

ANNUAL REPORT 2018

FOR THE YEAR ENDED
30 JUNE 2018



TIL LOGISTICS GROUP

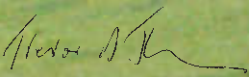
IMPORTANT NOTICE

In December 2017, NZX-listed Bethunes Investments Limited completed its acquisition of the transport and logistics business of Transport Investments Limited and changed its name to TIL Logistics Group Limited and its NZX code to TLL. On completion of that acquisition, TIL Logistics Group changed its balance date from 31 March to 30 June.

This report contains the full year results for the twelve month period ended 30 June 2018 for TIL Logistics Group Limited. In accordance with applicable financial reporting standards, these 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 Investment Limited.

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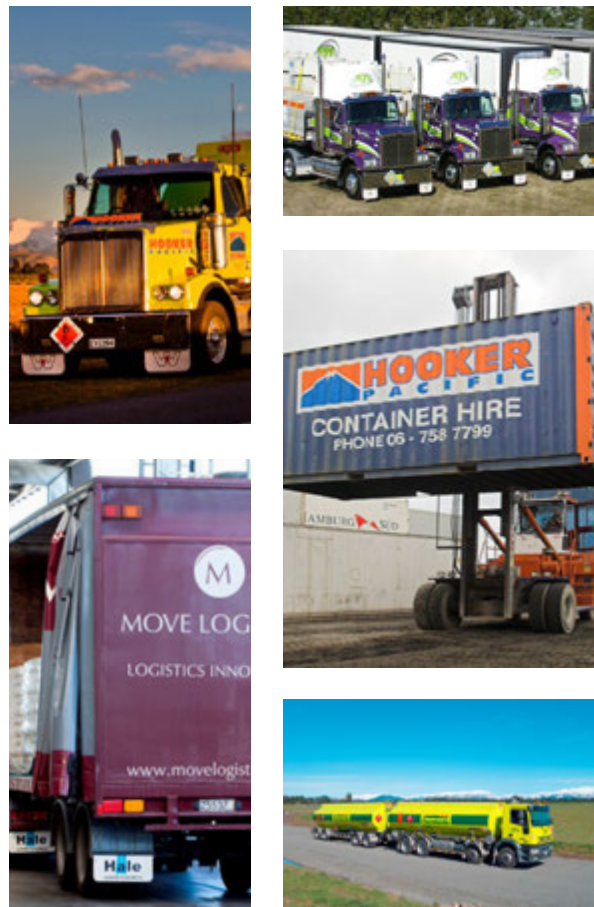
On behalf of the Board and management of TIL Logistics Group Limited, we are pleased to present the Annual Report for the year ended 30 June 2018.



Trevor D Janes
Chairman
20 September 2018



Alan Pearson
Chief Executive Officer



TIL LOGISTICS GROUP: A LEADER IN FREIGHT AND LOGISTICS IN NEW ZEALAND

TIL Logistics Group is one of New Zealand's largest domestic freight and logistics platforms, with the ability to service all customer supply chain requirements and a strategy for growth.

TIL's trucks travelled 82 million kilometres in FY18, transporting goods from the top of the North Island to the bottom of the South Island and everywhere in between.

TIL operates a nationwide network of branches, depots and warehouses, with a dedicated team of over 1,700 employees and contractors.

The company owns a fleet of around 2,300 trucks, trailers, forklifts and light vehicles. It also operates one of the largest petroleum product Dangerous Goods (DG) road tanker fleets in the country.

With warehousing capacity of more than 185,000 square metres, TIL has the scale and ability to service all customers' transport and logistics needs. ■



"For Z this is more than just a contract with a supplier; we are building a performance focussed partnership where we both economically benefit from what we have committed to around mutual customer experience and environmental outcomes."

Mike Bennetts, Chief Executive
Z Energy Limited

FY18 KEY EVENTS AND RESULTS SNAPSHOT

- FY18 was a busy year with highlights being the successful reverse listing transaction and expansion of the Logistics division.**
- Significantly expanded Warehousing and Logistics offer - successful integration of acquired businesses
 - Implemented a new Warehouse Management System throughout MOVE sites
 - Negotiated a number of major new customer contracts (including renewal of partnership with Z Energy post-year end)
 - Continued to upgrade the Fleet with around 90 new vehicles, including trucks and trailers, entering the operation
 - Completed reverse listing on 6 December 2017, changed name to TIL Logistics Group Limited (NZX: TLL) and appointment of a new Board including three independent Directors
 - Alan Pearson commenced as the new TIL Logistics Group CEO from March 2018
 - Year on year uplift in results, mainly driven by acquired businesses, however down on PFI due to increased operating expenses and other business and operational factors not included in PFI

TOTAL INCOME	\$331.5 million
EBITDA*	\$6.9 million
ADJUSTED EBITDA*	\$26.2 million
NLAT Attributable to security holders	\$(12.2) million
ADJUSTED NPAT*	\$7.1 million
DIVIDEND	2.3cps

* Adjusted numbers exclude non-trading costs of \$6.5m associated with the reverse listing process and \$11.6m in share based payments (as noted in the PFI) and \$1.2m relating to revaluation of deferred consideration for acquisitions in the prior period.

See the glossary for an explanation of FY18 EBITDA, adjusted EBITDA and adjusted NPAT.

Non-GAAP information: A reconciliation of non-GAAP to GAAP measures is included in the FY18 Financial Statements.

FY18 RESULTS OVERVIEW

FY18 income and adjusted profit were significantly ahead of the previous year.

Sales revenue of \$325.6 million was a 38% increase on the previous year, driven in part by newly acquired businesses. The positive sales trend seen in the first half of FY18 continued into the second half of the year. Total income of \$331.5 million was ahead of the FY18 statutory revenue forecast (PFI).

Operating expenses were higher than PFI forecast due to:

- Rising fuel prices;
- Increased wage costs as an acute shortage of drivers has led to increased wage rates across the industry;
- Increased property rent costs reflecting additional warehouse capacity which will provide long term benefits and revenues; and
- Higher fleet lease costs with TIL now leasing more trucks rather than purchasing them outright.

These higher than expected operating costs as well as unexpected pressures within the construction industry, where many of the major players are long term and valued clients of TIL, and bad weather and storms impacting on transport needs, meant that the result was down on the expectations at the time of the reverse listing.

Non-trading adjustments of \$19.3 million were included in the result, comprising costs associated with the reverse listing process and share based payments (as noted in the PFI) and the revaluation of deferred consideration related to the acquisition of MOVE Logistics.

Including non-trading costs, Earnings (EBITDA) was \$6.9 million. Excluding these non-trading costs, adjusted EBITDA was up 49% on the prior period to \$26.2 million. TIL's net loss after tax was \$(12.2) million, with an adjusted net profit after tax of \$7.1 million, up 20% on the prior year.

Directors are confident in the future strategy of the company and the opportunities ahead and have declared a 2.3 cents per share dividend for the six month period from 1 January 2018 to 30 June 2018. The new Dividend Reinvestment Plan (DRP), which was released on 28 August 2018, was available for those shareholders who wished to receive the Dividend in the form of shares. ■



CHAIRMAN'S REPORT

TREVOR JANES, CHAIRMAN

In our first Annual Report as an NZX-listed company, your Board is pleased to report progress being made across the Group.

The outlook remains bright for this and future years. We are in an industry that is essential to New Zealand's economy and is forecast to continue to grow robustly, and we occupy a position of growing strength within that industry.

The foundations began to be laid a long time ago, to be precise, in 1869 when JF Hooker first became involved in the transport industry in Taranaki.

The acquisition of TNL, begun in 2002, greatly extended the company, but TIL truly began to emerge from the pack from 2013, when it established Pacific Fuel Haul and bought Roadstar and then McAuleys. In 2017, we added NZL Group and MOVE Logistics.

In that sense, we are a relatively young firm. The company that listed last December has integrated seven strong brands into one of New Zealand's largest freight and logistics groups.

From that position, we have a number of strong growth opportunities.

The NZ Trucking Association estimates there are around 4,500 trucking businesses in New Zealand, of which 85% operate fewer than five trucks.

