightening legislation.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was up on the prior year to \$25.4m with an increase in adjusted EBITDA to \$28.0m. Earnings growth was primarily seen in the first half, with Freighting, Specialist and International divisions all delivering full year improvements. Warehousing & Logistics and Bulk Liquids both reflect the costs associated with growth initiatives that will provide long term value for the business, particularly new warehousing capacity and set up costs prior to major new customer contracts commencing.

A profit improvement was delivered in the first half, with the second half profit gains offset by increased finance costs, depreciation and the \$2.6m additional expenses for the deferred acquisition consideration related to MOVE Logistics. Excluding the deferred acquisition consideration, adjusted NPAT was \$6.6m.

The Board declared a final fully imputed dividend of 2.5 cents per share (cps), taking full year dividends to 5.0 cps.

Further information on our financial results can be viewed in the FY19 Results Presentation available on our website <https://www.til.kiwi/investor-area/presentations/>.

GROWTH INITIATIVES ARE HAVING A POSITIVE IMPACT, PARTICULARLY THE ACQUISITION OF SPECIALISED LIFTING AND TRANSPORT GROUP AND INVESTMENT INTO ADDITIONAL WAREHOUSE CAPACITY.

Acquisition of Specialised Lifting and Transport Group

We acquired Specialised Lifting and Transport Group in November 2018, adding scale to what had previously been a very small and unprofitable part of our business. The acquisition led the division to a standout performance in FY19, lifting revenue by more than 400% and returning to profitability.

Heavy haulage – the transport of exceptionally large, unusually-shaped or heavy items such as transformers, bridges, boats and silo tanks – involves specialised equipment and highly skilled, knowledgeable and dedicated people. Meanwhile, Machinery Movers, which was part of the acquisition, is a new area for TIL – moving heavy equipment from place to place within an existing business or transporting it across New Zealand.

The four different businesses now under TIL's umbrella complement one another so that resources can be deployed to those units with the heaviest workloads. We have high expectations of this division for FY20 and it has started the year well, securing a major windfarm project at Turitea Windfarm Project in Manawatu that consists of transporting 33 turbines onto the site.

New Customer Wins

We continue to win new business on the back of our end to end supply chain offer and reputation for consistent quality service delivery. Of particular note during the year was the renewal of two major customer contracts with Z Energy and Farmlands.

In October 2018, we renewed our partnership with Z Energy for a further five years, with the signing of a long term, exclusive, strategic supply contract, with increased volumes and wider distribution coverage. The renewed contract covers the North and South Islands and includes cartage of petroleum and aviation fuel for both of Z Energy's brands, Z and Caltex.

In addition, in November 2018 we renewed our fuel transport and distribution contract with Farmlands Co-operative, a rural co-operative with 82 stores nationwide. This contract covers the North and South Islands and includes fuel transport to all Farmlands Fuel customers, including the Challenge petrol station network.

SPECIALIST TRANSPORT

Investment into wind energy is ramping up and TIL's Specialist division is ideally suited for transporting wind turbines and equipment to challenging sites. ■



Expanding our Capacity

MOVE Logistics has strengthened its position in the logistics and warehousing sector even further with the completion and relocations of three facilities in FY19 and two additional warehouses planned for FY20. Combined, these will deliver 25% additional capacity for future growth and will position MOVE to be one of the largest warehouse service providers (by capacity) in the country.

The first of the new warehouse spaces in FY19 was in Highbrook Drive in Auckland, a busy industrial area. The extension of the existing warehouse has delivered a doubling in pallet storage to 19,000 pallets, an extended container yard space and better site access. Just down the road in East Tamaki, is another new warehouse with the potential for 18,000 pallets. This is located in close proximity to Lion Nathan's brewing and bottling plant, one of MOVE's larger customers.

The third new warehouse is in Rolleston, Christchurch, with stage one completed earlier this year and stage 2 due for completion in early 2020. The Rolleston development is very much a strategic move to create capacity, grow our sector presence, attract a new range of customers and to broaden our services to customers. There are a number of potential benefits for our existing customers including reduced container transport costs, container triangulation benefits and reduced supply chain costs.

There is constant demand for high quality warehousing and we will continue to look for opportunities to expand or develop new sites in targeted areas.

Our People

Our business is successful because of our people. From the truck drivers on the road to our warehouse personnel, accounts and support office staff, logistics managers and leaders. We would like to thank them all for the services they have provided and the role they continue to play in our ongoing success.

Our positive culture is reflected in the high number of long service employees within the group, with approximately 15% who have been with the company for more than 10 years and 6% who have more than 30 years of service. While this may sound small, in today's transient employment market, it's a number we're proud of.

With our transition to an NZX-listed company, FY19 was a natural time to establish a new Leadership Team structure. Some of our long-serving senior staff took the opportunity to retire and we would like to acknowledge and thank them for their significant contributions in building TIL to the leading company it is today. A new generation has stepped up, both from within our ranks and externally, and we are encouraged by the high calibre of the people we have been able to promote and attract.

Recruitment of truck drivers and, surprisingly, of warehouse staff remains challenging. We have a number of recruitment programmes underway including becoming an accredited employer able to offer a pathway to NZ residency in order to address skill shortages. We are also looking to offer cadetships for younger people into the industry and are planning for additional training to build skills and support internal promotion within our business.

Health and Safety

Across our business, we travel over 50 million kilometres each year on New Zealand's roads, delivering product to over 30,000 sites while operating within 51 of our own sites with over 500 forklifts. Overlaying this is our responsibility to deliver millions of litres of fuel to 60% of service stations and farms, and gas to all locations not served by pipeline. This environment is hazardous and calls for constant vigilance on all matters of safety.

We take the safety and wellbeing of our employees, contractors, owner drivers and communities very seriously. Health & Safety (H&S) remains a priority and an essential component to everything we do. We continue to make strides in improving our safety culture and performance, in particular making use of the opportunities technology provides for greater efficiency, reporting and oversight.

In the past year, we have made significant investment to improve the safety of staff and the wider community, including into training, technology and staff engagement. We also appointed a new Group Safety & Environmental Manager, Dwane Feehely.

In FY19, our Lost Time Injury Frequency Rate was 24 and the Medical Treatment Frequency Rate was 22. Our focus is on reducing these and we remain committed to our goal of zero harm.

Technology

Technology is a big enabler for our business and will be a major area of investment for us in FY20 as we implement new IT systems for Freightling and Bulk Liquids. These Transport Management Systems are world class and will help drive efficiencies and improve the customer experience. They will operate alongside other technology systems such as our new Warehouse Management System (Paperless) and various support systems in Finance, HR and CRM.

In Bulk Liquids, Pacific Fuel Haul has partnered with our largest customer Z Energy to implement a new Ortech technology that will deliver a superior supply chain solution when introduced in FY20.

We are also using technology to enhance other areas of our business, particularly around health and driver safety. In FY19, we invested further into in-cab services and safety systems to help keep our drivers safe, with agreements signed with ERoad and with Autosense for driver training and in-cab technology.

Environment

We acknowledge that our business has an environmental impact and we are committed to reducing our carbon emissions. The road to where we want to be is long and challenging as the shift from the internal combustion engine to alternate technologies is still evolving. We believe that there will be a hybrid of technologies introduced over time with the replacement of internal combustion engines, with electric cars and light commercials occurring quicker than heavy trucks and other modes of transport. From our perspective we will invest in environment improving technology as it becomes available and fulfil our dream of being Oceania's leading environmental transport and logistics company.

We completed a CEMARS review in July 2019 and have developed an Emissions Management and Reduction Plan with annual targets for consumption.

Our carbon footprint is dominated by diesel fuel and many of our initiatives are focused around what we can do to reduce our use of diesel. Some examples include better route planning, low rolling resistance tyres to improve aerodynamics, vehicle selection and driver training.

We have solidified our forklift partnership with two major suppliers and this will see the gradual upgrade of our 500+ fleet over time to safer, more efficient and lower carbon emission equipment.

We are also investigating alternative fuel options, including our partnership with Hiringa to investigate development of hydrogen cell fuel technology. This continues to proceed and the joint venture received regional funding support to complement the support we and our partners have committed to the project.

Our Customers

Each of our Divisions has performed well over the year. We appreciate that without our customers we would not have had the opportunity to do so. We would like to recognise and thank the many customers who support our company through our various business activities and brands. They enable us to employ and provide income to our 1,600 employees and contractors and deliver approximately \$200m into other various suppliers and tax income for New Zealand.

Outlook

THE TRANSPORT AND LOGISTICS SECTOR REMAINS FRAGMENTED AND TIL IS WELL POSITIONED TO BUILD BOTH ORGANICALLY AND THROUGH CAREFULLY SELECTED ACQUISITIONS. OPPORTUNITIES HAVE BEEN IDENTIFIED ACROSS ALL SECTORS TO IMPROVE VOLUMES AND UTILISATION, EXPAND THE OFFER AND DRIVE EFFICIENCIES.

Our focus for the current FY20 year is on organic growth – realising the opportunities and potential within our existing businesses. Growth opportunities have been identified for all TIL's divisions, particularly in Specialised, International and non-fuel Bulk Liquid haulage.

While we expect New Zealand's economic growth to continue in line with current rates of 2%, we acknowledge the recent indications of curtailment in economic activity. We are confident of our own future, however, we will be watching business confidence and the economy closely. We have seen high demand from the food, rural and building & construction sectors and expect this to be ongoing.

The benefits of FY19 growth initiatives will start to be seen in FY20, with additional warehousing capacity due to come online later this year, full year benefits from new customer contracts that commenced in late FY19 and a full year contribution from SLTG. In addition, the restructure of NZL into separate freighting and transport services will deliver synergy and cost benefits in FY20.


Significant projects will include the opening of a further two warehouses as well as site expansion in Auckland and implementation of new IT systems for Freighting and Bulk Liquids, which will drive efficiencies and improve the customer experience.

We are expecting an improved performance in FY20, driven by new customer contracts, additional warehousing capacity, organic growth and the benefits of FY19 investment into growth initiatives including the full year benefits of SLTG.

We look forward to the many opportunities before us and serving our customer needs whether it be by electric vehicles, rail, sea, air or spaceship. Just like we have done for 150 years. ■



Trevor Janes
Chairman



Alan Pearson
Chief Executive Officer



EXPANDING OUR CAPACITY

Stage one of the new Rolleston warehouse opened in April 2019 and has a footprint of 10,000 sqm and is fully racked with 17,000 pallet positions. Stage 2 will add a further 10,000sqm and is due for completion in March 2020. ■

TIL OPERATES ACROSS FIVE DIVISIONS

FREIGHTING;
WAREHOUSING &
LOGISTICS; BULK
LIQUIDS; SPECIALIST
AND INTERNATIONAL



FREIGHTING

Revenue \$149.2m ▲4%
EBITDA \$8.2m ▲43%

- Focused effort on margin is delivering improved result
- Continual investment in fleet upgrades to ensure best in class safety, reduced emissions and increased fleet availability
- Increased lease costs with more trucks now being leased rather than purchased outright
- Investment into technology including in cab digitised services and safety systems for driver fatigue
- Implementation of new Transport Management System in FY20 will support track and trace visibility, improving customer experience
- Opportunity for growth due to market consolidation and through expansion of existing services



WAREHOUSING & LOGISTICS

Revenue \$106.7m ▲10%
EBITDA \$9.1m ▼5%

- Opening of three new warehouses in FY19 and investment into three additional/expanded warehouses planned for FY20
- Combined, new warehouses will deliver 25% additional capacity for future growth. Will position MOVE to be one of the largest warehouse service providers (by capacity) in the country
- Capital and set up expense of new warehouses will be seen in FY20, with revenue upside in subsequent years
- NZL separated into warehousing and freighting services; cost impact in 2H19 with benefits from FY20
- FY19 results impacted by increased property costs, the closure of a major customer impacting on NZL and the NZL restructure, and an unplanned increase in demurrage costs



BULK LIQUIDS

Revenue \$78.1m ▲5%
EBITDA \$8.3m ▼20%

- Renewal of two key customer contracts – with Z Energy and Farmlands
- Results reflect increased cost base to support renewed customer contracts; more leasing of trucks leading to higher lease costs, lower consumer demand due to high fuel prices and lower sale proceeds from used trucks
- Identified significant opportunity associated with non-fuel bulk liquid transport, such as new ethanol transport contract. Sector opportunities include Industrial, Edible, Chemical and Fuel
- Division rebranded to Pacific Liquid Logistics in order to leverage the business into other non-fuel market segments
- Will continue to build on long term strategic partnerships with key customers and grow service delivery associated with non-fuel Bulk Liquid transport



SPECIALIST

Revenue \$13.1m ▲445%
EBITDA \$2.6m ▲ PY:\$(0.4)m

- Specialised Lifting and Transport Group acquired in November 2018
- Stand out performance with results meeting high expectations
- Provided synergies and support for the previously sub-scale Multi-Trans business
- Offers significant opportunity for TIL to grow market share
- New contract wins to service windfarm transport needs
- FY20 looks promising with a number of major projects being considered



INTERNATIONAL

Revenue \$8.0m ▲8%
EBITDA \$1.5m ▲31%

- Positive year with increased activity in the sector
- ISO Tank & Shipping services increased revenue with greater demand for ISO equipment & services
- Exploring acquisition opportunities
- Further specialist logistics services being investigated to increase footprint
- Cross Group benefits with increased volumes driving warehousing and transport demand



OUR PEOPLE

Truck driver, Cyril Komene has been working for TIL Logistics' Bulk Liquids division in the South Island since 2015 and takes pride in looking after his customers. ■

OUR BOARD

At TIL Logistics Group, we believe that good corporate governance is essential to protect the interests of investors and create and enhance value over the short and long term. We are committed to conducting business in the right way, ethically and in line with our legal and regulatory obligations.

The Board has adopted corporate policies and procedures that reflect best practice and we follow the principles and recommendations of the NZX Corporate Governance Code (the Code). You can read about our corporate governance practices in FY19 on pages 79 to 84. ■



TREVOR JANES
INDEPENDENT CHAIR
BCA, FCA, FCFIP, CFinstD
APPOINTED 6 DECEMBER 2017

Trevor Janes has significant governance experience and holds a number of board positions with private and public companies. He is a member of the NZX Markets Disciplinary Tribunal and chairs the Tokelau International Investment Fund. His career has been in investment banking and financial analysis and he is a Fellow of INFINZ and of CA ANZ, a Member of the Chartered Financial Analysts Institute (USA), and a Chartered Fellow of the Institute of Directors.



JAMES (JIM) RAMSAY
EXECUTIVE DIRECTOR
FCILT
APPOINTED 6 DECEMBER 2017

Jim has extensive experience in the New Zealand transport industry and has spent some 45 years in lead management roles with Hookers, TNL/Newmans Group and TIL. He has been responsible for building TIL from a local New Plymouth trucking operation into a New Zealand wide transport force. He has served as Chair of TIL and several associated companies, and has played a significant part in transport industry matters. He has been honoured with Life Membership in his local Road Transport Association and is a Fellow of the Chartered Institute of Logistics and Transport. In 2013 Jim was inducted into the NZ Road Transport Hall of Fame.



LORRAINE WITTEN
INDEPENDENT DIRECTOR,
CHAIR AUDIT & RISK COMMITTEE
BMS (HONS), CA
APPOINTED 6 DECEMBER 2017

Lorraine Witten is an experienced executive and entrepreneur with extensive commercial experience in high growth and high change environments. Her skills are in technology, ICT, construction, services and network economics, where she has 30 years' experience in senior management and finance roles. Lorraine has 20 years of governance experience and is a Fellow of the Institute of Directors. She currently sits on the board of a number of private and public companies including Horizon Energy Group and Rakon. She is Chair of the Audit & Risk committee for the Department of Corrections.



DANNY CHAN
INDEPENDENT DIRECTOR
BCA (HONS), ACA, FCSAP, MINSTD
APPOINTED 6 DECEMBER 2017

Danny is an experienced New Zealand director with extensive accounting, finance and investment management and education experience. He holds a number of directorships with companies including Academic Colleges Group, Abano Healthcare Group, Farmers' Mutual Group, Marlborough Wines Estate and Auckland Tourism Events and Economic Development Limited, as well as numerous companies associated with his private investments both in New Zealand and Asia. He is a member of the NZ China Executive Advisory Council and the NZ Markets Disciplinary Tribunal, and was a member of the Department of Prime Minister and Cabinet - China Project Advisory Group.

LEADERSHIP

The leadership team was strengthened during the year with new executives recruited either into new roles or to fill roles where some senior managers had retired. As was expected some of the founders and pioneers of TIL, Alan Terris and Greg Whitham, chose to retire from their executive roles as GM Marketing & International and CFO respectively. Andy Stanley Divisional CEO for PFH also chose to semi-retire.

New executives including Lee Banks, Maurice Corkery, Stephen Owles, Clayton Imbs, Warwick Bell and Dwane Feehely were all appointed to complement the existing executive team.

Following year end, Dean Crackett and Dallas Guilford have been appointed on a temporary basis to the roles of GM Marketing and GM Group HR while permanent replacements are recruited. ■

For profiles of each executive, please visit <https://www.til.kiwi/about-us/management/>

GROUP EXECUTIVE TEAM



ALAN PEARSON
CEO



DWANE FEEHELY
GROUP SAFETY AND ENVIRONMENTAL MANAGER



DALLAS GUILFORD
ACTING GROUP HR MANAGER



LEE BANKS
CFO



MAURICE CORKERY
CIO



DEAN CRACKETT
ACTING GROUP MARKETING

DIVISIONAL CEOS



STEPHEN OWLES
DCEO BULK LIQUIDS



CLAYTON IMBS
DCEO INTERNATIONAL



JON KYLE
DCEO TIL FREIGHTING



WARWICK BELL
DCEO SPECIALIST LIFTING



RICHARD MATHER
DCEO WAREHOUSING & LOGISTICS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2019



CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	30 JUNE 2019 \$000	30 JUNE 2018 \$000
Revenue	7	355,139	325,552
Gains on disposal of assets		873	1,921
Dividends received		215	2
Rents received		2,904	3,068
Other income		1,470	981
Total Income		360,601	331,524
Transport costs		(147,742)	(139,731)
Employee costs		(127,338)	(114,902)
Lease expenses		(34,405)	(31,805)
Other operating expenses		(23,115)	(18,898)
Share based payment expense		-	(11,593)
IPO / listing costs		-	(6,545)
Changes in contingent consideration / advisor fees		(2,600)	(1,191)
Depreciation / amortisation expenses	13.1/13.2	(13,610)	(12,417)
Impairment of goodwill		-	(159)
Total Operating Expenses	8	(348,810)	(337,241)
Finance costs - interest on borrowing		(4,156)	(3,431)
Interest income on short term deposit		116	102
Operating surplus / (deficit) before income tax		7,751	(9,046)
Share of (loss) of associates	16.2	(361)	(127)
Profit / (Loss) Before Income Tax		7,390	(9,173)
Income tax expense	9	(3,026)	(2,490)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		4,364	(11,663)
Profit / (Loss) attributable to:			
Owners of the company		4,004	(12,191)
Non-controlling interests	16.2	360	528
		4,364	(11,663)
Other comprehensive income:			
Comprehensive Income / (Loss) for the Period, Net of Tax		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX		4,364	(11,663)
Earnings per share for profit / (loss) attributable to the ordinary equity holders for the company		CENTS	CENTS
Basic and diluted earnings / (loss) per share	11	5.18	(14.98)

The above consolidated statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2019

	NOTES	30 JUNE 2019 \$000	30 JUNE 2018 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	12.1	6,389	2,881
Inventories		301	279
Trade and other receivables	12.2	51,037	46,578
Tax receivable		160	269
Advances to associates	12.3	581	603
Total Current Assets		58,468	50,610
Non-Current Assets			
Property, plant and equipment	13.1	92,313	74,616
Intangible assets	13.2	23,909	24,613
Investments in associates	16.2	1,692	1,879
Total Non-Current Assets		117,914	101,108
TOTAL ASSETS		176,382	151,718
EQUITY			
Share capital	14	35,449	28,107
(Accumulated losses)		(2,364)	(1,295)
Equity attributable to owners of the parent		33,085	26,812
Non-controlling interest in equity		1,237	1,157
TOTAL EQUITY		34,322	27,969
LIABILITIES			
Current Liabilities			
Trade and other payables	12.4	39,348	31,670
Deferred revenue		344	-
Borrowings	12.5	5,185	3,432
Employee entitlements	12.6	12,957	11,751
Provision for other liabilities and charges	13.4	225	2,192
Total Current Liabilities		58,059	49,045
Non-Current Liabilities			
Borrowings	12.5	79,132	70,447
Deferred income tax liability	13.3	4,102	3,471
Provisions for other liabilities and charges	13.4	767	786
Total Non-Current Liabilities		84,001	74,704
TOTAL LIABILITIES		142,060	123,749
TOTAL EQUITY & LIABILITIES		176,382	151,718

The above consolidated balance sheet should be read in conjunction with the accompanying notes.



Trevor Janes - Chairman
22 August 2019



Lorraine Witten - Director
22 August 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	ATTRIBUTABLE TO OWNERS OF THE COMPANY				NON-CONTROLLING INTEREST	TOTAL EQUITY
	INVESTED CAPITAL	SHARE CAPITAL	RETAINED EARNINGS/ (ACCUM. LOSSES)	TOTAL		
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2017	102,012	-	-	102,012	806	102,818
Comprehensive income 1 July to 6 December						
(Loss)/profit for the period	4,668	-	-	4,668	-	4,668
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income 1 July to 6 December	4,668	-	-	4,668	-	4,668
Transactions with owners in their capacity as owners:						
Equity transactions with Bowker 99	127	-	-	127	77	204
Dividends provided or paid	-	-	-	-	-	-
Total transactions with owners prior to reverse listing	127	-	-	127	77	204
Reverse listing on 7 December 2017	(106,807)	5,473	101,334	-	-	-
Balance on reverse listing	-	5,473	101,334	106,807	883	107,690
Comprehensive income 7 December 2017 to 30 June 2018						
(Loss)/profit for the period	-	-	(16,859)	(16,859)	528	(16,331)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income 7 December 2017 to 30 June 2018	-	-	(16,859)	(16,859)	528	(16,331)
Transactions with owners in their capacity as owners:						
Deemed consideration for the acquisition of TIL Logistics Group Limited (formerly Bethunes)	-	678	-	678	-	678
Equity-settled share-based payments	-	10,596	-	10,596	-	10,596
Issues of ordinary shares in a public offer	-	11,360	-	11,360	-	11,360
Distribution to owners as part of reverse listing	-	-	(85,770)	(85,770)	-	(85,770)
Dividends provided for or paid	-	-	-	-	(254)	(254)
Total transactions with owners on/after reverse listing	-	22,634	(85,770)	(63,136)	(254)	(63,390)
Balance as at 30 June 2018	-	28,107	(1,295)	26,812	1,157	27,969
Balance as at 1 July 2018 as previously reported	-	28,107	(1,295)	26,812	1,157	27,969
Adoption of IFRS 15	-	-	(571)	(571)	-	(571)
Adoption of IFRS 9	-	-	(499)	(499)	-	(499)
Revised balance as at 1 July 2018	-	28,107	(2,365)*	25,742	1,157	26,899
Comprehensive income						
Profit for the period	-	-	3,841	4,004	360	4,364
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	28,107	1,476	29,746	1,517	31,263
Transactions with owners:						
Equity settled acquisition	-	4,000	-	4,000	-	4,000
Dividends and dividend reinvestment plan	-	3,342	(4,003)	(661)	(280)	(941)
Balance as at 30 June 2019	-	35,449	(2,527)	33,085	1,237	34,322

*See note 20 for details regarding the adoption of new accounting policies.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	30 JUNE 2019 \$000	30 JUNE 2018 \$000
Cash flows from operating activities			
Receipts from customers		354,330	323,035
Interest received		116	102
Dividends received		152	2
Payments to suppliers and employees		(329,045)	(306,283)
Interest paid		(3,885)	(3,286)
Income tax paid		(2,286)	(3,218)
Net cash generated from operating activities	15.1	19,382	10,352
Cash flows used in investing activities			
Purchase of business, net of cash acquired	17	(15,000)	(3,200)
Purchase of property, plant and equipment		(22,848)	(13,174)
Proceeds from sale of property, plant and equipment		13,676	14,366
Purchase of intangible assets		(775)	(1,107)
Advances to associates		(152)	11
Net cash used in investing activities		(25,099)	(3,104)
Cash flows from financing activities			
Repayment of borrowings	15.2	(5,834)	(16,432)
Proceeds from borrowings	15.2	16,000	90,000
Proceeds from share issue		-	11,510
Capital distribution to company shareholders		-	(92,156)
Dividends paid to shareholders / non-controlling interests		(941)	(255)
Net cash flow from financing activities		9,225	(7,333)
Net increase in cash and cash equivalents		3,508	(85)
Cash and cash equivalents at beginning of period		2,881	2,966
Cash and cash equivalents at end of period	12.1	6,389	2,881

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. REPORTING ENTITY

The core operations of TIL Logistics Group Limited (“TIL Logistics” or the “Company”) and its subsidiaries (collectively “the Group”) are in the New Zealand transport sector. These include general transport, bulk liquids, heavy haulage, shipping, storage and distribution, national and international household removals and storage.

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013. The Company is listed on the NZX Main Board.

The registered office of the Company is at 330 Devon Street East, New Plymouth, New Zealand.

The consolidated financial statements of the Company as at, and for the year ended, 30 June 2019, comprise the Company and its subsidiaries (refer note 16.1), and acquired assets from Transport Investments Limited, together referred to as the “Group”.

These financial statements were authorised by the Board of Directors on 22 August 2019.

1.2. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The principal accounting policies adopted in the preparation of the financial statements are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction and other events is reported. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.3. STATEMENT OF COMPLIANCE

The Group is a for-profit entity. Its financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards and Authoritative Notices, as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards (IFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. CONSOLIDATION

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquisition either at fair value or at the non-controlling interests proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss & other comprehensive income, statement of changes in equity and balance sheet respectively.

b. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are

accounted for using the equity method of accounting after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of an accumulated impairment loss. The Group's share of its associates post-acquisition profits or losses is recognised under 'Share of (loss) / profit of associates' in the statement of profit or loss & other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2. FOREIGN CURRENCY TRANSLATION

a. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars (rounded to thousands), which is the functional and the presentation currency of all companies in the Group.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.3 NEW ACCOUNTING STANDARDS

Except as disclosed below, the accounting policies adopted are consistent with those in the previous financial year and corresponding interim reporting period. Changes to accounting policies have been made following the adoption of new and amended standards which came into effect during the period:

NZ IFRS 9 Financial Instruments, and

NZ IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 20. There have been no changes in other accounting standards that would have a material impact on the financial statements.

2.4. STANDARDS ISSUED BUT NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2019, and have not been applied in preparing these consolidated financial statements.

NZ IFRS 16 Leases - The standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under NZ IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Lessor accounting is substantially the same as NZ IAS 17's dual classification approach. Application of NZ IFRS 16 is required for periods beginning on or after 1 January 2019 with early adoption permitted. Management has performed a preliminary assessment of the impact of NZ IFRS 16 (refer note 20). The Group's main significant operating leases relate to fleet and property.

3. FINANCIAL RISK MANAGEMENT

The Group’s principal financial instruments comprise bank loans and overdrafts, cash, trade creditors and accruals and trade debtors. The main purpose of these financial instruments is to raise and provide working capital for the Group’s operations.

This note explains the Group’s exposure to financial risks and how these risks affect the Group’s future financial performance.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents and trade receivables	Aging analysis & credit ratings
Market risk - interest rate	Long term borrowing at variable rates	Sensitivity analysis
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecast

The Group’s risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and manages financial risks in close co-operation with the group’s operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, funding risk, interest rate risk, credit risk and use of derivative financial instruments and non-derivative financial instruments.

3.1. CREDIT RISK MANAGEMENT

In the normal course of business the Group incurs credit risk from trade debtors and transactions with financial institutions. The Group has a credit policy that it uses to manage this risk. As part of this policy limits on exposures with counter-parties have been set and approved by the Board of Directors and are monitored on a regular basis.

The Group has no significant concentrations of credit risk. The Group does not require any collateral or security to support financial instruments due to the quality of the financial institutions and trade debtors dealt with. The Group normally gives 30 or 60 days credit on its trade receivables.

At 30th June the Group’s credit risk exposure is equal to the carrying value of its financial assets.

	2019 \$000	2018 \$000
Trade and other receivables		
Current receivables	40,661	36,241
Outstanding 30 to 60 days	6,206	7,315
Outstanding 60 to 90 days	916	892
Outstanding more than 90 days	2,254	687
Total trade and other receivables	50,037	45,135
Sundry receivables	467	276
Advances to associates	581	603
Cash and short term bank deposits		
Bank with AA credit rating	6,389	2,881

a. Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 60 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

3.1 CREDIT RISK MANAGEMENT (CONTINUED)

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2019 \$000	2018 \$000
At 1 July	351	750
Provision for impairment recognised during the year	105	121
NZ IFRS 9: Increase provision for trade receivables	499	-
Provision for impairment recognised from balance sheet during the year	216	-
Receivables written off during the year as uncollectible	(306)	(520)
At 30 June	865	351

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired receivables.

	2019 \$000	2018 \$000
Impairment losses		
Individually impaired receivables	9	21
Movement in provision for impairment	96	100
Total	105	121

As at 30 June 2019 trade receivables of \$2,305,000 (2018: \$1,228,000) were past due (over 60 days) but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2019 \$000	2018 \$000
Up to 3 months past due	916	892
3 to 6 months past due	1,389	336

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

3.2. INTEREST RATE RISK

The Group’s main interest rate risk arises from long term borrowing with variable rates which expose the Group to cash flow interest rate risk.

Sensitivity analysis

The effect of a 1% increase or decrease in the floating interest rates for the Group would be a decrease/increase in profit and equity of \$847,000 (2018: \$745,000.).