New, tighter and more demanding Health & Safety regulations; the increasing use of digital technology; rising fuel prices; wage pressures; and growing demand from customers for an integrated freight, logistics and warehousing service, are combining to make life increasingly challenging for those without significant scale, depth of management expertise and access to capital.

Further industry consolidation is inevitable, and in this environment there are numerous opportunities for TIL to gain market share and acquire businesses where they add significant scale and/or expand the spectrum of services we provide.

Our scale also allows us to continue to target organic growth.

Operating under a Group structure we can offer customers an integrated service that meets all their needs, allowing us to drive increasing freight volumes and improved utilisation of our assets.

And we have access to considerable efficiencies, in particular through the use of existing and new technologies to increase efficiency and safety.

Following the appointment of Alan Pearson as Group CEO earlier this year, we have in place an experienced senior management team led by divisional CEOs.

We have the ability to target further efficiencies, in particular through the use of existing and new technologies to increase productivity and safety.

Your Board is experienced and capable and has executed a smooth transition to the disciplines required of a listed company.

We were delighted to welcome 538 staff members as shareholders shortly after listing as a result of a share issue to employees who have been with us for five years or more.

Since balance date we have announced a Dividend Reinvestment Plan. This will allow those shareholders who wish to do so to reinvest some or all of their dividends in further shares to back TIL's growth, while

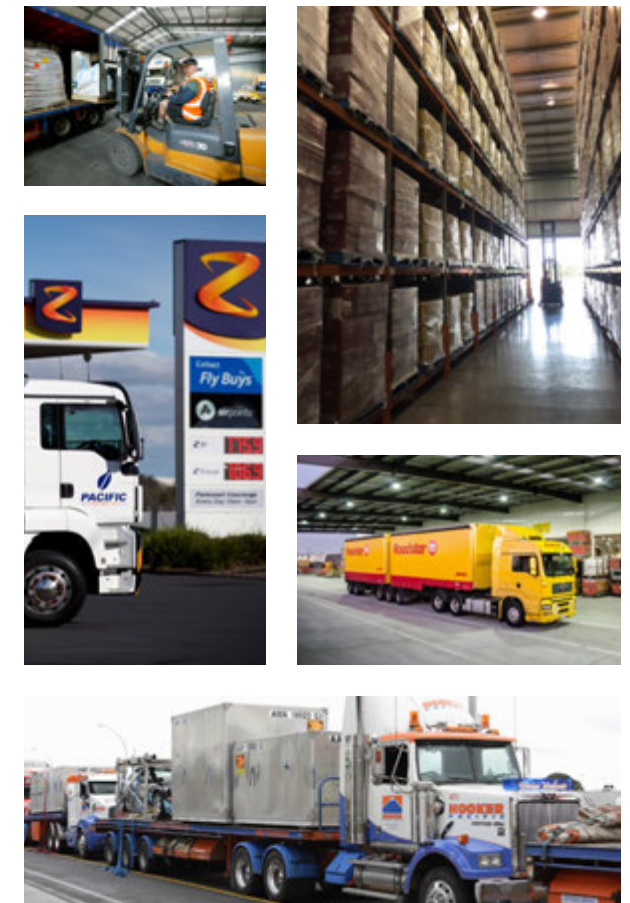
also accommodating those who prefer to receive an income from their investment.

In our November Listing Profile, your Board said our intention was to target a dividend payout ratio in the range of 50%-70% of annual net profit after tax. Accordingly, we have announced a 2.3c per share dividend for the second six months of the 2018 financial year.

This has been a very busy and exciting year for the Board, staff and managers as we integrated new businesses and made the transition to listed company status. We see significant potential for us to build on the strength and market position of the company and we are actively considering a number of acquisition opportunities.

We have started the new financial year in good heart, and I look forward to reporting positive developments and results as the year progresses. ■

Trevor D Janes
Chairman



CEO'S REPORT

ALAN PEARSON
CEO TIL LOGISTICS GROUP

When we joined the NZX Main Board in December last year, we stated that our plans were to grow both organically and through acquisition, gain market share and build our position as one of New Zealand's leading transport and logistics companies.

I am pleased to report that we have made good progress on our goals in the last year, integrating a number of new businesses into the group, delivering synergies and expanding our service offer.

Overall, Group performance was pleasing as acquired businesses delivered synergy benefits and strengthened the company's ability to service all customer supply chain requirements.

The FY18 results were significantly ahead of the previous year, although down on the expectations at the time of the reverse listing. This was due to factors including unexpected pressures within the construction industry, where many of the major players are long term and valued clients of TIL, as well as bad weather and

storms impacting on transport needs and higher than expected operating costs.

I would like to enlarge on a few of these before moving on to wider works-in-progress that we will be focusing on this year.

One major contributor to the higher-than-expected operating expenses was fuel costs. In the 12 months to June 2018, diesel prices rose by 26%.

TIL's contracts with customers generally contain pass-through provisions adjusting for fuel price rises or falls.

However, there is a time lag of up to three months before these pass-throughs result in actual payment. We do our best to factor these effects into our forecasting, but picking future oil prices is an occupation for the brave or foolhardy and there will always be variations.

Later in this report we discuss the shortage of truck drivers, which has been growing for some years. This is a challenge that is being addressed at the industry as well as the company level.

It has resulted in wages rising at a rate significantly higher than CPI inflation. But there is more to rising driver incomes than just shortages.

In the past decade or two, driving trucks has become a far more skilled occupation, involving a greater degree of professionalism, Health & Safety consciousness, and technological know-how than it has in the past.

As a strong, nationwide Group, TIL is better-placed than many of our competitors to recruit and train tomorrow's driver workforce, and we have programmes in place or in mind for future development.

During the last financial year we invested in new warehousing capacity around the country to back the new contracts we have won, and to 'future-proof' our business.

These contracts have short-term set up costs, and also result in higher leasing expenses. However, they will provide strong cash flows and increased profitability over the longer term, and they allow us to provide the integrated and efficient supply chain solutions that customers are increasingly demanding.

In comparison to some of our competitors, TIL has a higher proportion of company-owned trucks to owner-driver trucks. This simply makes more sense to us.

But we are moving to balance this further, leasing more trucks rather than owning them outright. This results in higher lease costs across the fleet, but we believe these are more than outweighed by other costs saved, and by increased flexibility.

As the Chairman notes in his Report, merging and integrating seven businesses over the last few years has been challenging and has kept us very busy.

We have put a lot of milestones behind us, but we are still working to finalise some aspects of our business under a Group policy structure.

TIL is a 'house of brands' in which our people work in a range of different divisions, locations and business units.

What is important is that we have established a list of values that all of our people honour and work within. We value teamwork, professionalism, integrity, accountability, results, safety, community citizenship and our environment.

Safety performance is a key priority for us and we had a successful year resulting in improvements in this area.

Our Divisions each have their own policies and goals. Across the Group, safety indicators such as LTIFR (lost time injury frequency rate) have improved.

Companies in the TIL Group have achieved the highest, five-star rating for safety, as independently measured by the New Zealand Transport Agency, and is in an elite group of transport companies able to achieve this milestone.

July saw the launch of the Climate Leaders Coalition, of which TIL is a founding member.

This is not mere 'greenwashing'. While we will always have some impact, due to the nature of our business, we are committed to lightening our footprint where we can. Our commitment is discussed in more detail later in the Report.

At a Group level, we are examining which reporting framework will best measure the environmental progress and achievements of a company of our type.

Our first shareholder newsletter of July 2018 detailed some of what we have achieved and was themed around Technology and some of the initiatives we have in progress. In newsletters over the next year we will enlarge on Safety, People and Environment so that shareholders are kept in the loop as Group-level structures take shape.

None of these are areas in which we can ever say, "job done." Each needs constant monitoring and review so that we achieve continuous improvement. However, we have set, or are in the process of setting, strategic goals and we have very clear means and objectives for reaching them.

We have a number of initiatives underway to deliver improved trading performance, including the commissioning of three new MOVE warehouses and technology improvements which will drive efficiencies. These initiatives will provide long term benefit and deliver shareholder value. Businesses across the Group are experiencing higher activity levels and major customer contract wins have been achieved in FY19 to date.

One of the most significant of these has been the renewal of Pacific Fuel Haul's partnership with Z Energy, 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.

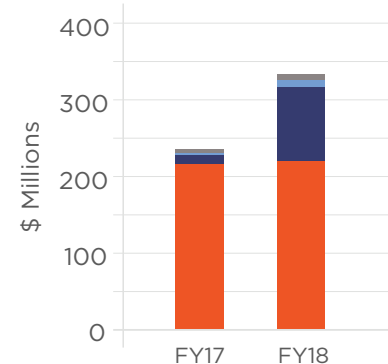
It was pleasing to retain and build on this important customer relationship, based on a competitive process where our past commitment, performance, value add and ability to respond were taken into consideration.

There is growing demand for high quality, end to end freight and logistics supply chain solutions, and TIL has the reputation, expertise and capability to take advantage of this. We look forward to providing a further update on our work-in-progress to shareholders at our Annual Meeting in New Plymouth in October. ■

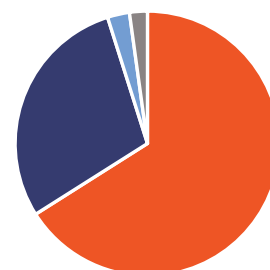
Alan Pearson
Chief Executive Officer

DIVISIONAL PERFORMANCE

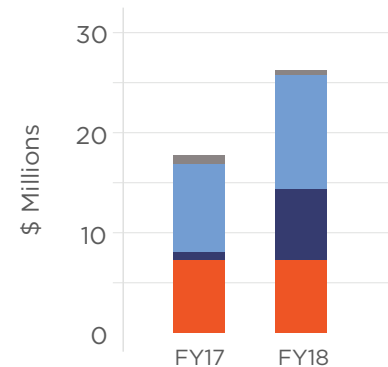
REVENUE



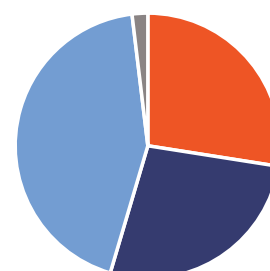
FY18 REVENUE



ADJUSTED EBITDA



FY18 ADJ EBITDA



■ FREIGHTING ■ LOGISTICS ■ ASSET MANAGEMENT ■ OTHERS



Overall, Group performance was pleasing as acquired businesses delivered synergy benefits and strengthened the company's ability to service all customer supply chain requirements.

FREIGHTING

REVENUE \$220.8M
(68% OF GROUP REVENUE)

ADJUSTED EBITDA \$7.2M

TIL Logistics is one of the largest freight transport companies in New Zealand and has a nationwide network with regional strength and speciality services.

The Freightage division delivered a year on year uplift in revenue and EBITDA. Bad weather and big storms were problematic in the second half of the financial year, closing transport routes and impacting on the transport needs of large customers, particularly in the aquaculture and viticulture sectors. In addition, rising wage and fuel costs as well as higher fleet lease costs affected results. Initiatives are in place to deliver trading improvements in the businesses, with benefits expected to flow through in FY19.

The Pacific Fuel Haul business performed above target and continues to be a solid performer for the Group.

Since year end, the business has renewed its partnership with Z Energy, with the signing of a long-term, exclusive strategic supply agreement. This is a highly significant event for the future of the TIL Group. We are pleased to have Z Energy's recognition of the high standards we have achieved in the operations of the business.

KEY EVENTS

- Grew the client base and welcomed a number of new clients
- Adverse climatic conditions caused problems in 2H18
- Impact of rising wage and fuel costs as well as higher fleet lease costs
- The company has initiated a number of cost reduction, efficiency and waste minimisation projects
- Investigating opportunities to develop new services within the Group. Focus on expansion of specialist trucking operations
- Looking to increase the number of owner-operators within the fleet
- Initiatives are in place to drive productivity improvements, with benefits expected to flow through in FY19



LOGISTICS

REVENUE \$97.3M
(30% OF GROUP REVENUE)

ADJUSTED EBITDA \$7.0M

TIL Logistics' expanded warehousing offer provides tangible opportunities for increased customer engagement and growth.

The Logistics division, which provides warehousing and third party logistics primarily through MOVE Logistics, delivered a pleasing first year performance.

Following the acquisition of MOVE Logistics in 2017, a number of new customer contracts were acquired. While these contracts will provide strong cashflows and profitability over the long term, short term costs to set up resourcing were incurred in FY18.

Technology is a big enabler for the business and a new Warehouse Management System was implemented in FY18. This will further enhance Logistics' performance in FY19 and future years.

KEY EVENTS

- Successfully integrated NZL Group and MOVE Logistics into the Group
- Signed new customer contracts including freight handling ventures between MOVE Logistics and the Ports of Auckland and Lyttelton Port
- Short term costs associated with setting up resourcing for new contracts
- Implementation of new Warehouse Management System
- Acquired Seamount Enterprises' fleet and Glassworks Logistics' logistics and supply services businesses which have been integrated into MOVE Logistics
- Three new warehouse openings planned for FY19, taking total capacity to 195,000m²

Comprises the majority of the Group's trucks and trailers. Revenue generated from leasing of assets to TIL Logistics Group businesses.

KEY EVENTS

- Increased assets and earnings reflecting expanded TIL Logistics Group portfolio of businesses
- MOVE's Southern Fleet Lease company added in FY18

ASSET MANAGEMENT

ADJUSTED EBITDA \$11.4M



KEEPING OUR DRIVERS SAFE ON THE ROAD

Our drivers are on the road every day, all over New Zealand. Making sure they are alert and driving safely is one of our greatest priorities, and technology is increasingly delivering us tools to help us meet our commitment.

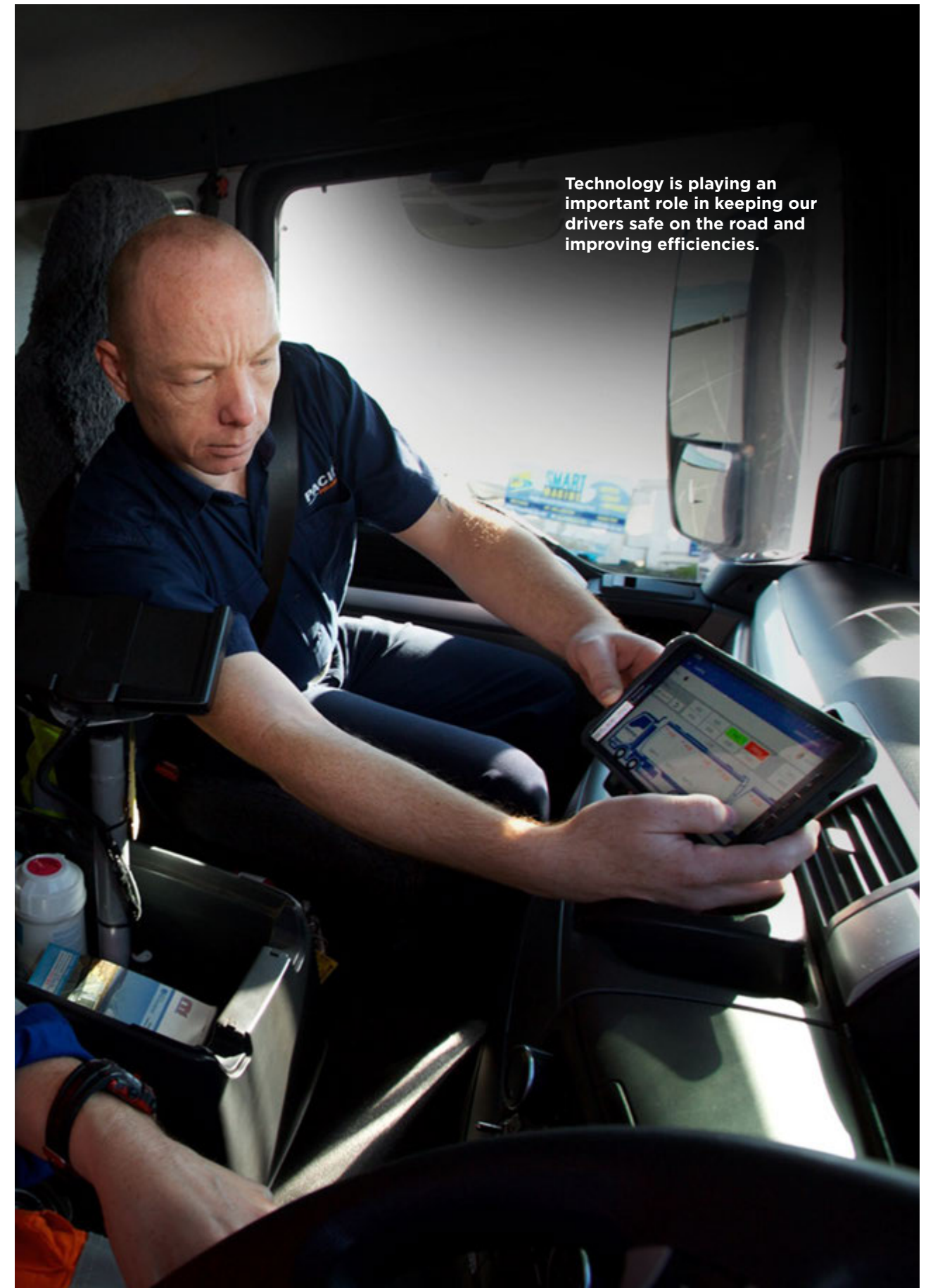
Across the Group, speed is limited to 90 kmh on the open road, and our onboard monitoring technology allows us to ensure that this is observed. Other onboard systems record and report, in real time, hazard indicators such as heavy braking and hard cornering.