3.3. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding through having flexible funding lines available to them. Management monitors rolling forecasts of the Group's liquidity reserve, which comprises its undrawn borrowing facility and cash and cash equivalents (note 12.1) on the basis of expected cash flows.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2019 \$000	2018 \$000
Expiring within one year (bank overdraft)	5,000	10,000
Expiring beyond one year (bank loans)	2,750	4,300
Total	7,750	14,300

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances or the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$000	\$000	\$000	\$000	\$000
2018					
Borrowings	6,976	3,250	72,405	82,631	73,879
Trade and other payables	31,670	-	-	31,670	31,670
Employee entitlements	11,751	-	-	11,751	11,751
Contingent consideration	2,192	-	-	2,192	2,192
Total	52,589	3,250	72,405	128,244	119,492

2019					
Borrowings	8,887	79,332	1,498	89,717	84,317
Trade and other payables	39,348	-	-	39,348	39,348
Employee entitlements	12,957	-	-	12,957	12,957
Contingent consideration	225	-	-	225	225
Total	61,417	79,332	1,498	142,247	136,847

Bank Guarantee

Transport Investments Limited provides (via ASB Bank) guarantees.

	2019 \$000	2018 \$000
Bank guarantees	7,837	5,730

3.4. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital structure is managed and adjustments are made, with Board approval, to the structure in the light of economic conditions at the time. There were no changes to objectives, policies or processes during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 13.2 for further details.

5. RECONCILIATION TO GAAP MEASURE - ADJUSTED EBITDA

Additional reporting measures have been referred to in the notes to the financial statements. The following non-GAAP measures are relevant to the understanding of the Group's financial performance:

EBITDA (a non-GAAP measure) represents profit before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortisation, share of (loss)/profit of associates and impairment of goodwill, as reported in the financial statements.

Adjusted EBITDA (a non-GAAP measure) represents EBITDA adjusted for non trading costs.

In order to show a meaningful representation of the Group's financial results the Group presents a reconciliation showing the financial results after adjustment for non-trading costs. The inclusion of this non-GAAP measure, in the Directors' opinion, will assist users to understand the performance of the Group and promote comparison with the wider industry.

Reconciliation to GAAP measure	12 months to June 2019	12 months to June 2018
Net profit / (loss) before income tax (GAAP measure)	7,390	(9,173)
Add back:		
Share of loss of associates	361	127
Impairment of goodwill	-	159
Finance costs / (interest income)	4,040	3,329
Depreciation & amortisation	13,610	12,417
EBITDA (non-GAAP measure)	25,401	6,859
Non trading transaction costs:		
Share based payments	-	11,593
Listing costs	-	6,545
Deferred consideration and advisor costs expensed*	2,600	1,191
Adjusted EBITDA (non-GAAP measure)	28,001	26,188

*The increase in deferred consideration relates to a prior period business acquisition. The Directors believe adjustment for this item assists the users to gain a better understanding of the underlying performance of the Group.

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The CODM, is responsible for allocating resources and assessing performance of the operating segments.

Following a change in the Chief Operating Decision Maker (CODM), assessed as the Group CEO, there has been a change to the operating structure of the Group during the reporting period. The reportable operating segments have been revised to align with the new structure. This is consistent with reporting at the Company's interim balance date, 31 December 2018.

The Group has made the decision that the thirteen operating segments that form part of the reporting to the Group CEO can be aggregated into six reporting segments. Reportable segments have been determined by having regards to the nature of the services, the processes the various business units undertake to service customers, the type of customers serviced and the nature of the distribution channels.

In addition to GAAP measures, the Group CEO also uses non-GAAP measures (EBITDA and adjusted EBITDA) to assess the commercial performance of the segments. The revised reportable operating segments have been determined as:

INTERNATIONAL

This segment includes international freight forwarding and shipping agency services across a broad range of industries.

SPECIALIST

This segment provides transport and lifting solutions for oversized and large items. They also carry out specialist moving jobs.

FREIGHTING

This segment provides nationwide general freight transport services with regional strength. It is able to transport a wide range of freight types.

WAREHOUSING & LOGISTICS

This segment specialises in warehousing and supply chain capabilities which enable comprehensive supply chain solutions to customers.

BULK LIQUIDS

This segment includes the service for delivery of various bulk liquid goods.

CORPORATE

This segment includes our corporate services function.

Comparative information has been re-presented from that presented in the 30 June 2018 annual report. This is to provide comparative information aligned with the newly determined reporting segments.

6. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Group CEO for the year ended 30 June 2019 is as follows:

	International	Specialist	Freighting	Warehousing & Logistics	Bulk Liquids	Corporate	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2018 - Re-presented							
Total segment revenue	7,344	2,678	148,106	101,253	85,564	-	344,945
Inter-segment revenue	(5)	(269)	(4,050)	(3,880)	(11,189)	-	(19,393)
Revenue from external customers	7,339	2,409	144,056	97,373	74,375	-	325,552
EBITDA	1,183	(404)	5,780	9,785	10,294	(19,779)	6,859
Adjusted EBITDA (refer note 5)	1,183	(404)	5,780	9,582	10,294	(247)	26,188
Adjusted EBIT ¹	1,039	(529)	978	4,836	7,861	(415)	13,770
Assets	5,303	4,485	53,110	64,285	19,153	5,382	151,718
Liabilities	3,338	924	19,734	14,424	10,453	74,876	123,749
Year ended 30 June 2019							
Total segment revenue	7,961	13,487	153,879	110,077	83,221	-	368,625
Inter-segment revenue	-	(346)	(4,682)	(3,348)	(5,110)	-	(13,486)
Revenue from external customers	7,961	13,141	149,197	106,729	78,111	-	355,139
EBITDA	1,549	2,646	8,239	9,071	8,253	(4,357)	25,401
Adjusted EBITDA (refer note 5)	1,549	2,646	8,239	9,071	8,253	(1,757)	28,001
Adjusted EBIT ¹	1,388	1,249	3,419	4,131	6,531	(2,327)	14,391
Assets	6,044	24,990	51,423	62,310	18,764	12,851	176,382
Liabilities	4,310	2,811	21,280	14,323	11,279	88,057	142,060

¹ Adjusted EBIT (a non-GAAP measure) represents profit before income taxes (a GAAP measure), excluding interest income, interest expense, share of (loss)/profit of associates, impairment of goodwill and non trading costs, as reported in the financial statements.

Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Sales between segments are eliminated on consolidation. The amounts provided to the CODM with respect to segment revenue are measured in a manner consistent with that of the financial statements.

The Group has a diverse range of customers from various industries, with only one customer contributing more than 10% of the Group's revenue.

7. REVENUE & OTHER SOURCES OF INCOME

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of GST, returns, rebates and discounts and after eliminating sales within the Group.

a. Sale of services

Freight Services

The Group performs transportation services. Revenue is recognised over the time of delivery, being from the time of acceptance of the goods to delivery to the final destination.

A receivable is recognised when the customer's products have been delivered by the Group. Payment is due in accordance with contractual terms, usually 30 days from invoice date.

Logistics Services (Warehousing and Trading)

The logistics function provides warehousing and storage services. Revenue from providing these services is recognised in the accounting period in which the services are rendered. Some contracts include multiple deliverables. However, these are easily identifiable and are accounted for as separate performance obligations.

For fixed priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is because the customer receives and uses the benefits of the service simultaneously.

Customers are invoiced on a daily, weekly or monthly basis and consideration is payable when invoiced. There are no significant financing arrangements for any of the Group's revenue streams.

The Group derives the following types of revenue:

	2019 \$000	2018 \$000
Freight	302,139	280,714
Warehousing	44,046	36,831
Trading	8,954	8,007
Total Revenue	355,139	325,552

	June 2019 \$000	June 2018 \$000
Timing of revenue recognition		
Over time	355,139	325,552
At a point in time	-	-
Total Revenue	355,139	325,552

b. Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

c. Dividend income

Dividend income is recognised when the right to receive payment is established.

d. Rental income

Lease income from operating leases where the group is a lessor is recognised as rental income on a straight-line basis over the lease term.

e. Financing Component

The Group does not expect to have any contracts where the period between the transfer of the promised service to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

f. Contract Liability

The Group recognises a contract liability (deferred revenue) when the Group has received consideration for performance obligations yet to be fulfilled. The opening balance has been recognised in revenue in the current year. There is no material revenue recognised in the current year related to performance obligations met in previous periods. The average timing of satisfaction of performance obligation in relation to the payment of the contract liability is between 1 and 5 days.

8. OPERATING EXPENSES BY NATURE

	2019 \$000	2018 \$000
Transport costs ¹	147,742	139,731
Employee expenses (note 8.1)	127,338	114,902
Property lease expenses	19,378	18,873
Operation lease expenses	15,027	12,932
Trading and warehousing expenses	6,203	3,345
Communications	4,081	3,460
Occupancy costs	5,054	3,990
Bad Debts	105	121
Foreign exchange loss	9	22
Remuneration paid to principal auditors (PwC)		
Assurance services		
Audit and review of financial statements, including associated disbursements	300	303
Other assurance services ²	-	213
Non assurance services		
Acquisition due diligence ³	-	207
Other advisory services related to the IPO ⁴	-	292
Other advisory services related to remuneration benchmarking and executive compensation ⁵	59	-
Donations	17	78
Directors fees	417	321
Depreciation and amortisation	13,610	12,417
Share based payment expense	-	11,593
IPO / listing costs	-	5,833
Impairment of goodwill	-	159
Net increase in contingent consideration and advisor costs ⁶	2,600	1,191
Other expenses	6,870	7,258
Total operating expenses	348,810	337,241

¹ Includes costs relating to transportation including road user charges (RUC), fuel, tyres, repairs and maintenance, owner driver and subcontractor costs.

² Other assurance services relate to the provision of a limited assurance investigating accountants report in respect of the Group's listing documents. The provision of other assurance services, against recognised assurance standards, does not typically create an independence risk.

³ Financial, tax and IT due diligence was provided to the Group in respect of business combinations that occurred in the prior period. A team separate to the audit team was used to undertake this engagement. The work related to review of historic financial information of the targets. Accounting advice in respect to purchase price accounting was not provided. As such, no self review threat exists.

⁴ Other advisory services relate to the Group's reverse acquisition and listing on the NZX. As part of the reverse listing process the Group appointed PwC to provide tax and other advisory services. The services provided were performed by a team separate to the audit. They related to providing comment on the listing documents. At all times the Group was responsible for decision making.

⁵ Other advisory services relate to remuneration benchmarking and executive compensation. This amount excludes advisory services related to financial due diligence for business acquisitions as these have been capitalised, being \$84,000 (2018: nil). The services provided were performed by a team separate to the audit. At all times the Group was responsible for decision making.

⁶ The net increase in contingent consideration and advisor costs is the result of the final determination of the amount payable relating to the MOVE Logistics business acquired in June 2017.

8. OPERATING EXPENSES BY NATURE (CONTINUED)

8.1. EMPLOYEE BENEFITS EXPENSE

a. Superannuation benefits

The Group operates a defined contribution superannuation scheme. The scheme is funded through employee and Group contributions to a trustee-administered fund. The Group has no further payment obligations once contributions have been paid. Contributions are recognised as an employee benefits expense when they are due.

TIL Freightling Limited has a historic defined contribution company superannuation scheme that has been operating for a number of years. The Company has contribution rates from 4% - 10%.

Members contribute a minimum of 4% of their salary/wage and can go as high as 15%. The Company contributions are vested to the member at the rate of 20% per year of service with the Company i.e. 100% after five years of service.

b. Other employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave are expected to be settled within 12 months. They are measured at the amounts expected to be paid when the liabilities are settled.

c. Long service leave

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of services. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

d. Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

	2019 \$000	2018 \$000
Wages and salaries & other related costs	124,066	112,071
Superannuation fund contributions	2,755	2,455
Fringe benefit tax	517	376
Total	127,338	114,902

9. INCOME TAX EXPENSE

The tax expense for the year comprised current and deferred tax. Tax is recognised in the profit or loss component of the statement of profit or loss & other comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

	2019 \$000	2018 \$000
Current tax on profit / (loss) for the year	(2,337)	(2,754)
Adjustments in respect to prior years	(58)	(7)
Deferred tax	(631)	271
	(3,026)	(2,490)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2019 \$000	2018 \$000
Profit / (loss) before income tax	7,390	(9,173)
Add back:		
Impairment of goodwill	-	159
Share of loss of associates	361	127
	7,751	(8,887)
Prima facie tax (payable) / receivable at 28%	(2,170)	2,488
Tax effects of:		
Income not subject to tax	20	560
Timing differences not in deferred tax	(9)	(63)
Expenses not deductible	(809)	(5,468)
Prior year adjustment	(58)	(7)
Income tax expense	(3,026)	(2,490)

Imputation credits

	2019 \$000	2018 \$000
Imputation credits available for use in subsequent periods	4,977	4,417

* Does not include impact of post year end dividend declaration.

10. DIVIDENDS PAID AND PROPOSED

Dividends to the company shareholders are recognised in the Group’s financial statements in the period in which the dividends are declared.

	2019 \$000	2018 \$000
Recognised Amounts		
Final fully imputed dividend for 2018: 2.3 cents (2017: 0 cents)	1,874	-
Interim fully imputed dividend for 2019: 2.5 cents (2018: 0 cents)	2,129	-
Dividends not recognised at the end of the reporting period		
Since year end the Directors have recommended the payment of a final dividend of 2.5 cents per fully paid ordinary share (2018: 2.3 cents). The dividend will be fully imputed. The aggregate amount of the proposed dividend that will be paid out of retained earnings at 30 June 2019 is not yet recognised as a liability at year end.	2,159	1,874

11. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is computed based on the weighted average number of ordinary shares outstanding during the period. Diluted EPS is computed based on the weighted average number of ordinary shares plus the effect of dilutive potential ordinary shares outstanding during the period. The Group has no outstanding ordinary shares (2018: nil).

	12 months to 30 June 2019		12 months to 30 June 2018	
	Earnings	Earnings (excluding non-trading transactions)	Earnings	Earnings (excluding non-trading transactions)
	\$000	\$000	\$000	\$000
Profit / (loss) for the year	4,364	4,364	(11,663)	(11,663)
Share based payments		-		11,593
Listing costs		-		6,545
Deferred consideration and advisor costs expense		2,600		1,191
Earnings, excluding non-trading transaction impact		6,964		7,666
Weighted average number of shares	84,328,648		77,843,590	
	Cents	Cents	Cents	Cents
Basic & diluted earnings / (loss) per share	5.18		(14.98)	
Basic & diluted earnings per share, excluding non-trading impact*		8.26		9.85

*Note this is a non-GAAP disclosure (refer note 5 for reconciliation). The Directors provide the non-GAAP information as the Company's dividend policy is based on the NPAT excluding non trading costs.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets comprise 'Trade and other receivables' and 'Cash and cash equivalents' and 'Advances to associates' in the balance sheet. Financial assets that are stated at amortised cost are reviewed individually at balance date to determine whether there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the statement of comprehensive income.