In conjunction with onboards, cabs are mounted with “seeing-eye cameras” which beam into the retina of a driver’s eye, allowing us to pick up on signs of fatigue such as frequent blinking. In the first instance, the drivers themselves are alerted to stop and take a break by seat vibration and audible alarms. “Call centres” or control rooms are also monitoring data, alerting us to incidents.

Making sure the length of driver trips don’t exceed fatigue limits is also an important part of the mix. This is built into TIL’s scheduling programmes and we are increasingly taking on scheduling for our customers.

Scheduling itself is becoming increasingly efficient as new digital technologies replace paper-based systems. This year, Pacific Fuel Haul unveiled its bespoke despatch and scheduling software, DG 1.0, which can be easily customised for sister companies within the TIL Group.

Every TIL branch runs Health & Safety meetings for drivers and, sometimes, their family members, every month. Each meeting addresses fatigue-related topics such as sleeping habits or nutrition, and drivers are encouraged to make suggestions and give feedback. ■



Technology is playing an important role in keeping our drivers safe on the road and improving efficiencies.

RECRUITING TALENT AND INVESTING IN THE WORKFORCE

In New Zealand and major overseas economies, a shortage of truck drivers has been developing for some years, and the industry faces a looming recruitment challenge.

The average age of the New Zealand truck driver is 53, meaning the current shortage will begin to worsen as these drivers retire. At the same time, road freight is expected to increase by almost 60% over the next 30 years, and demand for drivers can be expected to grow roughly in line with the industry.

While much has been made of the prospect of driverless trucks, it will likely be many years before the necessary technology is ready and appropriate infrastructure and regulation have been put in place.

The industry is no longer “black T shirts, shorts and jandals”; truck driving is now a skilled and well-paid profession.

TIL is able to leverage its scale and reach to offer remuneration at the top end of the market, safe working conditions and clear procedures. We have in place or are progressing a number of initiatives to ensure we are able to fill our growing requirement for drivers.

- Our “On Demand” Auckland cadet programme allows school leavers to gain experience working in our warehouses and accompanying our drivers
- We fund our cadets and recruits to gain appropriate driver licences (sometimes, at the basic Class 2 level)
- Later this year we will launch a new cadetships programme for Taranaki school leavers, in conjunction with the Western Central Districts Road Carriers Group
- And we co-operate with the Ministry of Social Development to hire graduates from the LSV (Limited Service Volunteer) programme for 18 to 25-year olds

We have also been working with the Road Transport Forum and the NZ Trucking Association to seek ways to attract more women into careers as drivers. International recruitment is also an option and MOVE Logistics has secured Labour Hire Employer Accreditation from the Department of Labour. We will look to secure accreditation for our other businesses as needs dictate. ■



Elle is one of a growing number of women being attracted to the industry.

REDUCING OUR FOOTPRINT

TIL Logistics is a founding signatory to the Climate Leaders Coalition (CLC), comprising 60 leading New Zealand businesses which have joined forces to tackle the issue of climate change.

The CLC, announced in July this year, aims to help New Zealand to transition to a low emissions economy, helping to create a sustainable future for our country and making it a great place to live and work.

We believe this makes good sense not only for New Zealand, but for our business.

In joining the CLC we also announced a number of specific commitments:

- Cornerstone partner with Z Energy for the use of Bio Fuels across TIL's 1,000 truck fleet in New Zealand
- Engagement of in-cab technology, such as ERoad, to monitor driver behaviour for fuel efficiency
- Use of Selective Catalytic Reduction (SCR) technology to reduce emissions
- Investment in LED lighting across all TIL Logistics Group's warehouses. New facilities are designed to maximise energy efficiency as much as possible
- Investing in video conferencing to reduce flights and travel

The majority of our frontline fleet is at Euro V of the European standards framework that has been progressively reducing the harmful elements of vehicle exhaust. Our new orders will be at Euro VI.

Between Euro I in 1993 and the introduction of Euro VI, diesel particulate emissions levels from vehicles have fallen by 97%, and nitrous oxide levels by 95%.

A number of other initiatives are under investigation or under way.

At MOVE Logistics, we are replacing gas and diesel powered forklifts with electric models.

And in our warehouses we are installing much smarter control systems to better manage our use of lighting.

We will continue to identify and invest in new initiatives to further improve our fuel efficiency, cut our electricity use and reduce waste. ■



TIL IN THE COMMUNITY

Our home town of New Plymouth hosts two of the highlights of the New Zealand cultural events calendar – the Taranaki Arts Festival in August/September and WOMAD (World of Music, Arts and Dance) in March.

Around 17,000 people attended WOMAD this year and 19,000 enjoyed the Arts Festival. Such numbers are a stretch for New Plymouth's relatively small venues and present a considerable logistical challenge.

TIL's sponsorships involve doing what we do best – moving stuff. Each year we freight in and out a vast array of festival hardware from tents, tables, and seating to fencing, generators and electrical equipment – from local stores and from around New Zealand.

Taranaki's spectacular landscape also backgrounds the ITU New Plymouth Triathlon World Cup in March.

This year, 174 athletes competed in the main 750 metre swim, 20 kilometre bike and five kilometre run. We were there too, providing logistical and freight support. ■



OUR BOARD



TREVOR JANES **INDEPENDENT CHAIR**

Trevor Janes has significant governance experience and is a highly regarded director, holding a number of board positions with private and public companies. He is also a member of the NZX Markets Disciplinary Tribunal, the NZ Post Network Access Committee 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 CAANZ, a Member of the Chartered Financial Analysts Institute, and a Chartered Fellow of the Institute of Directors.



JAMES (JIM) RAMSAY **EXECUTIVE DIRECTOR**

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 played a significant part in transport industry matters and has been honoured with Life Membership in his local Road Transport Association. In 2013 Jim was inducted into the NZ Road Transport Hall of Fame. He is a Fellow of the Chartered Institute of Logistics and Transport.



GREG KERN **NON-EXECUTIVE DIRECTOR** **CHAIR GOVERNANCE AND** **REMUNERATION COMMITTEE**

Greg is a finance and banking executive with decades of experience in the corporate arena and working with large companies on significant commercial transactions. He is managing director of Kern Group, a corporate advisory firm based in Queensland, Australia. In this role, he has been involved with the resolution of commercial disputes, arranging large finance packages, negotiating material commercial contracts and as lead advisor on IPO transactions. Prior this, Greg worked for global accounting firms, Ernst & Young and Coopers & Lybrand. He is a chartered accountant, a registered company auditor and a member of the Institute of Internal Auditors.



LORRAINE WITTEN **INDEPENDENT DIRECTOR,** **CHAIR RISK ASSURANCE AND** **AUDIT COMMITTEE**

Lorraine Witten is a business-person 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. For the past 15 years Lorraine has been an entrepreneur leading high growth businesses. She is currently a full time professional director and a Chartered Fellow of the Institute of Directors in NZ.



DANNY CHAN **INDEPENDENT DIRECTOR**

Danny is an experienced New Zealand director with extensive accounting, finance and investment management and education experience. He holds a number of private and public directorships. He is a Director of QEX Logistics, 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. Danny is a Chartered Member of the Institute of Directors in NZ. In 2017, Danny was the recipient of a Victoria University of Wellington Distinguished Alumni Award.

OUR SENIOR MANAGEMENT TEAM



ALAN PEARSON
CHIEF EXECUTIVE OFFICER

Alan commenced as CEO in March 2018. He has over 35 years' commercial experience in both public and private companies, including ten years as managing director of Hall's Group, a large transport and logistics company. He is a CA with CAANZ, a Fellow of the Australian Society of CPAs and a member of the NZ Institute of Directors.



GREG WHITHAM
CHIEF FINANCIAL OFFICER

Greg joined TIL in 1984 and became a part owner in the business in 1989. He has been CFO of TIL since 1996 and is responsible for all TIL's financial and IT operations.



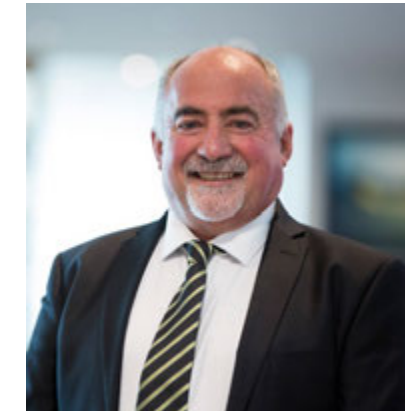
ALAN TERRIS
**GENERAL MANAGER,
INTERNATIONAL & GROUP
MARKETING**

Alan joined TIL in 1989 as a part owner, after having held senior roles within TNL/Newmans group, including Managing Director of TNL. Since 2010, he has been the director responsible for TIL Group's international companies. He is also responsible for TIL Group marketing and development.



JON KYLE
CEO TIL FREIGHTING

Jon joined TIL in 2010 and became CEO of TIL Freighting in 2014. He has over 20 years' experience in the transport and logistics industry, as well as experience in the banking and finance sector.



ANDY STANLEY
CEO PACIFIC FUEL HAUL

Andy joined TIL in 1994 and became CEO of Pacific Fuel Haul in 2013. He has over 40 years' experience in the industry, including senior roles within TIL as CEO and General Manager of the bulk fuels division and the Hooker Pacific freighting division.



RICHARD MATHER
CEO MOVE

Richard joined TIL in 2017 as part of TIL's acquisition of MOVE. He has been GM/CEO of Move since 2015 and has continued in this role with TIL. Prior to this, he was CEO at Blackbay, a global software company supplying to the transport and logistics sector.



BRENT LEAK
GM NZL

Brent joined TIL in 2018 as CEO of NZLG Group. Brent has over 30 years' experience in the transport and logistics industry, including managing NZL from 1999 to 2005. He has extensive expertise, particularly in the provision of outsourced logistics services.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2018



CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	30 JUNE 2018 \$000	30 JUNE 2017 \$000
Revenue	7	325,552	235,266
Gains on disposal of assets		1,921	1,287
Dividends received		2	24
Rents received		3,068	2,227
Other income		981	452
Total Income		331,524	239,256
Transport costs	8	(139,731)	(112,989)
Employee costs	8	(114,902)	(80,627)
Lease expenses	8	(31,805)	(16,880)
Other operating expenses	8	(18,898)	(11,133)
Share based payment expense	21	(11,593)	-
IPO / listing costs	8	(6,545)	-
Changes in contingent consideration	4.b/8	(1,191)	-
Depreciation/amortisation expenses	13.1	(12,417)	(8,133)
Impairment of goodwill		(159)	-
Total Operating Expenses	8	(337,241)	(229,762)
Finance costs - interest on borrowing		(3,431)	(1,704)
Interest income on short term deposit		102	134
Operating (deficit) / surplus before income tax		(9,046)	7,924
Share of (loss) / profit of associates	17.2	(127)	50
(Loss) / Profit Before Income Tax		(9,173)	7,974
Income tax expense	9	(2,490)	(1,961)
(LOSS) / PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(11,663)	6,013
(Loss) / Profit attributable to:			
Owners of the parent		(12,191)	5,941
Non-controlling interests	17.2	528	72
		(11,663)	6,013
Other comprehensive income			
Comprehensive Income for the Period, Net of Tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(11,663)	6,013
Earnings per share for (loss) / profit attributable to the ordinary equity holders for the company		CENTS	CENTS
Basic and diluted (loss) / earnings per share	11	(.15)	.08

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 2018

	NOTES	30 JUNE 2018 \$000	30 JUNE 2017 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	12.1	2,881	2,966
Inventories		279	227
Trade and other receivables	12.2	46,578	39,349
Tax receivable		269	-
Advances to associates	12.3	603	477
Total Current Assets		50,610	43,019
Non-current Assets			
Property, plant and equipment	13.1	74,616	79,583
Intangible assets	13.2	24,613	24,074
Investments in associates	17.2	1,879	2,144
Total Non-Current Assets		101,108	105,801
TOTAL ASSETS		151,718	148,820
EQUITY			
Share capital	14	28,107	-
Invested capital	15	-	102,012
(Accumulated losses) / Retained earnings		(1,295)	-
Equity attributable to owners of the parent		26,812	102,012
Non-controlling interest in equity	17.2	1,157	806
TOTAL EQUITY		27,969	102,818
LIABILITIES			
Current Liabilities			
Trade and other payables	12.4	31,670	29,746
Borrowings	12.5	3,432	32
Employee entitlements	12.6	11,751	11,031
Provision for other liabilities and charges	13.4	2,192	-
Tax payable		-	314
Total Current Liabilities		49,045	41,123
Non-current Liabilities			
Borrowings	12.5	70,447	133
Deferred income tax liability	13.3	3,471	3,376
Provisions for other liabilities and charges	13.4	786	1,370
Total Non-current Liabilities		74,704	4,879
TOTAL LIABILITIES		123,749	46,002
TOTAL EQUITY & LIABILITIES		151,718	148,820

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



Trevor Janes - Chairman
28 August 2018



Lorraine Witten - Director
28 August 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	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 2016	35,390	-	22,015	57,405	1,306	58,711
Comprehensive income						
Profit for the period	-	-	5,941	5,941	72	6,013
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income	-	-	5,941	5,941	72	6,013
Transaction with owners:						
Changes in invested capital	66,622	-	(27,691)	38,931	-	38,931
Dividends	-	-	(265)	(265)	(572)	(837)
Balance as at 30 June 2017	102,012	-	-	102,012	806	102,818
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

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 2018

	NOTES	30 JUNE 2018 \$000	30 JUNE 2017 \$000
Cash flows from operating activities			
Receipts from customers		323,035	237,697
Interest received		102	134
Dividends received		2	24
Payments to suppliers and employees		(306,283)	(218,628)
Interest paid		(3,286)	(1,704)
Income tax paid		(3,218)	(1,411)
Net cash generated from operating activities	16.1	10,352	16,112
Cash flows used in investing activities			
Purchase of business, net of cash acquired	18	(3,200)	(37,403)
Purchase of property, plant and equipment		(13,174)	(15,837)
Proceeds from sale of property, plant and equipment		14,366	9,706
Purchase of intangible assets		(1,107)	(310)
Advances to associates		11	191
Net cash used in investing activities		(3,104)	(43,653)
Cash flows from financing activities			
Repayment of borrowings	16.2	(16,432)	-
Proceeds from borrowings	16.2	90,000	(8,525)
Proceeds from share issue		11,510	-
Capital distribution to company shareholders		(92,156)	38,931
Dividends paid to shareholders/non-controlling interests		(255)	(837)
Net cash flow from financing activities		(7,333)	29,569
Net increase in cash and cash equivalents		(85)	2,028
Cash and cash equivalents at beginning of period		2,966	938
Cash and cash equivalents at end of period	12.1	2,881	2,966

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

Bethunes Investments Limited (subsequently renamed TIL Logistics Group Limited) a non trading company listed on the NZX Main Board had been actively seeking an acquisition opportunity. On 6th December 2017 it completed an acquisition of the transport and logistics business of Transport Investments Limited (subsequently renamed Bowker Holdings 99 Limited) and the shares in Global Logistics Limited. The transaction was satisfied by an issue of 73,333,334 new shares in Bethunes Investments Limited (Bethunes) and the balance in cash. Concurrent with the acquisition, and in order to part fund the cash component of the purchase price, Bethunes Investments Ltd undertook a private placement of new issued shares to selected wholesale investors. On completion of the transaction the existing Board of Directors was replaced with new directors who were part of the Transport Investments Limited company. The existing shares in Bethunes Investments Limited, upon the transaction, were consolidated on a 1:254 basis.