- This note provides information about the Group's financial instruments, including:
- An overview of all financial instruments held by the Group
 - Specific information about each type of financial instrument
 - Information about determining the fair value of the instruments, including judgements and estimations of uncertainty involved.

The Group holds the following financial instruments:

Financial Assets	Notes	AMORTISED COST (2018: LOANS AND RECEIVABLES)	
		2019 \$000	2018 \$000
Cash and cash equivalents	12.1	6,389	2,881
Trade and other receivables ¹	12.2	49,639	45,060
Advances to associates	12.3	581	603
Total		56,609	48,544

¹excluding prepayments

Financial Liabilities	Notes	FINANCIAL LIABILITIES AT AMORTISED COST	
		2019 \$000	2018 \$000
Trade Payables ²	12.4	37,687	29,596
Borrowings	12.5	84,317	73,879
Employee entitlements	12.6	12,957	11,751
Contingent consideration	12.7	225	2,192
Total		135,186	117,418

²excluding non financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above, other than for trade and other receivables where the maximum credit risk is the balance before impairment, being \$50,396,000 (2018: \$45,411,000).

12.1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	2019 \$000	2018 \$000
Cash and cash equivalents	6,389	2,881
Bank overdrafts (note 12.5)	-	-
Total	6,389	2,881

12.2. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for expected credit loss.

The Group assesses on a forward looking basis the expected credit losses associated with trade receivables carried at amortised cost. The Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impairment of trade receivables is recognised in profit or loss.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable has been impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

	2019 \$000	2018 \$000
Trade receivables	49,752	45,099
Trade receivables related parties	285	36
Less expected credit loss	(865)	(351)
Net trade receivables	49,172	44,784
Sundry receivables	467	276
Financial assets at amortised cost	49,639	45,060
Prepayments	1,398	1,518
Total trade and other receivables	51,037	46,578

Trade receivables are generally due for settlement within 30 to 60 days.

12.3. ADVANCES TO ASSOCIATES

	2019 \$000	2018 \$000
ATL Limited	275	275
TNL International Australia Pty Limited	3	111
Eamonn Stephen Farrell	86	-
UNITE Logistics Limited	217	217
Total	581	603

These advances are due on demand and are non-interest bearing.

12.4. TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2019 \$000	2018 \$000
Trade payables	23,571	23,527
Trade payables related parties	762	496
GST payable	1,661	2,074
Lease incentive	190	259
Accrued expenses	13,164	5,314
Total	39,348	31,670

Trade payables are unsecured and are usually paid within 30 to 60 days of recognition.

12.5. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed as incurred, unless they relate to the acquisition, construction or production of a qualifying asset in which case the borrowing costs are capitalised.

On 31 October 2018, the Group entered into a new floating interest rate term loan facility for \$15m to fund the purchase of a business (refer note 17). The loan is with the same lender as the current facility and is for a term of three years. The facilities are secured by way of a first ranking general security over the Group's assets and undertaking including the newly acquired business.

The facility includes a revolving committed cash facility of \$75 million, an overdraft facility of \$5 million, a term loan of \$15 million and a bank guarantee facility of \$7.8 million (refer note 3.3).

	30 June 2019 \$000	30 June 2018 \$000
Non-Current		
Secured Loan ASB	78,996	70,346
Secured Loan Mainland Capital / De Lage Landen	136	101
	79,132	70,447
Current		
Secured Loan ASB	5,113	3,400
Secured Loan Mainland Capital / De Lage Landen	72	32
	5,185	3,432
Total	84,317	73,879

The facilities are secured by way of a first ranking general security over the Group's assets and undertakings.

The Group has complied with these covenants through the period. These include the following:

Group Coverage Ratio where the Total Tangible Assets and EBITDA of the guaranteeing group must not be less than 90% of the consolidated group

Interest Cover Ratio must be greater than 3.00x

Debt Service Cover Ratio must be greater than 1.20x

Leverage Ratio must be less than 3.50x

The covenant testing for 2019 is to be normalised by excluding costs associated with the contingent consideration. The Group leverage ratio is to be normalised for the acquisition.

12.6 EMPLOYEE ENTITLEMENTS

	2019 \$000	2018 \$000
Leave provision	8,320	7,816
Payroll accruals	4,637	3,935
Total	12,957	11,751

12.7 RECOGNISED FAIR VALUE MEASUREMENTS

This section explains the judgement and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Recurring fair value measurements				
At 30 June 2018				
Contingent consideration	-	-	(2,192)	(2,192)
At 30 June 2019				
Contingent consideration	-	-	(225)	(225)

The following table presents the changes in level 3 items for the periods ended 30 June 2018 and 30 June 2019:

	Contingent consideration \$000
Opening balance 1 July 2017	(572)
Acquisitions	(450)
(Losses) recognised in other expenses	(1,170)
Closing balance 30 June 2018	(2,192)
Amounts reclassified to payables	3,500
(Losses) recognised in other expenses	(1,533)
Closing balance 30 June 2019	(225)

Valuation processes

The finance department of the Group performs the valuations of non-property items required for financial reporting purposes including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Risk Assurance and Audit Committee (RAAC). Discussions of valuation processes and results are held between the CFO, RAAC and the valuation team at least once every six months, in line with the Group's half yearly reporting periods.

The main level 3 inputs used by the Group is derived and evaluated as follows:

Contingent consideration

The inputs to this valuation require judgement. The main level 3 inputs used by the Group was revenue forecasts for the acquired entity.

13. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability:

Property, plant and equipment (note 13.1)

Intangible assets (note 13.2)

Deferred tax balances (note 13.3)

Provisions and other liabilities (note 13.4)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill and software under development, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

13.1. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the diminishing value (DV) or straight-line (SL) method, as follows:

Leasehold improvements	9.5% to 48%	DV
Trucks	14 years	SL
Trailers	18 years	SL
Plant and equipment	7.5% to 42%	DV
Motor vehicles	18% to 36%	DV
Office equipment	12% to 60%	DV
Furniture and fittings	9.5% to 60%	DV

The assets' useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Gains on disposal of assets' in the statement of profit or loss & other comprehensive income.

13.1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Motor vehicles	Office equipment and F&F	Plant and equipment	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2017						
Cost or valuation	380	141,557	4,075	13,245	2,100	161,357
Accumulated depreciation	(238)	(71,509)	(2,950)	(7,077)	-	(81,774)
Net book amount	142	70,048	1,125	6,168	2,100	79,583
Year ended 30 June 2018						
Additions	25	2,693	461	774	12,162	16,115
Acquisition of subsidiaries	-	2,290	13	40	-	2,343
Disposals	-	(6,408)	(50)	(21)	(6,348)	(12,827)
Transfers	-	5,007	47	92	(5,146)	-
Depreciation charge	(12)	(9,010)	(448)	(1,128)	-	(10,598)
Closing net book amount	155	64,620	1,148	5,925	2,768	74,616
At 1 July 2018						
Cost or valuation	404	139,610	3,476	14,081	2,768	160,339
Accumulated depreciation	(249)	(74,990)	(2,328)	(8,156)	-	(85,723)
Net book amount	155	64,620	1,148	5,925	2,768	74,616
Year ended 30 June 2019						
Additions	199	3,271	644	1,404	17,859	23,377
Acquisition of subsidiaries	-	15,410	23	3,746	-	19,179
Disposals	-	(4,797)	(9)	(161)	(7,761)	(12,728)
Transfers	-	9,099	197	1,919	(12,065)	(850)
Depreciation charge	(10)	(9,222)	(531)	(1,518)	-	(11,281)
Closing net book amount	344	78,381	1,472	11,315	801	92,313

13.2 INTANGIBLE ASSETS

a. Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in ‘Intangible assets’ in the balance sheet. Goodwill on acquisitions of associates is included in ‘Investments in associates’ in the balance sheet and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination on which the goodwill arose.

b. Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised, using the diminishing value method at a rate of 48% and recognised in the profit or loss. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

c. Customer contracts and lists

Acquired customer contracts and lists are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over six years. Amortisation expense is recognised in the profit or loss.

	Goodwill	Computer software	Customer lists	Total
	\$000	\$000	\$000	\$000
At 1 July 2017				
Cost	17,050	1,927	8,824	27,801
Accum. amortisation and impairment	(1,974)	(1,501)	(252)	(3,727)
Net book amount	15,076	426	8,572	24,074
Year ended 30 June 2018				
Additions	-	1,107	-	1,107
Acquisition of subsidiary	102	-	1,307	1,409
Amortisation/impairment charge	(158)	(236)	(1,583)	(1,977)
Closing net book amount	15,020	1,297	8,296	24,613
At 1 July 2018				
Cost	15,020	2,151	10,132	27,303
Accum. amortisation and impairment	-	(854)	(1,836)	(2,690)
Net book amount	15,020	1,297	8,296	24,613
Year ended 30 June 2019				
Additions	-	775	-	775
Transfers	-	850	-	850
Amortisation/impairment charge	-	(676)	(1,653)	(2,329)
Closing net book amount	15,020	2,246	6,643	23,909

13.2 INTANGIBLE ASSETS (CONTINUED)

The Group has classified its goodwill into the following cash generating units (CGUs):

	2019 \$000	2018 \$000
TIL Freighting Ltd	1,027	1,027
Alpha Customs Ltd	776	776
MOVE Logistics Ltd	12,492	12,492
TNL International Ltd	170	170
McAuley’s Transport Ltd	555	555
Total	15,020	15,020

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations are pre-tax cash flow projections based on Board approved financial budgets and a further four year forecast period using conservative growth levels of less than 2% per annum.

An assumed terminal real growth rate of 2% (2018: 0%) has been used in the valuations. The Group has applied discounted pre-tax cash flows using rates in the range of 11.4% - 18.2% to reflect the risks associated with each subsidiary (2018: 11.5%).

The Group completed sensitivity testing on the CGU’s impairment models as follows: growth rate +/- 1.0%, terminal growth rate +/- 1.0%, and discount rates +/- 1.0%. Sensitivity testing demonstrated no issues with impairment headroom in all cases.

13.3. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Temporary differences arise from the following:

Deferred tax assets/(liabilities)	Opening balance	Recognised in profit or loss	Acquisition of subsidiaries	Closing balance
\$000	\$000	\$000	\$000	\$000
2018				
Property, plant and equipment	(5,810)	239	(366)	(5,937)
Provisions and accruals	2,434	32	-	2,466
Total deferred income tax	(3,376)	271	(366)	(3,471)
2019				
Property, plant and equipment	(5,937)	(591)	-	(6,528)
Provisions and accruals	2,466	(40)	-	2,426
Total deferred income tax	(3,471)	(631)	-	(4,102)

13.4. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of Management’s best estimate of the expenditure required to settle the present obligations at the end of the reporting period.

	Lease restoration	Contingent consideration for business combination	Total
\$000	\$000	\$000	\$000
At 1 July 2017	798	572	1,370
Additional provisions	-	1,845	1,845
Released to profit or loss	(12)	(225)	(237)
At 30 June 2018	786	2,192	2,978
At 1 July 2018	786	2,192	2,978
Additional provisions	51	1,533	1,584
Released to profit or loss	(70)	(3,500)	(3,570)
At 30 June 2019	767	225	992
30 June 2019			
Current	-	225	225
Non-current	767	-	767

a. Information about individual provisions and significant estimates

Make good lease provision

The Group is required to restore the leased premises of its depot and warehouses to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required.

14. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax from the proceeds.

The assessed value of the share based payments and the shares issued in the public offer during the year ended 30 June 2018 was \$1.50 per share. The value was independently determined as fair and reasonable by Grant Samuel & Associates using the capitalisation of earnings approach. This was deemed the most appropriate method as the Group has relatively stable cash flows and a predictable capital expenditure profile.

	30 June 2019		30 June 2018	
	Shares	\$000	Shares	\$000
Issued & paid-up capital - ordinary shares				
Balance at the beginning of the period	81,459,483	28,107	72,833,334	5,473
Share based payments:				
- Deemed consideration for acquisition of Bethunes			452,810	678
- Issued to Directors			500,000	750
- Issued to advisors			100,000	150
- Issued to Kern Group and associates				9,696
Total share based payments			1,052,810	11,274
Shares issued in public offer			7,573,339	11,360
Shares issued - dividend reinvestment plan	2,221,458	3,342	-	-
Shares issued - business acquisition	2,666,667	4,000	-	-
Balance at the end of the period	86,347,608	35,449	81,459,483	28,107

DIVIDEND REINVESTMENT PLAN

Under the Dividend Reinvestment Plan (DRP), applied to the dividend paid on 28 September 2018, the Company issued 1,048,065 shares at \$1.61 per share.

The issue price was determined, in accordance with the DRP, as the volume weighted average sale price (rounded to the nearest cent) for all TIL Logistics Group shares sold through the NZX Main Board (excluding special trades) over the five trading days immediately following 14 September 2018, less a 3% discount.

The plan also applied to the dividend paid on 27 March 2019 where the company issued 1,173,393 shares at \$1.41 per share.

The issue price was determined, in accordance with the DRP, as the volume weighted average sale price (rounded to the nearest cent) for all TIL Logistics Group shares sold through the NZX Main Board (excluding special trades) over the five trading days immediately following 15 March 2019, less a 3% discount.

15. CASH FLOW INFORMATION

15.1 CASH GENERATED FROM OPERATIONS

	2019 \$000	2018 \$000
Reported surplus / (loss) after tax	4,364	(11,663)
Non-cash items		
Depreciation expense	11,281	10,598
Amortisation expense	2,329	1,819
Bad debts	105	121
Amortisation of bank fees	272	145
Share based payments & IPO costs	-	17,714
(Profit)/loss on disposal of property, plant & equipment	(75)	382
Impairment	-	159
Foreign exchange losses on operating activities	9	22
	18,285	19,297
Impact of changes in working capital		
Tax receivable / deferred tax	740	(854)
Trade and other receivables	(5,183)	(7,086)
Creditors and accruals/employee entitlements	6,602	3,781
Creditors relating to purchase of PPE	(528)	(2,941)
Inventories	(22)	(51)
	19,894	12,146
Items classified as investing or financing activities		
Profit on disposal of property, plant and equipment	(873)	(1,921)
Loss for associates	361	127
Net cash flow from operating activities	19,382	10,352

15.2 NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2019 \$000	2018 \$000
Cash and cash equivalents	6,389	2,881
Borrowings - repayable within one year (including overdraft)	(5,185)	(3,432)
Borrowings - repayable after one year	(79,132)	(70,447)
Net debt	(77,928)	(70,998)
Cash and liquid investments	6,389	2,881
Gross debt - fixed interest rates	(101)	(133)
Gross debt - variable interest rates	(84,216)	(73,746)
Net debt	(77,928)	(70,998)

15.2 NET DEBT RECONCILIATION (CONTINUED)

	Cash/bank overdraft \$000	Borrowing due within 1 year \$000	Borrowing due after 1 year \$000	Total \$000
Net debt as at 1 July 2017	2,966	(32)	(133)	2,801
Cash flows	(85)	(2,900)	(70,668)	(73,653)
Other non-cash movements	-	(500)	354	(146)
Net debt as at 30 June 2018	2,881	(3,432)	(70,447)	(70,998)
Cash flows	3,508	(1,928)	(8,839)	(7,259)
Other non-cash movement	-	175	154	329
Net debt as at 30 June 2019	6,389	(5,185)	(79,132)	(77,928)

16. INTEREST IN OTHER ENTITIES

16.1 MATERIAL SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.1. All subsidiaries are incorporated in New Zealand.