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 2018, comprise the Company and its subsidiaries (refer note 17.1), and acquired assets from Transport Investments Limited, together referred to as the “Group”.

These financial statements were authorised by the Board of Directors on 28 August 2018.

1.2. BASIS OF PREPARATION

a. 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, these 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 (note 14). 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 (notes 14,21.1).

These 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 comparative statement of profit or loss & other comprehensive income for the year ended 30 June 2017 and the comparative balance sheet as at 30 June 2017, reflect the results and financial position of the carved out Business of Transport Investments Limited. 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 (note 12.5) 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.

A reconciliation between the carved out financial information presented in these financial statements and the previously reported financial information of Transport Investments Limited, from which the carved out information has been extracted, is included in note 4(c).

b. Further information on 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.

c. Reporting exemptions

The legal parent of the Group is TIL Logistics Group Limited (TLL) (previously named Bethunes Investments Limited). After the reverse listing transaction the Group changed the balance date of TLL from 31 March to 30 June. This aligned with the balance date of the business of the accounting acquirer (Transport Investments Limited).

Financial reporting legislation requires financial statements to be prepared each year from the date of the previously reported financial statements. In the case of the Group this means financial statements were required for the 15 month period from 1 April 2017 to 30 June 2018. This period reflects the date from when TLL last prepared financial statements. Comparative information would also be required for the 12 months from 1 April 2016 to 31 March 2017.

These reporting obligations do not align with:

- the previously reported financial statements of the transferred business of Transport Investments Limited;
- PFI information included in the profile document.

To provide meaningful (relevant and comparable) information to the Group’s shareholders and users of the financial statements, the Group sought and received an exemption from the FMA. The exemption permitted the Group to prepare financial statements for the 12 month period to 30 June 2018. Specifically, the exemption, exempted the Group from section 461(1) of the Financial Markets Conduct Act 2013 in respect of the preparation of financial statements that comply

with generally accepted accounting practice to the extent that generally accepted accounting practice requires TIL Logistics Group to prepare group financial statements for a 15-month accounting period ending on the specified balance date.

Conditions associated with the exemption were that TIL Logistics Group Limited:

- ensures that, within 4 months of its balance date, group financial statements are completed in relation to the group for the 12-month period ended on the specified balance date;
- includes comparative information for the period from 1 July 2016 to 30 June 2017 in the group financial statements;
- ensures that the group financial statements comply in all other respects with Part 7 of the Act and generally accepted accounting practice; and
- clearly and prominently discloses this exemption notice, its conditions, and its implications in the group financial statements.

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).

The comparative financial statements of the TIL business have been extracted from the financial statements and accounting records of Transport Investments Limited for the period ended 30 June 2017 (refer note 4) which comply with NZ IFRS. The comparative information comprises historical income and expenses, assets and liabilities and cash flows attributable to the TIL business.

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 at 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. 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 2018, and have not been applied in preparing these consolidated financial statements.

NZ IFRS 15 Revenue from Contracts with Customers - The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and NZ IFRIC 13 Customer Loyalty Programmes. NZ IFRS 15 is effective for reporting periods beginning on or after 1 January 2018 with early adoption permitted. Management has performed a preliminary assessment of the impact of NZ IFRS 15.

Based on our assessment of the performance obligations for our revenue streams, Management has ascertained that the standard will result in a change in the timing of revenue recognition in the year ended 30 June 2018 due to transit times for a portion of its transport divisions. The exact amount has not been fully calculated. Management will finalise its impact assessment, identifying disclosure changes prior to its 31 December 2018 interim reporting requirements.

2.3. STANDARDS ISSUED BUT NOT YET ADOPTED (CONTINUED)

NZ IFRS 9 Financial Instruments - The standard replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. NZ IFRS 9 is effective for reporting periods beginning on or after 1 January 2018. Management has performed a preliminary assessment of the impact of NZ IFRS 9. It is expected that the new expected credit loss model for calculating impairment on financial assets will change the way impairment is assessed and recognised for our accounts receivable balances. The Group does not currently have any hedge accounting in place and therefore does not expect any significant impact as a result of the new general hedge accounting requirements.

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 but not before an entity applied NZ IFRS 15. Management has performed a preliminary assessment of the impact of NZ IFRS 16. The Group's main significant operating leases relate to fleet and property. The Group will recognise a liability to pay rentals and recognise a corresponding asset for these premises. The Group continues to progress the status of its impact assessment.

Consideration of which transition option to utilise is still being determined.

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). The policies are being reviewed by Management and the Board.

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.

	2018 \$000	2017 \$000
Trade and other receivables		
Current receivables	36,241	29,807
Outstanding 30 to 60 days	7,315	6,100
Outstanding 60 to 90 days	892	1,724
Outstanding more than 90 days	687	1,234
Total trade and other receivables	45,135	38,865
Sundry receivables	276	148
Advances to associates	603	477
Cash and short term bank deposits		
Bank with AA credit rating	2,881	2,966

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:

	2018 \$000	2017 \$000
At 1 July	750	462
Provision for impairment recognised during the year	121	316
Receivables written off during the year as uncollectible	(520)	(28)
At 30 June	351	750

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

	2018 \$000	2017 \$000
Impairment losses		
Individually impaired receivables	21	51
Movement in provision for impairment	100	81
Total	121	132

As at 30 June 2018 trade receivables of \$1,228,000 (2017: \$2,208,000) 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:

	2018 \$000	2017 \$000
Up to 3 months past due	892	1,724
3 to 6 months past due	336	484

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 \$745,000 (2017: \$0).

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:

	2018 \$000	2017 \$000
Expiring within one year (bank overdraft)	10,000	-
Expiring beyond one year (bank loans)	4,300	-
Total	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
2017					
Borrowings	50	50	155	255	165
Trade and other payables	29,746	-	-	29,746	29,746
Employee entitlements	11,031	-	-	11,031	11,031
Contingent consideration	-	572	-	572	572
Total	40,827	622	155	41,604	41,514
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

Bank Guarantee

Transport Investments Limited provides (via ASB Bank) guarantees to (2017: Guarantees were held with the ANZ Bank):

In favour of	\$000
Chevron (Z Energy 2015) Limited	4,500
Goodman Properties	550
Mainland Income Fund 3 Limited	430
BP Oil NZ Limited	250

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 calculation. These calculations require the use of estimates. Refer to note 13.2 for further details.

b. Estimate: contingent consideration

In the event that the EBITDA level (earnings before interest, tax, depreciation and amortisation) of MOVE Logistics Ltd, Southern Fleet Leasing Ltd and UNITE Logistics Ltd (the entities) for the 12 months ended 30 June 2018 is above a level prescribed at the time of acquisition, then additional consideration of up to \$10,000,000 may be payable.

Upon acquisition of MOVE Logistics Ltd and Southern Fleet Leasing Ltd in June 2017, an estimate of the amount of contingent consideration payable of \$572,000 was recognised. This estimate was based on a probability weighted average of possible EBITDA scenarios. The performance of the entities has improved since this estimate was made. Management has therefore reassessed the estimated contingent consideration payable as at 30 June 2018. Management has recognised an additional liability and corresponding profit & loss expense of \$1,395,000.

The sale and purchase agreement allows for adjustments (sale and purchase adjustments) under specific clauses to the base level of EBITDA. The EBITDA for the entities for the year ended 30 June 2018 is known by the Group. However, there is still estimation required by management regarding the determination and quantification of the adjustments noted in the sale and purchase agreement. We are currently seeking to agree these adjustments with the vendor.

When forming managements view in estimating the potential amount payable they engaged an independent and qualified accounting firm to provide a view on the appropriateness and quantification range of the sale and purchase adjustments. The assessment has also considered whether or not each adjustment is in line with commercial practice.

Management has determined a range of \$100,000 to \$2,000,000. The Group has recognised a provision at the upper level of this range. The estimate involves significant judgement. It is understood by management that the vendor estimates the level of adjustments would result in a payment significantly in excess of the above range.

c. Basis of accounting for the carve out of comparative financial information

The comparative financial information is based on the financial statements of Bowker Holdings 99 Limited Group (formerly Transport Investments Limited) and has been adjusted to exclude the following expenses, income, assets and liabilities that are not related to the ongoing Business:

Expenses / Income excluded:

- All income and expenses relating to subsidiaries not forming part of the new Business
- External interest costs

Assets / Liabilities excluded:

- All assets, liabilities and equity relating to a property subsidiary not forming part of the new Business
- Cash, accounts payable and accrued interest for Bowker Holdings 99 Limited (not part of transaction)
- External debt (repaid prior to reverse acquisition)

Equity is the residual after excluding the above transactions and balances. The above balances have been included within the 'Capital distribution to company shareholders' line in the Statement of Cash Flows.

Provided below is a reconciliation of the comparative information to that reported in the audited financial statements of Transport Investments Limited (now Bowker Holdings 99 Limited). Explanation of adjustments has been included.

Comprehensive Income Reconciliation	12 months to June 2017 \$000
Audited Transport Investments Limited Group	6,092
Add back: External Interest	677
Less: Subsidiaries not acquired ¹	(756)
Comparative TIL Logistics Group Ltd	6,013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Assets & Liabilities Reconciliation	Assets 30 June 2017 \$000	Liabilities 30 June 2017 \$000
Audited Transport Investments Limited Group	186,642	145,013
Less:		
Assets / liabilities of parent company not acquired	(38)	(565)
External debt of parent not transferred ²	-	(76,063)
Subsidiaries not acquired ¹	(37,784)	(22,383)
Comparative TIL Logistics Group Ltd	148,820	46,002

Cash flow reconciliation	Previously stated \$000	Adjustment \$000	Comparative restated \$000
Net cash generated from operating activities	17,310	(1,198)	16,112
Net cash used in investing activities	(45,252)	1,599	(43,653)
Net cash flow from financing activities	29,444	125	29,569

1 The property subsidiary of Transport Investments Limited was not acquired. The adjustment relates to removing the property assets and associated borrowings. The profit & loss was impacted by rent, interest and depreciation expense. The cash flow was also impacted by the aforementioned items.

2 The subsidiaries were acquired free of the Parent's debt used to fund the subsidiaries. As a result, the new Group obtained external borrowings and used these proceeds to pay Transport Investments Limited for their interest in the assets and businesses acquired.

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 costs associated with the public listing, as well as adjustments for contingent consideration, interest costs, depreciation and share-based payments. The inclusion of these non-GAAP measures, in the Directors' opinion, will assist users to understand the performance of the Group and promote comparison with the wider industry. These measures are also used by the Group's lenders to assess performance and covenant compliance.

Reconciliation to GAAP measure	12 months to June 2018	12 months to June 2017
Net (loss) / profit before income tax (GAAP measure)	(9,173)	7,974
Add back:		
Share of loss / (profit) of associates	127	(50)
Impairment of goodwill	159	-
Finance costs / (interest income)	3,329	1,570
Depreciation & amortisation	12,417	8,133
EBITDA (non-GAAP measure)	6,859	17,627
Non trading transaction costs:		
Share based payments	11,593	-
Listing costs	6,545	-
Deferred consideration expensed*	1,191	-
Adjusted EBITDA (non-GAAP measure)	26,188	17,627

*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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group CEO.

Management has determined the operating segments based on the reports reviewed by the Group CEO. 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 reportable operating segments have been determined as:

FREIGHTING

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

LOGISTICS

This segment specialises in warehousing and supply chain capabilities which enable comprehensive supply chain solutions to customers. Following acquisitions in the second half of the year ended 30 June 2017 this segment was formed.

ASSET MANAGEMENT

This segment includes the entities within the Group responsible for fleet asset ownership.

ALL OTHERS

This segment includes our freight forwarding and corporate services companies. These operating segments have been aggregated based on quantitative thresholds as permitted by NZIFRS 8.

The segment information provided to the Group CEO for the year ended 30 June 2018 is as follows:

	Freighting	Logistics	Asset Management	All Other Segments	Total
	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2017					
Total segment revenue	218,267	12,147	10,726	6,042	247,182
Inter-segment revenue	(1,089)	(101)	(10,709)	(17)	(11,916)
Revenue from external customers	217,178	12,046	17	6,025	235,266
EBITDA	7,149	888	8,799	791	17,627
Adjusted EBITDA (refer note 5)	7,149	888	8,799	791	17,627
Assets	48,036	63,655	26,791	10,338	148,820
Liabilities	26,561	21,667	7,257	(9,483)	46,002
Year ended 30 June 2018					
Total segment revenue	225,158	98,612	13,830	7,345	344,945
Inter-segment revenue	(4,319)	(1,330)	(13,740)	(4)	(19,393)
Revenue from external customers	220,839	97,282	90	7,341	325,552
EBITDA	7,237	7,252	11,376	(19,006)	6,859
Adjusted EBITDA (refer note 5)	7,237	7,049	11,376	526	26,188
Assets	51,354	55,258	28,869	16,237	151,718
Liabilities	29,136	11,921	4,478	78,214	123,749

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.

Reportable segments have been determined by having regard to:

- the nature of services provided
- the processes the various business units undertake to service customers
- the type of customers serviced, and
- the nature of the distribution channels.

The Group has a diverse range of customers from various industries, with only one customer contributing more than 10% of the Group's revenue. This customer is attributed to the freighting segment and contributes revenue of approximately \$43,700,00 (2017: \$40,900,000).

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. Sales of services

Freight Revenue

Revenue for all domestic contracted deliveries is recognised as delivery is performed.

Trading revenue

Revenue derived from international freight forwarding is recognised once the shipment has been completed. Several subsidiary companies derive the greater part of their revenue from customs clearance work that involves a high degree of disbursements on behalf of customers. Revenue is recognised on a net basis after disbursements as the subsidiary companies are acting as agent for the customer.

Warehousing revenue

Fees for warehousing are recognised as services are provided to the customer.

The Group derives the following types of revenue:

	2018 \$000	2017 \$000
Freight	280,714	220,755
Warehousing	36,831	7,800
Trading	8,007	6,711
Total Revenue	325,552	235,266

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.

8. OPERATING EXPENSES BY NATURE

	2018 \$000	2017 \$000
Transport costs ¹	139,731	112,989
Employee expenses (note 8.1)	114,902	80,627
Property lease expenses	18,873	11,098
Operation lease expenses	12,932	5,782
Trading and warehousing expenses	3,345	1,749
Communications	3,460	2,450
Occupancy costs	3,990	2,382
Bad Debts	121	132
Foreign exchange (gain)/loss	22	18
Remuneration paid to principal auditors (PwC)		
Assurance services		
Audit and review (2018 only) of financial statements, including associated disbursements	303	185
Other assurance services ²	213	-
Non assurance services		
Acquisition due diligence ³	207	377
Other advisory services related to the IPO ⁴	292	-
Donations	78	43
Directors fees	321	11
Depreciation and amortisation	12,417	8,133
Share based payment expense	11,593	-
IPO / Listing costs	5,833	-
Impairment of goodwill	159	-
Net increase in contingent consideration ⁵	1,191	-
Other expenses	7,258	3,786
Total operating expenses	337,241	229,762

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 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 The net increase in contingent consideration is the result of the additional MOVE Logistics Ltd provision required (refer note 4.b) and the reversal of \$225,000 relating to the contingent consideration on the Glassworks Logistics Ltd and Seamount Enterprises Ltd acquisition (refer note 8).