All subsidiaries results up to 30 June 2019 have been incorporated in the consolidated financial statements.

	Shareholding 30 June 2019	Shareholding 30 June 2018	Balance date	Principal activity
TIL Freightling Ltd	100%	100%	30 June	Transport operator
Pacific Fuel Haul Ltd	100%	100%	30 June	Transport operator
Alpha Custom Services Ltd	60%	60%	30 June	International freight forwarder
Pacific Asset Leasing Ltd	100%	100%	30 June	Asset leasing
Hookers Shipping Ltd	100%	100%	30 June	Shipping agent and logistics
McAuley's Transport Ltd	100%	100%	30 June	Transport operator
MOVE Logistics Ltd	100%	100%	30 June	Warehousing and distribution
Southern Fleet Leasing Ltd	100%	100%	30 June	Asset leasing
NZL Group Ltd	100%	100%	30 June	Warehousing and distribution
Multi-Trans HeavyHaul Ltd ¹	-	100%	30 June	Transport operator
TNL International Ltd	50%	50%	30 June	International freight forwarder
Appian Transport Ltd	100%	100%	30 June	Non trading
Global Logistics Group Ltd	100%	100%	30 June	Non trading
Specialist Lifting and Transport Group Ltd ²	100%	100%	30 June	Heavy Haulage
TNL Logistics Ltd	100%	100%	30 June	Non trading
Transport Nelson Ltd	100%	100%	30 June	Non trading
Transport Investments Ltd	100%	100%	30 June	Corporate services
Pacific Liquid Logistics Ltd	100%	-	30 June	Non trading

¹ This company was amalgamated into Specialist Lifting and Transport Group Ltd on 17 April 2019.

² This company was previously named TNL Freightling Ltd and was renamed on 17 October 2018 when we acquired the heavy haul assets (refer note 17)

16.2 INTERESTS IN ASSOCIATES

Set out below are the associates of the Group as at 30 June 2019 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Investment in associates	
		2019	2018			2019 \$000	2018 \$000
UNITE Logistics Limited	New Zealand	50%	50%	Associate	Equity method	876	899
ATL Limited	New Zealand	50%	50%	Associate	Equity method	605	962
Emerald Truck Services Limited	New Zealand	33.3%	0%	Associate	Equity method	193	-
Immaterial associates						18	18
Total						1,692	1,879

Investment in associates	2019 \$000	2018 \$000
Beginning of the year	1,879	2,144
Dividends received	-	(143)
Acquisition	174	-
Amalgamation	-	(40)
Impairment of investment	(165)	(165)
Earnings from associates	(196)	83
Total	1,692	1,879

The Group's results of its principal associates, all of which are unlisted, and total assets (including goodwill) and liabilities, are as follows. The Group equity accounts for these associates based on management reporting for the year end to 30 June (the Group's balance date).

	Assets \$000	Liabilities \$000	Revenue \$000	Profit \$000	Interest held %	Balance date
2018						
UNITE Logistics Limited	3,094	2,473	6,098	153	50%	31 March
ATL Limited	6,240	3,763	8,429	23	50%	31 August
Emerald Truck Services Limited	-	-	-	-	-	-
Total	9,334	6,236	14,527	176		
2019						
UNITE Logistics Limited	3,286	2,312	8,132	287	50%	31 March
ATL Limited	5,690	3,926	8,171	(714)	50%	31 August
Emerald Truck Services Limited	1,410	721	2,017	68	33.3%	31 March
Total	10,386	6,959	18,320	(359)		

17. BUSINESS COMBINATIONS

The Group acquired on 31 October 2018 the assets of three businesses for a total cash consideration of \$15m and share allocation of \$4m. The acquisition was made by a 100% owned subsidiary of the Group, Specialist Lifting and Transport Limited (previously named TNL Freightling Limited). The acquisition allowed the Group to become the leader in the heavy haulage industry.

The table below summarises the consideration paid by the Group and the fair value of assets acquired and liabilities assumed:

	\$000
Purchase consideration (shares)	4,000
Purchase consideration (cash)	15,000
Total consideration	19,000
Fair value of assets acquired and liabilities assumed	
Property, plant and equipment	19,179
Employee entitlements	(179)

There were no contingent assets or liabilities acquired as part of the transaction.

The acquired business contributed revenues of \$11,753,133 and a profit before tax of \$1,421,454 to the Group for the period 1 November 2018 to 30 June 2019. If the acquisition had occurred on 1 July 2018, the revenue and profit contributed by the acquired businesses for the 12 months ended 30 June 2019 would have been \$17,626,699 and \$2,132,181 respectively.

The Group also acquired a 33% equity interest in the business activity and assets of Emerald Truck Services Limited for \$174,000. This acquisition was a joint venture with McAuley’s Transport and two other parties.

18. CONTINGENCIES

The Group has bank guarantees of \$7,837,000 as at 30 June 2019 (2018: \$5,730,000).

19. COMMITMENTS

a. Capital commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	2019 \$000	2018 \$000
Trucks and trailers	7,367	11,235
Other assets	143	-
Total	7,510	11,235

b. Operating lease commitments

Operating leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases various property, plant and equipment under non-cancellable operating lease agreements. The property lease terms are between 1 and 15 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

19. COMMITMENTS (CONTINUED)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 \$000	2018 \$000
Within one year	29,949	25,768
Between one and two years	27,993	20,627
Between two and five years	71,362	47,612
More than five years	152,806	63,808
Total	282,110	157,815

Sub-lease payments	2019 \$000	2018 \$000
Future minimum lease payments expected to be recovered in relation to non-cancellable sub-leases of operating leases	2,416	3,110

20. ACCOUNTING STANDARDS

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 30 June 2018.

There were two new standards applied during the period. This note explains the impact of the adoption of NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 July 2018. It also describes the expected impact of the new standards that are not yet effective.

IMPACT ON THE FINANCIAL STATEMENTS

The Group has elected to adopt the new accounting standards with cumulative transition adjustments being recognised in the opening equity balance at transaction date. As a result comparative information has not been impacted and has not been restated, in line with the permitted transitional provisions.

The following tables show the adjustments recognised for adoption of the new standards.

Equity reconciliation	\$000
Closing accumulated losses at 30 June 2018	(1,295)
NZ IFRS 9: Increase provision for trade receivables	(499)
NZ IFRS 15: Deferral of revenue on unfulfilled performance obligations	(571)
Opening accumulated losses at 1 July 2018	(2,365)

NZ IFRS 9 FINANCIAL INSTRUMENTS - IMPACT OF ADOPTION

This standard replaces NZ IAS 39 and addresses the classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting (not currently relevant to the Group) and a new impairment model for financial assets.

The Group has adopted the new standard on 1 July 2018 and notes the following impacts of the new standard.

Adoption of NZ IFRS 9 has resulted in the reclassification of cash and cash equivalents, trade receivables and advances to associates from loans and receivables under NZ IAS 39 to being classified as measured at amortised cost under NZ IFRS 9. Management has assessed there is no change to the measurement basis of the financial assets as a result of the reclassification.

20. ACCOUNTING STANDARDS (CONTINUED)

NZ IFRS 9 replaces the ‘incurred loss’ model in NZ IAS 39 with an ‘expected credit loss’ (ECL) model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Group in relation to financial assets classified at amortised cost, being the Group’s trade receivables and advances to associates.

For the current period, the Group has applied the standard’s simplified approach and has calculated ECLs for trade receivables and advances to associates that are exposed to credit losses based on a lifetime of expected credit losses. The Group has established a provisions matrix that is based on the Group’s historical credit loss experience adjusted for forward looking factors specific to these balances and the economic environment. To measure the expected credit losses, trade receivables and advances to associates that are exposed to credit losses have been grouped based on shared credit risk characteristics and the days past due.

Based on the Group’s assessment it has assessed there to be an impairment on its trade receivables of \$499,000 which has been adjusted through retained earnings. The loss allowances for trade receivables as at 30 June 2018 reconcile to the opening loss allowances on 1 July 2018 as follows:

	Trade Receivables \$000
At 30 June 2018 - calculated under NZ IAS 39	351
Amounts restated through opening retained earnings	499
Opening loss allowance as at 1 July 2018 - calculated under NZ IFRS 9	850

There is no impact on the Group’s accounting for financial liabilities in the current period.

ECL in respect to advances to associates has been assessed as immaterial.

NZ IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS – IMPACT OF ADOPTION

The Group has adopted NZ IFRS 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in NZ IFRS 15, the Group has adopted the new rules using the modified retrospective option and has not restated comparatives for the 2018 financial year. In summary, the following adjustments were made to the amounts recognised in the accumulated losses at the date of initial application (1 July 2018):

	NZ IAS 18 carrying amount 30 June 2018 \$000	Re-measurements restated through accumulated losses \$000	NZ IFRS 15 carrying amount 1 July 2018 \$000
Deferred revenue	-	571	571

Change in timing of revenue recognition

Revenue from the freighting services provided by the Group was previously recognised when the goods were collected. The new standard requires that revenue is only recognised over time as the delivery is being performed. This has resulted in an adjustment for revenue relating to the freighting jobs that were not delivered as at 30 June 2018.

20. ACCOUNTING STANDARDS (CONTINUED)

NZ IFRS 16 LEASES (EFFECTIVE FOR REPORTING PERIOD COMMENCING 1 JULY 2019)

This standard replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a ‘right-of-use’ (ROU) asset for virtually all lease contracts. Included is an optional exemption for lessees in respect of certain short-term leases and leases of low value assets.

From the effective date of adoption, the income statement will also be impacted by the removal of operating lease expenses, the recognition of an interest expense applicable to the future lease payment obligations and the recognition of a depreciation expense in respect of the ROU asset.

This standard will change the accounting for the Group’s operating leases. As at the reporting date, the Group had non-cancellable operating lease commitments of \$282 million (refer Note 19). Upon adoption, NZ IFRS 16 will have a material impact on a number of elements of the Group’s balance sheet and income statement, but no material impact on the Group’s statement of cash flows.

Through the use of a technology solution designed for the management of leases, the Group has developed a model to calculate the impact of their current operating leases under NZ IFRS 16 as at 1 July 2019, being the date of adoption. The model requires management to make some key judgements including:

incremental borrowing rate (IBR) used to discount the ROU assets and the future lease payment obligations;

lease terms, including any rights of renewal expected to be exercised;

application of practical expedients and recognition exemptions allowed by the new standard, including in respect of low value assets and short-term leases exemptions, of which none were applied for the purposes of the initial assessment.

The new standard allows a choice of transition methods. Management has determined that the most appropriate approach for the Group at this point in time, will be to use the simplified modified retrospective transition method. The Group has calculated the initial ROU asset as the equal amount of the initial lease liability recognised (which is calculated as the present value of the remaining lease payments from the date of adoption). Using this transition method will mean a neutral net asset outcome upon adoption of the new standard. The Group, at this stage, does not intend to restate comparative amounts for the financial year prior to the first year of adoption.

The estimated potential impact on the balance sheet is estimated to be between \$232 to \$252 million increase in both assets and liabilities equally, following the recognition of the ROU asset and the discounted future lease obligations, respectively.

The financial impact on the income statement for the year of adoption is estimated to be an approximate reduction in net profit before tax of \$5.3 to \$5.8 million. The following approximate changes to the current treatment of operating leases in the financial statements have been estimated for the year the new standard is adopted:

a \$29.2 to \$29.7 million decrease in operating lease rental expenses (removed);

a \$25.5 to \$26.0 million increase in depreciation (relating to ROU assets); and

a \$9.0 to \$9.5 million increase in interest expense (relating to lease liability finance costs).

There will be no changes applicable to the Group’s cash flows as a result of adopting the new standard, as operating lease payments will continue to be paid as usual. The adjustments above are only for financial reporting purposes.

The estimated potential financial adjustments above are expected to change at the time of adopting the new standard on 1 July 2019 for the following reasons:

finalisation of managements judgements and subsequent movements in the incremental borrowing rate (interest rates);

new lease contracts entered into by the Group;

any changes to existing lease contracts; and

change in managements judgement to exercise rights of renewals under lease agreement.

21. RELATED-PARTY TRANSACTIONS

21.1 TRANSACTIONS WITH KEY MANAGEMENT

a. Dividend reinvestment plan

The below table shows the shares that were issued to key management personnel under the dividend reinvestment plan for the dividend paid on 28 September 2018 and 27 March 2019 (refer note 14).

	# Shares	Amount \$000
Dividend reinvestment plan - Directors	314,490	452
Dividend reinvestment plan - Key management employees	5,011	8

b. Key Management Compensation

Key management includes Directors, the MD, the CEO and his direct reports:

	2019 \$000	2018 \$000
Salaries and other short term employee benefits ¹	3,213	1,974
Directors Fees	416	321
Share based payments - Directors	-	750
Share based payments - Kern Group Ltd and associates	-	9,696

* 2019 includes the full year impact of the new Group CEO role and the addition of several new executive roles.

21.2 TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

	2019 \$000	2018 \$000
Sales and purchases of goods and services		
Sales of services to associates	511	287
Purchases of services from associates	3,260	2,632
Purchases from entities controlled by key management personnel ¹	99	1,550

¹The Group leased properties from entities that are controlled by members of the Group's key management personnel. The balance for 2018 includes rental payments made to carved out property subsidiaries prior to the reverse listing. Only \$82,000 relates to ongoing rental payments with key management personnel.

	2019 \$000	2018 \$000
Outstanding balances arising from sales and purchases of services		
Trade receivables	285	36
Trade payables	762	496

	2019 \$000	2018 \$000
Advances to/from related parties		
ATL Limited	275	275
UNITE Logistics Limited	217	217
TNL International Australia Pty Limited	3	111
Eamonn Stephen Farrell	86	-

22. EVENTS AFTER THE REPORTING DATE

Subsequent to year end the Board of Directors have approved payment of the dividend recommended (refer note 10).

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION

The Group's Investment Statement and Prospectus dated 17 November 2017 included prospective financial statements from 1 July 2017 to 30 June 2019. Below is the actual year's trading result covering the period 1 July 2018 to 30 June 2019, which is compared to the prospective financial statements.

PROSPECTIVE CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2019

	Explanation of material movements	ACTUAL 30 JUNE 2019 \$000	PROSPECTIVE 30 JUNE 2019 \$000
Revenue	a.	355,139	332,966
Gains on disposal of assets	b.	873	-
Dividends received		215	-
Rent received / other income	b.	4,374	2,578
Total Income		360,601	335,544
Operating expenses	c.	(332,600)	(304,388)
Changes in contingent consideration	d.	(2,600)	-
Depreciation / amortisation expenses	e.	(13,610)	(12,286)
Total Operating Expenses		(348,810)	(316,674)
Finance costs - interest on borrowing	e.	(4,156)	(3,562)
Interest income on short term deposit		116	157
Operating surplus before income tax		7,751	15,465
Share of (loss) / profit of associates		(361)	228
Profit Before Income Tax		7,390	15,693
Income tax expense		(3,026)	(4,369)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		4,364	11,324
Profit attributable to:			
Owners of the company		4,004	11,105
Non-controlling interests		360	219
		4,364	11,324
Other comprehensive income:			
Comprehensive Income for the Period, Net of Tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		4,364	11,324
Adjusted EBITDA		28,001	31,157

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PROSPECTIVE CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

	Explanation of material movements	ACTUAL 30 JUNE 2019 \$000	PROSPECTIVE 30 JUNE 2019 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		6,389	7,859
Inventories		301	227
Trade and other receivables	f.	51,037	41,270
Tax receivable		160	-
Advances to associates		581	477
Total Current Assets		58,468	49,833
Non-Current Assets			
Property, plant and equipment	f.	92,313	74,166
Intangible assets		23,909	22,827
Investments in associates		1,692	2,584
Total Non-Current Assets		117,914	99,577
TOTAL ASSETS		176,382	149,410
EQUITY			
Share capital		35,449	30,223
(Accumulated losses) / Retained earnings		(2,364)	5,367
Equity attributable to owners of the parent		33,085	35,590
Non-controlling interest in equity		1,237	1,247
TOTAL EQUITY		34,322	36,837
LIABILITIES			
Current Liabilities			
Trade and other payables	f.	39,348	34,997
Deferred revenue		344	-
Borrowings	g.	5,185	-
Employee entitlements	h.	12,957	10,012
Provision for other liabilities and charges		225	-
Tax payable		-	375
Total Current Liabilities		58,059	45,384
Non-Current Liabilities			
Borrowings	g.	79,132	63,801
Deferred income tax liability		4,102	3,388
Provisions for other liabilities and charges		767	-
Total Non-Current Liabilities		84,001	67,189
TOTAL LIABILITIES		142,060	112,573
TOTAL EQUITY & LIABILITIES		176,382	149,410

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PROSPECTIVE CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2019

	Explanation of material movements	ACTUAL 30 JUNE 2019 \$000	PROSPECTIVE 30 JUNE 2019 \$000
Cash flows from operating activities			
Receipts from customers	a.	354,330	334,517
Interest received		116	157
Dividends received		153	-
Payments to suppliers and employees	c.	(329,046)	(303,580)
Interest paid		(3,885)	(3,261)
Income tax paid		(2,286)	(4,296)
Net cash generated from operating activities		19,382	23,537
Cash flows used in investing activities			
Purchase of business, net of cash acquired	g.	(15,000)	-
Net purchase of property, plant and equipment	i.	(9,172)	(7,492)
Purchases of intangible assets		(775)	(211)
Advances to associates		(152)	-
Net cash used in investing activities		(25,099)	(7,703)
Cash flows from financing activities			
Repayment of borrowings	g.	(5,834)	(12,000)
Proceeds from borrowings	g.	16,000	-
Dividends paid to shareholders / non-controlling interests	j.	(941)	(6,010)
Net cash flow from financing activities		9,225	(18,010)
Net increase in cash and cash equivalents		3,508	(2,176)
Cash and cash equivalents at beginning of period		2,881	10,035
Cash and cash equivalents at end of period		6,389	7,859

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

EXPLANATIONS OF VARIANCES

- a.** The current year includes sales relating to the acquisition of the Specialist Lifting and Transport Group (refer note 17) which was not in the Prospective Financial Information (PFI). Warehousing and storage revenue was also higher than PFI levels due to the opening of several new facilities.
- b.** There were no gains on disposals of assets anticipated in the PFI. The Group entered into several sale and leaseback transactions during the year relating to fleet. The PFI also did not include any subleasing of properties relating to NZL Group and MOVE Logistics.
- c.** Operating costs were higher than anticipated due to the impact of the Specialist Lifting and Transport Group acquisition (refer note 17). The Group also had higher vehicle lease costs above PFI level due to more fleet being leased rather than purchased. Direct wages and occupancy costs were also higher than anticipated levels due to the new warehousing facilities not known at the time of the PFI. The Group has also developed its senior leadership team since listing and several of these roles were not included in the PFI.
- d.** There was no provision for additional contingent consideration for the acquisition of MOVE Logistics and Southern Fleet Leasing included in the PFI. The acquired businesses have traded above expected levels which resulted in an additional amount payable.
- e.** Depreciation and interest expenses are higher due to the acquisition of the Specialist Lifting and Transport Group (refer note 17).
- f.** Trade receivables, trade payables and property plant and equipment are higher than forecast levels due to the acquisition noted above. Trade receivables has also been impacted by several large customers who have contracted extended payment terms not planned in the PFI. There were also several material customers who did not pay their accounts due at the end of June 2019 which, still remain collectible.
- g.** Borrowings are higher than levels in PFI due to additional funding required to purchase Specialist Lifting and Transport Group (refer note 17). Due to the lower levels of profit achieved when compared to the PFI the cash available to reduce debt was impacted in this financial year.
- h.** Employee entitlements are above PFI levels due to the acquisition of the Specialist Lifting and Transport Group (refer note 17) and also the timing of payroll accruals/payments not accounted for in the PFI.
- i.** Higher levels of capital expenditure relating to the fit out of the new warehouses were not accounted for in the PFI.
- j.** The Company has been operating a Dividend Reinvestment Plan which has a high participation level which was not included in the PFI.

24. FURTHER INFORMATION ON BASIS OF PREPARATION FOR COMPARATIVE FINANCIAL STATEMENTS

Carve-out and reverse listing

To facilitate a listing of the transport and logistics business of Transport Investments Limited (subsequently renamed Bowker Holdings 99 Limited), “the Business”, together with the shares in a related entity, Global Logistics Limited, were acquired by TIL Logistics Group Limited (formerly Bethunes Investments Limited), a listed non-trading company. The acquisition was satisfied by TIL Logistics Group Limited issuing shares and paying cash to the former owners of the Business.

As a result of the transaction, the former owners of the Business obtained control of TIL Logistics Group Limited. Due to this, Management considered it appropriate to account for the transaction as a ‘reverse acquisition’. The ‘carved out’ Business of Transport Investments Limited (including Global Logistics Limited) was identified as the accounting acquirer, and TIL Logistics Group Limited, the listed non-trading entity, was identified as the accounting acquiree.

Consequently, the consolidated financial statements, although under the name of TIL Logistics Group Limited, the legal parent, represent a continuation of the carved out business operations of Transport Investments Limited. The carved out Business of Transport Investments Limited, being the accounting acquirer, is deemed to have issued shares to obtain control of the acquiree, TIL Logistics Group Limited. However, because TIL Logistics Group Limited, the accounting acquiree, is not a business, the transaction is not a business combination within the scope of NZ IFRS 3. The difference between the fair value of the shares deemed to have been issued to obtain control of TIL Logistics Group Limited, and the fair value of TIL Logistics Group Limited’s identifiable net assets has been recognised as an equity-settled share based payment for services received in the form of a stock exchange listing.

The comparative financial statements reflect the results of the carved out business operations of Transport Investments Limited for the period from 1 July 2017 to 6 December 2017 and the results of the TIL Logistics Group Limited group (which includes the transport and logistics business of Transport Investments Limited acquired) from 7 December 2017 to 30 June 2018. The equity of the ‘carved out’ Business prior to the listing transaction has been presented as ‘Invested capital’ as the Business was not legally part of the TIL Logistics Group prior to this date. Upon listing, invested capital has been reallocated to share capital and other reserves, being retained earnings only. The amount recognised as share capital uses the share capital of the previous Transport Investments Limited group as a proxy, with the balance recognised within retained earnings.

The carved out financial information has been prepared on a basis that reflects the business and assets of Transport Investments Limited legally acquired by TIL Logistics Group Limited on 6 December 2017. Specifically, it excludes the results and financial position of a subsidiary of Transport Investments Limited not acquired as part of the transaction. It also excludes debt of Transport Investments Limited that was not part of the liabilities acquired, together with interest thereon, such that the carved out results and financial position of Transport Investments Limited reflect a debt-free business. This is not reflective of the position following the transaction, which involved TIL Logistics Group Limited entering into a new banking facility to fund the payment of cash consideration to the former owners of the Business acquired, together with transaction costs and the working capital requirements of the Group.



Independent auditor's report

To the shareholders of TIL Logistics Group Limited

We have audited the consolidated financial statements which comprise:

- the consolidated balance sheet as at 30 June 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the accompanying consolidated financial statements of TIL Logistics Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of remuneration benchmarking, executive compensation services and financial due diligence for business acquisitions. The provision of these other services has not impaired our independence as auditor of the Group.



Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Overall Group materiality: \$694,000, which represents approximately 2.5% of earnings before interest, tax, depreciation and amortisation, adjusted for expenses recognised in respect of contingent consideration on business combinations.

We chose earnings before interest, tax, depreciation and amortisation, adjusted for the previously mentioned transaction because, in our view, it is the most appropriate benchmark to assess the performance of the Group for the period.

We have determined that there is one key audit matter:

- Carrying value of Move Logistics Goodwill.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p><i>Carrying value of Move Logistics Goodwill</i></p> <p>The Group has recognised \$15 million of goodwill on its balance sheet. Of this balance, \$12.5 million relates to goodwill arising on the Group's acquisition of Move Logistics Limited (Move Logistics).</p> <p>Due to the significance of the balance and the judgement required in determining the value-in-use (VIU) of Move Logistics we have determined this area to be a key audit matter.</p> <p>Annually, the Group is required to assess whether goodwill is impaired by comparing the carrying value against the recoverable amount. To meet this requirement the Group has prepared a discounted cash flow valuation on a VIU basis for Move Logistics.</p> <p>Management's VIU calculation uses Board approved budgets for FY20, an estimate of growth across the remaining four year forecast period, and a terminal growth rate of 2%. Management then discount these forecast cash flows to present day.</p> <p>Management exercise significant judgement in undertaking these VIU calculations, specifically with respect to determining the forecast cash flows, including forecast capital requirements, terminal growth rate, and discount rate.</p> <p>Management concluded that the carrying value of the Move Logistics goodwill was not impaired.</p> <p>Disclosure of the Group's impairment assessment of Move Logistics is contained in note 13.2.</p>	<p><i>Calculating value-in-use (VIU)</i></p> <p>To assess the accuracy of the VIU calculation used by management we:</p> <ul style="list-style-type: none">• tested the mathematical accuracy of the valuation model, and• used our valuation specialist to review the structure of the model and the methodology used within the calculation. <p><i>Assessing the reasonableness of significant assumptions used in the VIU model</i></p> <p>We performed the following procedures to assess the reasonableness of the forecast cash flows assumptions used by management to calculate VIU:</p> <ul style="list-style-type: none">• challenged management on key assumptions including sales growth and terminal growth rate,• agreed cash flows to the Board approved budget,• considered the reasonableness of the Group's discount rate by comparison to a discount rate developed by our internal valuation expert,• assessed the Group's forecasting accuracy by comparing historical cash flow forecasts to actual results,• performed a sensitivity analysis over key assumptions to assess the impact of reasonably possible changes, and• reviewed the consolidated financial statements to ensure appropriate identification and disclosure of key assumptions. <p>Because of the subjectivity involved in determining VIU, there is a range of values, which can be considered reasonable when evaluating the carrying value of the goodwill. Based on the above procedures there were no matters to report.</p>



Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at the date of our signing.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Company’s shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor’s report is Nathan Wylie.
For and on behalf of:

Primatech Coopers

Chartered Accountants
22 August 2019
Auckland

ADDITIONAL STATUTORY INFORMATION

DIRECTORS

The following persons were Directors of TIL Logistics as at 30 June 2019:

Director	
Trevor Janes	Independent Chairman
Lorraine Witten	Independent Director
James Ramsay	Executive Director
Danny Chan	Independent Director

The following persons were Directors of TIL Logistics and ceased to hold office during the year ended 30 June 2019:

Director	Date Ceased
Greg Kern	18 April 2019

GENERAL DISCLOSURE OF INTERESTS BY DIRECTORS

In accordance with Section 140(2) of the Companies Act 1993, and the Financial Markets Conducts Act 2013, the Company maintains an interests register in which all relevant transactions and matters involving Directors are recorded. The Directors named below have made a general disclosure of interests current to 30 June 2019.

Director	Name of Business or Entity	Nature of Activities of that Business or Entity	Nature and Extent of Your Interest
Trevor Janes	Abano Healthcare Ltd	Dental Provider	Director and Chair of RAAC Committee
	NZ Markets Disciplinary Tribunal	NZX Regulator	Member
	Postal Network Access Committee	Postal Regulation	Member
	Tokelau International Investment Fund	Investment	Chair
Lorraine Witten	Rakon Limited	Global Technology Business	Director, Shareholder and Chair of Audit and Risk
	vWork Limited	Software for Mobile Workforce	Chair and Shareholder
	Simply Security	Security Guard Services	Chair and Shareholder
	Corrections Department	NZ Prison Service	Advisor to Audit & Risk
	Horizon Energy Group	Energy Distribution Company	Director and Chair of Audit and Risk
Danny Chan	Farmers Mutual Group	Insurance	Director
	SimTutor Limited	e-learning	Director/Shareholder
	Superthriller Jet Sprint Limited	Entertainment	Shareholder
	Fastcom Limited	IT Services	Shareholder
	iMonitor Intellectual Property Ltd	Temperature Monitoring	Shareholder
	The Digital Café Limited	Digital Promotion/Marketing	Shareholder
	QEX Logistics Limited	Logistics	Director
	Flowerzone International Ltd	Flower Exporter	Director/Shareholder
	Abano Healthcare Ltd	Dental Provider	Director
	Marlborough Wine Estates Group Ltd	Wine Manufacturer	Director
	Auckland Tourism Events and Economic Development Ltd	Economic Development	Director
	NZ Markets Disciplinary Tribunal	NZX Regulator	Member
	Orient Pacific Management Limited	Financial Services	Director/Shareholder
James Ramsay	Hooker Bros Investments Ltd	Investment	Director/Shareholder
	Bowker Holdings 99 Ltd	Investment	Director
	Hooker Bros (1989) Limited	Investment	Director/Shareholder
	Hooker Bros (2019) Limited	Investment	Director/Shareholder

No entries were made in the interests register of any subsidiary companies during the year ended 30 June 2019.

DIRECTORS SHARE DEALINGS

In accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013, the Board has received disclosures from the Directors named below of acquisitions or dispositions of relevant interest (as defined in the Financial Markets Conduct Act 2013) in the Company between 1 July 2018 and 30 June 2019, and details of those dealings were entered in the Company's interests register.

Director	Transaction	Number of Shares	Price per Share	Date
Trevor Janes	Dividend Reinvestment Plan 2018	3,988	\$1.61	28 September 2018
Trevor Janes	Dividend Reinvestment Plan 2019 Interim Dividend	5,015	\$1.41	27 March 2019
Trevor Janes	Off Market Acquisition	250,000	\$1.20	18 April 2019
Trevor Janes ¹	Dividend Reinvestment Plan 2018	9,523	\$1.61	28 September 2018
Trevor Janes ¹	Dividend Reinvestment Plan 2019 Interim Dividend	11,989	\$1.41	27 March 2019
Danny Chan	Dividend Reinvestment Plan 2018	10,191	\$1.61	28 September 2018
Danny Chan	Dividend Reinvestment Plan 2019 Interim Dividend	12,816	\$1.41	27 March 2019
Danny Chan	Off Market Acquisition	465,696	\$1.20	18 April 2019
Lorraine Witten	Dividend Reinvestment Plan 2018	1,329	\$1.61	28 September 2018
Lorraine Witten	Dividend Reinvestment Plan 2019 Interim Dividend	1,671	\$1.41	27 March 2019
James Ramsay ^{2a}	Dividend Reinvestment Plan 2018	8,862	\$1.61	28 September 2018
James Ramsay ^{2b}	Dividend Reinvestment Plan 2018	8,862	\$1.61	28 September 2018
James Ramsay ⁵	Off Market Disposal	2,468,900	\$1.50	10 October 2018
James Ramsay ⁵	Dividend Reinvestment Plan 2018	880,757	\$1.61	28 October 2018
James Ramsay ⁵	Off Market Disposal of Shares	150,000	\$1.50	21 November 2018
James Ramsay ^{3a}	Acquisition by in specie distribution	1,078,628	\$1.61	30 November 2018
James Ramsay ^{3a}	Acquisition by in specie distribution	1,078,628	\$1.61	30 November 2018
James Ramsay ⁴	In specie distribution	55,262,522	\$1.61	30 November 2018
James Ramsay ^{3b}	Acquisition by in specie distribution	5,905,856		31 January 2019
James Ramsay ^{3b}	Acquisition by in specie distribution	5,146,649		31 January 2019
James Ramsay ^{2a}	Dividend Reinvestment Plan 2019 Interim Dividend	120,121	\$1.41	27 March 2019
James Ramsay ^{2b}	Dividend Reinvestment Plan 2019 Interim Dividend	120,121	\$1.41	27 March 2019
James Ramsay	Off Market Acquisition	200,000	\$1.20	18 April 2019
Gregory Kern ^{6a}	Dividend Reinvestment Plan 2018	62,824	\$1.61	28 September 2018
Gregory Kern ^{6a}	Off Market Disposal	1,000,000	\$1.50	28 September 2018
Gregory Kern ^{6a}	Off Market Disposal	1,000,000	\$1.50	10 October 2018
Gregory Kern ^{6a}	Off Market Disposal	150,000	\$1.50	21 November 2018
Gregory Kern ^{6a}	Dividend Reinvestment Plan 2019 Interim Dividend	61,589	\$1.41	27 March 2019
Gregory Kern ^{6b}	Dividend Reinvestment Plan 2019 Interim Dividend	2,817	\$1.41	27 March 2019
Gregory Kern ^{6c}	Dividend Reinvestment Plan 2019 Interim Dividend	2,267	\$1.41	27 March 2019
Gregory Kern ^{6a}	Off Market Disposal	4,148,232	\$1.20	18 April 2019
Gregory Kern ^{6b}	Off Market Disposal	189,754	\$1.20	18 April 2019
Gregory Kern ^{6c}	Off Market Disposal	152,710	\$1.20	18 April 2019

Notes to Director Share Dealings

¹ Shares held by Selenium Corporation Limited - Trevor Janes has a relevant interest in shares in TIL Logistics Limited held by Selenium Corporation Limited.

^{2a} Shares held by James Ramsay, Nerida Joy Ramsay & RMY Trustees (2010) Limited as trustees of the James Ramsay Family Trust.

^{2b} Shares held by James Ramsay, Nerida Joy Ramsay & RMY Trustees (2010) Limited as trustees of the Nerida Joy Ramsay Family Trust.

^{3a} Shares previously held by Bowker Holdings 99 Limited transferred to James Ramsay, Nerida Joy Ramsay & RMY Trustees (2010) Limited as trustees of the James Ramsay Family Trust and the Nerida Joy Ramsay Family Trust.

^{3b} Shares previously held by Hooker Bros Entities transferred to James Ramsay, Nerida Joy Ramsay & RMY Trustees (2010) Limited as trustee of the James Ramsay Family Trust and the Nerida Joy Ramsay Family Trust.

⁴ Shares held by Hooker Bros Entities - James Ramsay has a relevant interest in shares in the Company held by Hookers Bros Entities (Hooker Bros. Investments Limited and Hooker Bros. (1989) Limited).

⁵ Shares held by Bowker Holdings 99 Limited - James Ramsay has a relevant interest in shares in the Company held by Bowker Holdings 99 Limited.

^{6a} Shares held by Kern Group (Logistics) Pty Limited - Gregory Kern has a relevant interest in shares in the Company held by Kern Group (Logistics) Pty Ltd.

^{6b} Shares held by Kern Group Pty Limited - Gregory Kern has a relevant interest in shares in the Company held by Kern Group Pty Ltd.

^{6c} Shares held by Kern Consulting Group Super Fund - Gregory Kern has a relevant interest in shares in the Company Kern Consulting Group Super Fund.

Greg Kern resigned as a Director with effect from 18 April 2019.

DIRECTORS SHAREHOLDINGS INTERESTS

As at 30 June 2019

Director	Total Shares Held
Trevor Janes	1,247,182
Lorraine Witten	103,000
Danny Chan	1,255,370
James Ramsay	15,001,266

USE OF COMPANY INFORMATION

There were no notices from Directors of the Company pursuant to section 145 of the Companies Act 1993 requesting to use Company information received in their capacity as directors that would not otherwise have been available them.

REMUNERATION OF DIRECTORS

The table below sets out the total of the remuneration and the value of other benefits received by each Director.

Director	Board Fees	Audit & Risk Committee Fees	Governance & Remuneration Committee Fees	Total Remuneration FY19	Total Remuneration FY18
Trevor Janes	130,000	-	-	130,000	525,833
Lorraine Witten	70,000	10,000	-	80,000	196,666
James Ramsay	70,000	-	-	70,000	40,833
Greg Kern ¹	58,333	-	8,333	66,667	9,742,171
Danny Chan	70,000	-	-	70,000	190,833

¹Greg Kern resigned from the Board in April 2019

SUBSIDIARY COMPANY DIRECTORS

The following persons held office in subsidiary companies as at 30 June 2019. Employee directors of subsidiary companies appointed by the Group do not receive director’s fees or other benefits in their capacity as director. The remuneration of such employees, received as employees, are included in the relevant bands for remuneration disclosed under Employee Remuneration on page 76.

Company	Directors			
Alpha Customs Services Limited	Clayton Imbs	Alan Terris	Lee Banks	
Appian Transport Limited	James Ramsay	Lee Banks	Alan Pearson	
Global Logistics Group Limited	James Ramsay	Alan Terris	Lee Banks	
Hookers Shipping Limited	James Ramsay	Alan Terris	Lee Banks	Alan Pearson
McAuley’s Transport Limitd	James Ramsay	Alan Pearson	Lee Banks	
MOVE Logistics Limited	James Ramsay	Alan Terris	Lee Banks	Alan Pearson
NZL Group Limited	James Ramsay	Alan Terris	Lee Banks	
Pacific Asset Leasing Limited	James Ramsay	Alan Terris	Lee Banks	Alan Pearson
Pacific Fuel Haul Limited	James Ramsay	Alan Terris	Lee Banks	Alan Pearson
Southern Fleet Leasing Limited	James Ramsay	Alan Terris	Lee Banks	Alan Pearson
Transport Investments Limited	Danny Chan	Trevor Janes	James Ramsay	Lorraine Witten
TIL Freightng Limited	James Ramsay	Alan Terris	Lee Banks	Alan Pearson
Specialist Lifting and Transport Group Limited	James Ramsay	Alan Pearson	Lee Banks	
TNL Logistics Limited	James Ramsay	Alan Terris	Lee Banks	
TNL International Limited	Clayton Imbs	John Lowden	Shayne Miers	Alan Terris
Transport Nelson Limited	James Ramsay	Gregory Whitham	Lee Banks	Alan Pearson
Pacific Liquid Logistics Limited	Lee Banks	Alan Pearson	James Ramsay	

During the year of 30 June 2019 Gregory Whitham resigned as Director of Alpha Customs Services Limited, Appian Transport Limited, Global Logistics Limited, Hookers Shipping Limited, McAuley’s Transport Limited, MOVE Logistics Limited, NZL Group Limited, Pacific Asset Leasing Limited, Pacific Fuel Haul Limited, Southern Fleet Leasing Limited, TIL Freightng Limited, Specialist Lifting and Transport Group Limited, TNL Logistics Limited.

Gregory Kern resigned as a Director during the year from Global Logistics Group Limited and Transport Investments Limited.

Russell Daly resigned as a Director during the year from Global Logistics Group Limited.

CEO REMUNERATION DISCLOSURE

	Salary	Benefits	Fixed Remuneration Subtotal	Short Term Incentive (STI)	Long Term Incentive (LTI)	Incentive Subtotal	Total Remuneration (single figure)
FY19	\$	\$	\$	\$	\$	\$	\$
Alan Pearson	440,000	40,306	480,306	190,000	-	190,000	670,306
FY18							
James Ramsay	100,000	14,345	114,345	-	-	-	114,345
Alan Pearson	126,923	8,727	135,650	-	-	-	135,650

Notes to CEO Remuneration

- Alan participates in a short term incentive (STI) scheme and a long-term incentive (LTI) performance share rights plan. The STI that applies is based on operational performance and qualitative factors. The LTI is yet to be finalised.

EMPLOYEE REMUNERATION

The number of employees of the Company (not being directors of the Company) who received remuneration and other benefits in their capacity as employees during the year ended 30 June 2019 that in value was or exceeded \$100,000 per annum was as follows:

Remuneration	No. of Employees
\$100,000 - \$109,999	78
\$110,000 - \$119,999	81
\$120,000 - \$129,999	29
\$130,000 - \$139,999	18
\$140,000 - \$149,999	9
\$150,000 - \$159,999	4
\$160,000 - \$169,999	1
\$170,000 - \$179,999	3
\$180,000 - \$189,999	2
\$190,000 - \$199,999	1
\$210,000 - \$219,999	1
\$220,000 - \$229,999	1
\$240,000 - \$249,000	2
\$250,000 - \$259,000	1
\$300,000 - \$309,999	1
\$670,000 - \$679,999	1

SPREAD OF SECURITY HOLDERS

As at 30 June 2019

Size of Shareholding	Number of Holders	Total Shares Held	% of Shares
1-1000	797	149,687	0.17%
1100-5000	83	238,548	0.28%
5001-10000	37	301,263	0.35%
10001-100000	52	1,804,141	2.09%
100001 or more	51	83,853,969	97.11%
	1,020	86,347,608	100.00%

SHAREHOLDER INFORMATION

The names and holdings of the twenty largest registered shareholders in the Company as at 30 June 2019 were:

	Total Shares Held	% of Shares
Gregory Whitham	12,682,667	14.69%
Kevin Garnet Smith	11,921,537	13.81%
Larry William Stewart & Kaylene Joy Stewart & SR Taranaki Trustees Limited	11,921,536	13.81%
Alan Terris	11,235,066	13.01%
James Ramsay & Nerida Joy Ramsay & RMY Trustees (2010) Limited	7,400,531	8.57%
James Ramsay & Nerida Joy Ramsay & RMY Trustees (2010) Limited	7,400,530	8.57%
New Zealand Central Securities Depository Limited	4,139,848	4.79%
David Gregory Carr & Lynette Maree Duncan	2,666,667	3.09%
Danny Chan	1,255,370	1.45%
Alan Paul Terris & Moya Ruth Terris & Terris Trustees Limited	1,200,011	1.39%
Barry Francis Walker	1,164,271	1.35%
Selenium Corporation Limited	938,179	1.09%
Rangatira Limited	700,000	0.81%
Kerry Girdwood	698,583	0.81%
GEO Stephen	520,498	0.60%
Graeme Finch	442,088	0.51%
Brian Finch	442,075	0.51%
Alan Pearson	381,668	0.44%
Brendan Gerard Paul Prendergast & Joanne Maree Prendergast	333,334	0.39%
Catrina Gabrielle Jane Daly	332,037	0.38%

SUBSTANTIAL PRODUCT HOLDERS

The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 30 June 2019, details of the substantial product holders in the Company and their relative interests in the Company’s ordinary shares are shown in the table below. The total number of listed voting securities (ordinary shares) of the Company as at 30 June 2019 was 86,347,608.

	Date of Notice	Number of Shares
James Ramsay, Nerida Joy Ramsay & RMY Trustees (2010) Limited	18 April 2019	14,801,061
James Ramsay ¹	18 April 2019	15,001,263
Gregory Peter Whitham	18 April 2019	12,682,667
Alan Paul Terris ²	18 April 2019	12,435,077
Kaylene Stewart, Larry Stewart & SR Taranaki Trustees Limited	4 February 2019	11,728,033
Kevin Garnet Smith	4 February 2019	11,728,034

¹This includes the 14,801,061 shares held by James Ramsay, Nerida Joy Ramsay & RMY Trustees (2010) Limited referred to above.

²This includes 1,200,011 shares held by Alan Paul Terris, Moya Ruth Terris & Terris Trustee Limited.

OTHER INFORMATION

Auditor’s Fees

PwC has continued to act as auditor of TIL Logistics Group and its subsidiaries. The amount is payable by TIL Logistics Group.

During the year ended 30 June 2019, the amount payable by TIL Logistics Group to PwC as audit and review fees was \$300,000. The amount of fees payable to PwC for non-audit work during the year ended 30 June 2019 was \$143,000. This is detailed in Note 8 of the Financial Statements section of the Annual Report.

Donations

The Company and its subsidiaries made donations totalling \$17,000 during the year ended 30 June 2019.

CORPORATE GOVERNANCE

At TIL Logistics, we believe that good corporate governance is essential to protect the interests of investors and create and enhance value over the short and long term. We are committed to conducting business in the right way, ethically and in line with our legal and regulatory obligations.

The Board has adopted corporate policies and procedures that reflect best practice and we follow the principles and recommendations of the NZX Corporate Governance Code (the Code). We believe that the Company’s corporate governance practices in FY19 are materially in line with the Code, with further work being undertaken in some areas to ensure full compliance. The following pages summarise our corporate governance practices and progress in FY19. TIL Logistics takes a continuous improvement approach to corporate governance and policies are reviewed on a regular basis in line with best practice. Key governance policies and charters can be viewed on the TIL Logistics website at <https://www.til.kiwi/investor-area/governance/>

ETHICAL BEHAVIOUR

TIL Logistics expects its Directors and staff to act with integrity and professionalism and undertake their duties in the best interests of the Company. The Company’s Code of Ethics is available on the Company website and is available to all staff.

The Code of Ethics is included in the New Employee Induction pack and all employees are required to attest that they have reviewed and understand the scope of relevant governance policies.

TIL Logistics encourages employees to speak out if they have concerns about any area of the Company. The avenues for doing so are detailed in the Company’s Whistleblower Policy which is on the Company website.

The Securities Trading Policy, along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on Directors and employees in dealing in the Company’s shares. These limitations prohibit dealing in shares while in possession of inside information and impose requirements for seeking consent to trade.

BOARD COMPOSITION AND PERFORMANCE

The TIL Logistics Board comprises three independent Directors and one Executive Director. Each Director has experience, skills and expertise that are of value to the Company. Profiles of Directors are available on the Company website. Directors’ interests are disclosed on page 72 of the Annual Report.

In order for a Director to be independent, the Board has determined that he or she must not be an executive of TIL Logistics Group and must have no disqualifying relationships. Independence will be determined by the NZX Listing Rules and having had regard to the factors described in the NZX Corporate Governance Code.

The roles and responsibilities of the Board are detailed in the Board Charter, which is reviewed at least every two years and is available on the Company website. The Board’s primary objective is to enhance shareholder value and protect the interests of other stakeholders by improving corporate performance and accountability.

The Board has delegated authority for day to day leadership and management of the business to the Group CEO, who in turn has sub-delegated authority to other Company management with specified financial and non-financial limits. There is a Delegations of Authority Policy, which is reviewed annually by the Board.

The number of elected Directors and the procedure for their retirement and election at Annual Meetings is determined in accordance with the Company Constitution and NZX Listing Rules.

All Directors are involved in the consideration of Board composition and nominations and take into account a number of factors including qualifications, capability, experience, judgement and skills, and the ability to work with other Directors. Shareholders may also nominate candidates for election to the Board. Reference checks are carried out on all candidates and key information about candidates is provided to shareholders to assist their decision as to whether or not to elect or re-elect a candidate. New Board members enter into written agreements with TIL Logistics, outlining the terms of their appointment.

TIL Logistics’ Chair is required to be an independent Director. The Board supports the separation of the roles of Chair and CEO and the appointment of an Independent Chair.

Directors are encouraged to undertake appropriate training and education to ensure they remain current on how to best perform their duties. In addition, management provide regular updates on relevant industry and Company issues, including briefings from senior executives.

All Directors have access to executives to discuss issues or obtain information on specific areas in relation to matters to be discussed at Board meetings, or other areas as they consider appropriate. The Board Committees and Directors, subject to the approval of the Board Chair, have the right to seek independent professional advice at the Company's expense, to enable them to carry out their responsibilities.

The Company has arranged a policy of Directors' and Officers' liability insurance which is underwritten by Vero Liability Insurance Limited. This ensures that any monetary loss suffered by Directors and Officers, as a result of actions undertaken by them as Directors or Officers, is capped to specified limits (subject to legal requirements or restrictions).

The Board monitors its own performance and will, from time to time, commission an external review to assess the performance of individual Directors and the Board's effectiveness.

The Company has written agreements with each Director, outlining the terms of their appointment.

The Board is satisfied that each Director has the necessary time available to devote to the position, broadens the Board's expertise and has a personality that is compatible with the other Directors.

DIVERSITY

Diversity at TIL Logistics refers to characteristics of individuals and includes factors such as gender, marital status, religious belief, colour, race, ethnic or national origin, disability, age, political opinion, employment status, family status or sexual orientation. It encompasses the ways our people differ in terms of their education, life experience, job function, work experience, personality, location and career responsibilities. The key aspects that we are seeking are diversity of thinking and skills, as these attributes are most likely to assist TIL Logistics in delivering better outcomes for our stakeholders.

Diversity at TIL Logistics is about the commitment to equal employment opportunities and treating all individuals fairly and with respect. TIL Logistics has a diverse workforce and we recognise that everyone has individual differences which can be leveraged to create stronger teams and which will ultimately drive stronger business performance.

Our approach to diversity is outlined in the Diversity Policy, which is available on the Company website.

Key areas of focus are:

Recruitment and retention of a diverse workforce

Supportive working environment

People development

Recognition and reward based on merit

As at 30 June 2019, females represented 18% (2018: 8%) of Directors and Officers of the Company (an officer is a person who reports directly to the CEO). Females represented 16% (2018: 15%) of all employees of the Company.

	FY19		FY18	
	Female	Male	Female	Male
Directors	1	3	1	4
Officers	2	11	0	8
All Employees	242	1,269	214	1,189

Measurable objectives to be set under our Diversity Policy are yet to be finalised.

BOARD COMMITTEES

The Board has delegated a number of its responsibilities to Committees to assist in the execution of the Board's responsibilities. The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

The Committees meet as required and have terms of reference (Charters), which are approved and reviewed by the Board.

Minutes of each Committee meeting are forwarded to all members of the Board, who are all entitled to attend any Committee meeting. Each Committee is empowered to seek any information it requires from employees in pursuing its duties and to obtain independent legal or other professional advice.

The membership and performance of each Committee is reviewed annually.

Management attendance at Committee meetings is by invite only.

Special purpose Committees may be formed to review and monitor specific projects with senior management. In the case of a takeover offer, TIL Logistics would engage expert legal and financial advisors to provide advice on procedure.

Formal Takeover protocols are being developed and will be available in FY20. As a result, TIL Logistics is not in full compliance with Recommendation 3.6 of the NZX Corporate Governance Code.

The Board committees as at 30 June 2019 were:

Committee	Role	Members
Risk Assurance and Audit Committee	Assist the Board in its oversight of the integrity of financial reporting, financial management and controls, external audit quality and independence, and the risk management framework.	Lorraine Witten (Chair) Trevor Janes James Ramsay Danny Chan
Governance and Remuneration Committee	Assist the Board to establish and maintain a strong governance framework overseeing the management of the company's people, remuneration and diversity policies.	Trevor Janes James Ramsay

Attendance at Board and Committee Meetings

	Board	Risk Assurance and Audit Committee	Governance & Remuneration Committee
TOTAL MEETINGS HELD	12	9	2
Trevor Janes	12	9	2
Lorraine Witten	11	8	-
James Ramsay	12	8	2
Danny Chan	12	9	2
Greg Kern (resigned 18 April 2019)	9	8	2

REPORTING AND DISCLOSURE

TIL Logistics is committed to keeping investors and the market informed of all material information about the Company and its performance, in a timely manner. In addition to all information required by law, we also seek to provide sufficient meaningful information to ensure stakeholders and investors are well informed.

The Company's Continuous Disclosure Policy sets out the principles and requirements of this commitment to timely and balanced disclosures.

Key corporate governance policies are available on TIL Logistics' website at <https://www.til.kiwi/investor-area/governance/>

Financial Reporting

For the financial year ended 30 June 2019, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013. The Chief Executive Officer and Chief Financial Officer have confirmed in writing that TIL Logistics Group's external financial reports present a true and fair view in all material aspects.

Non-financial reporting

TIL Logistics has a number of initiatives supporting its focus on the environment, people and communities. A process to measure carbon emissions and develop a formal ESG framework is currently underway and the Company will report against this at the end of the next financial year. As a result, TIL Logistics is not in full compliance with Recommendation 4.3 of the NZX Corporate Governance Code. TIL Logistics discusses its strategic objectives and its progress against these in the Chair and CEO’s commentary in shareholder reports.

REMUNERATION

Remuneration of Directors and senior executives is the key responsibility of the Governance and Remuneration Committee. External advice has been sought to ensure remuneration is benchmarked to the market for senior management positions and Board positions.

Details of Director and Executive Remuneration in FY19 are provided on pages 75 to 76.

RISK MANAGEMENT

The Board has overall responsibility for the Company’s system of risk management and internal control and has procedures in place to provide effective control within the management and reporting structure.

In addition, the Risk Assurance and Audit Committee (RAAC) provides an additional and more specialised oversight of Company risks. The RAAC Charter details the specific responsibilities of the Committee regarding Risk Assurance.

Financial statements are prepared monthly and are reviewed by the Board progressively throughout the year to monitor management’s performance against budget goals and objectives, and the Board requires managers to identify and respond to risk exposures.

A structured framework is in place for capital expenditure, including appropriate authorisation and approval levels which place a high emphasis on the commercial logic for the investment. The Board has set limits to management’s ability to incur expenditure, enter contracts and acquire or dispose of assets.

Risk profiles which identify, assess, monitor and report the Company’s key business risks are formally reviewed by the Board annually. These risk profiles also identify the key risk mitigation strategies which are in place. A summary is below:

Key Risk	Mitigation
Competition	TIL is focused on continually improving its offer to customers and enhancing the customer experience. Investment is being made into IT and capacity to further strengthen TIL’s end to end supply chain offer and enhance the customer experience.
Financial risks	Managing financial risk is an ongoing process in all businesses. A key focus for business managers is cash flow management. Financial policies and procedures are in place and monitored to ensure the business is managed within the limits on a continuous basis. This risk is managed by the Board Risk & Assurance and Audit Committee.
Crisis Events	Natural disasters and other crisis events in New Zealand can have an impact on how we operate our business. The Group is implementing a proactive risk management approach for each Division in the areas of supply chain, employees and business infrastructure in case of a natural disaster. Business Continuity Plans are in place for each business and pre- and post-disaster planning reviews are conducted.
Economy	We carefully monitor economic trends and each business is tasked with identifying potential risks and developing strategic plans which take these into account.
Cyber Security	The company has data security systems and protocols in place, which are continuously reviewed and updated for improvement. Cyber Security Audits are undertaken on a regular basis.
Health & Safety	We have a programme and policies focused on identifying and mitigating health and safety risks within the business. We monitor and measure key metrics and report on these regularly to the Board. Preventative and recovery processes and controls are implemented across the business.

Crisis plans have been developed along with agreed protocols on actions to be taken and external and internal communication protocols.

Occupational Health and Safety statistics and reported data from each business are reviewed at each Board meeting. This includes serious and minor incidents along with near misses and corrective actions and internal training schemes.

The Board as a whole is responsible for monitoring corporate risk assessment processes and this is not delegated to a subcommittee.

HEALTH AND SAFETY

Staying safe, keeping others safe, and being corporately responsible are fundamental to what we are as an organisation. Operating our business in this way helps us deliver on our vision of “No Harm to People, the Environment or Assets”. Paying close attention to safety, wellbeing, sustainability, ethics and integrity go hand in hand with that vision.

The Board is committed to taking all reasonably practicable steps to ensure a high quality, safe and healthy environment for all TIL Logistics people, our visitors, partners and those we interact with on the road. This means, we make the safety and wellbeing of our employees, contractors and communities our priority.

People safety is a key priority, one of our core values and an essential component to everything we do. Our ambition is zero fatalities. We are committed to developing, improving and reinforcing our safety culture. The key to this is improving leadership capacity and simplifying our tools and systems.

We track safety performance to identify patterns to help prevent incidents – for example, by determining fatigue trends we can schedule activities to avoid particular times of the day when we know incidents are more likely to occur. “Health, Safety and Sustainability” results and reported data from each Business Unit and at a Group level, are reviewed Monthly at each National Health & Safety Committee Meeting and at each Board meeting. This includes training, serious accident, incident and minor event data as well as near misses, observations and corrective actions.

Over the next year we will be taking steps to operationalise our safety and sustainability teams with a revised focus and functional framework, using improved measurement and analytics tools, “in cab” technologies and other technology that move us beyond traditional safety metrics – bringing factors like weather and vehicle data into the picture – to identify leading indicators of injuries and illness and factoring our learnings into revised safety practices in all parts of our business.

AUDITORS

External audit

For the year ended 30 June 2019, PricewaterhouseCoopers was the external auditor of TIL Logistics Group Limited. The Risk Assurance and Audit Committee monitors the ongoing independence, quality and performance of the external auditors and audit partner rotation. The Committee pre-approves any non-audit work undertaken by PwC. The non-audit services in the year ended 30 June 2019 are set out in the Annual Report. Those services were provided in accordance with the company’s External Auditor Independence Policy and were assessed by the Risk Assurance and Audit Committee as not affecting PwC’s independence. The fees paid for audit and non-audit services in FY19 is identified on page 78 of the Annual Report. The external auditors will attend the 2019 Annual Shareholders Meeting.

Internal Audit

TIL Logistics has a number of internal controls, including controls for computerised information system, security, business continuity management, insurance, health and safety, conflicts of interest, and prevention and identification of fraud. A formal Internal Audit function and framework is being developed and will be fully implemented in FY20 with it having conducted internal audits in FY19 using external resources.

SHAREHOLDER RIGHTS AND RELATIONS

The Board is committed to open and regular dialogue and engagement with shareholders. TIL Logistics has developed an investor relations programme which includes regular dialogue with investors, analysts and investor meetings, and earnings announcements. The programme is designed to provide shareholders and other market participants the opportunity to obtain information, express views and ask questions.

Shareholders are actively encouraged to attend the Annual Meeting and may raise matters for discussion at this event, and vote on major decisions which affect TIL Logistics. Voting is by poll, upholding the ‘one share, one vote’ philosophy. Shareholders are also able to vote by proxy ahead of meetings without having to physically attend those meetings.

Shareholders are encouraged to communicate with the Company and its share registry electronically.

In addition to shareholders, TIL Logistics has a wide range of stakeholders and maintains open channels of communication for all audiences, including brokers, the investing community and the New Zealand Shareholders’ Association, as well as its staff, suppliers and customers.

TIL Logistics has a number of policies which uphold stakeholder interests Including but not limited to the Securities Trading Policy, Market Disclosure Policy and Code of Conduct.

GLOSSARY

Non-GAAP financial information: TIL Logistics Group uses several non-GAAP measures when discussing financial performance. These include Earnings Before Interest, Tax, Depreciation and Amortisation, Share of (Loss)/Profit of Associates and Impairment of Goodwill (EBITDA), adjusted EBITDA excluding non-trading costs and adjusted Net Profit/Loss After Tax (NPAT/NLAT) excluding non-trading costs. Management believes that these measures provide useful information on the underlying performance of TIL Logistics’ business.

EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation excluding income from associates. EBITDA is a non-GAAP profit measure.

NPAT/NLAT refers to net profit/loss after tax.

Adjusted EBITDA/Adjusted NPAT: Removes the impact of non-trading costs. The Board believes this provides a better reflection of the company’s underlying performance.

DIRECTORY

DIRECTORS

Danny Chan
Appointed 6 December 2017

Trevor Janes
Appointed 6 December 2017

James Ramsay
Appointed 6 December 2017

Lorraine Witten
Appointed 6 December 2017

RISK ASSURANCE & AUDIT COMMITTEE

Lorraine Witten (chair)
Trevor Janes
James Ramsay
Danny Chan

GOVERNANCE AND REMUNERATION COMMITTEE

Trevor Janes
James Ramsay

REGISTERED OFFICE AND ADDRESS FOR SERVICE

330 Devon Street East
New Plymouth

AUDITORS

PricewaterhouseCoopers
PwC Tower
Level 22
188 Quay Street
Auckland

BANKERS

ASB Bank
North Wharf
12 Jellicoe Street, Auckland

SOLICITORS

Harmos Horton Lusk Limited
Vero Centre
48 Shortland Street, Auckland

SHARE REGISTRAR

Link Market Services Limited
Deloitte Centre
80 Queen St, Auckland