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 where they are due.

TIL Freightling Limited has a defined contribution company superannuation scheme that has been operating for a number of years. The Company has three contribution rates:

- 4% of salary/wage for general staff
- 6% of salary for managers
- 10% of salary for senior managers

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 that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and 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 as 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. Remeasurement 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.

	2018 \$000	2017 \$000
Wages and salaries & other related costs	112,071	78,657
Superannuation fund contributions	2,455	1,741
Fringe benefit tax	376	229
Total	114,902	80,627

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.

	2018 \$000	2017 \$000
Current tax on (loss) / profits for the year	(2,754)	(1,956)
Adjustments in respect to prior years	(7)	121
Deferred tax	271	(126)
	(2,490)	(1,961)

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:

	2018 \$000	2017 \$000
(Loss) / profit before income tax	(9,173)	7,974
Impairment of goodwill	(159)	-
Share of (loss) / profit of associates	(127)	50
	(8,887)	7,924
Prima facie tax payable at 28%	2,488	(2,219)
Tax effects of:		
Income not subject to tax	560	70
Timing differences not in deferred tax	(63)	21
Expenses not deductible	(5,468)	(220)
Tax impact of 'carve out'	-	266
Prior year adjustment	(7)	121
Income tax (credit)/expenses	(2,490)	(1,961)

Imputation credits

	2018 \$000	2017 \$000
Imputation credits available for use in subsequent periods	6,360	3,317

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.

	2018 \$000	2017 \$000
Recognised Amounts		
Final fully imputed dividend for 2017: 0 cents (2016: 0 cents)	-	-
Interim fully imputed dividend for 2018: 0 cents (2017: 0 cents)	-	-
Dividends not recognised at the end of the reporting period		
Since year end the Directors have recommended the payment of a final dividend of 2.3 cents per fully paid ordinary share (2017: 0 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 2018 but is not yet recognised as a liability at year end.	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.

	12 months to 30 June 2018		12 months to 30 June 2017
	Earnings	Earnings (excluding non-trading transactions)	Earnings
	\$000	\$000	\$000
(Loss) / profit for the year	(11,663)	(11,663)	6,013
Share based payments		11,593	
Listing costs		6,545	
Deferred consideration expense		1,191	
Earnings, excluding non-trading transaction impact		7,666	
Weighted average number of shares	77,843,590		72,833,334 ¹
	Cents	Cents	Cents
Basic & diluted (loss) / earnings per share	(.15)		.08
Basic & diluted earnings per share, excluding non-trading impact*		.10	

*Note this is a non-GAAP disclosure (refer note 5 for reconciliation)

1 Prior year shares were determined using the number of shares issued in consideration for the reverse listing transaction.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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 loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' and 'Advances to associates' in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

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:

LOANS AND RECEIVABLES			
Financial Assets	Notes	2018 \$000	2017 \$000
Cash and cash equivalents	12.1	2,881	2,966
Trade and other receivables ¹	12.2	45,060	38,263
Advances to associates	12.3	603	477
Total		48,544	41,706

1 excluding prepayments

FINANCIAL LIABILITIES AT AMORTISED COST			
Financial Liabilities	Notes	2018 \$000	2017 \$000
Trade Payables ²	12.4	29,596	28,863
Borrowings	12.5	73,879	165
Employee entitlements	12.6	11,751	11,031
Contingent consideration	12.7	2,192	572
Total		117,418	40,631

2 excluding 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 & other receivables where the maximum credit risk is the balance before impairment, being \$45,411,000 (2017: \$39,013,000).

12.1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at 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:

	2018 \$000	2017 \$000
Cash and cash equivalents	2,881	2,966
Bank overdrafts (note 12.5)	-	-
Total	2,881	2,966

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 impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms 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.

	2018 \$000	2017 \$000
Trade receivables	45,099	38,805
Trade receivables related parties	36	60
Less provision for impairment of trade receivables	(351)	(750)
Net trade receivables	44,784	38,115
Sundry receivables	276	148
Financial assets at amortised cost	45,060	38,263
Prepayments	1,518	1,086
Total trade and other receivables	46,578	39,349

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

12.3. ADVANCES TO ASSOCIATES

	2018 \$000	2017 \$000
ATL Haulage Ltd	275	275
TNL International Australia Pty Ltd	111	127
UNITE Ltd	217	75
Total	603	477

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.

	2018 \$000	2017 \$000
Trade payables	23,527	20,401
Trade payables related parties	496	436
GST payable	2,074	883
Lease incentive	259	328
Accrued expenses	5,314	7,698
Total	31,670	29,746

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.

When TIL Logistics Group Limited acquired the businesses from Bowker Holdings 99 Limited they entered into a new banking facility with the ASB Bank on 6 December 2017. The facility includes a revolving committed cash facility of \$90 million, an overdraft facility of \$10 million and a bank guarantee facility of \$5.7 million (refer note 3.3).

	30 June 2018 \$000	30 June 2017 \$000
Non-Current		
Secured Loan ASB	70,346	-
Secured Loan Mainland Capital	101	133
	70,447	133
Current		
Secured Loan ASB	3,400	-
Secured Loan Mainland Capital	32	32
	3,432	32
Total	73,879	165

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

The new facilities with the ASB are subject to quarterly covenants with the first reportable period being 31 March 2018. 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 2018 is to be normalised by excluding costs associated with the acquisition (e.g. listing costs, share based payments and contingent consideration).

12.6 EMPLOYEE ENTITLEMENTS

	2018 \$000	2017 \$000
Leave provision	7,816	7,766
Payroll accruals	3,935	3,265
Total	11,751	11,031

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 2017				
Contingent consideration	-	-	(572)	(572)
At 30 June 2018				
Contingent consideration	-	-	(2,192)	(2,192)

The following table presents the changes in level 3 items for the periods ended 30 June 2017 and 30 June 2018:

	Contingent consideration \$000
Opening balance 1 July 2016	-
Acquisitions	(572)
Closing balance 30 June 2017	(572)
Acquisitions	(450)
Gains/(losses) recognised in other expenses	(1,170)
Closing balance 30 June 2018	(2,192)

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 (refer note 4.b). The main level 3 inputs used by the Group were:

- EBITDA as per the audited financial statements
- Potential adjustments allowed for under the sale and purchase agreement.

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 assets 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 2016						
Cost or valuation	364	112,934	2,401	5,713	760	122,172
Accumulated depreciation	(227)	(66,516)	(2,036)	(3,830)	-	(72,609)
Net book value	137	46,418	365	1,883	760	49,563
Year ended 30 June 2017						
Additions	-	4,258	206	373	11,984	16,821
Acquisition of subsidiaries	72	22,498	721	4,259	-	27,550
Disposals	(56)	(450)	-	(20)	(6,054)	(6,580)
Transfers	-	4,480	-	110	(4,590)	-
Depreciation charge	(11)	(7,156)	(167)	(437)	-	(7,771)
Closing net book amount	142	70,048	1,125	6,168	2,100	79,583
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

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
 Acquired customer contracts 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 2016				
Cost	4,676	1,230	238	6,144
Accum. amortisation and impairment	(1,974)	(1,026)	(75)	(3,075)
Net book amount	2,702	204	163	3,069
Year ended 30 June 2017				
Additions	-	50	-	50
Acquisition of subsidiaries	12,374	343	8,600	21,317
Amortisation/impairment charge	-	(171)	(191)	(362)
Closing net book amount	15,076	426	8,572	24,074
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

13.2. INTANGIBLE ASSETS (CONTINUED)

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

	2018 \$000	2017 \$000
TIL Freightng Ltd	1,027	1,027
Alpha Customs Ltd	776	934
MOVE Logistics Ltd	12,492	12,374
TNL International Ltd	170	186
McAuley’s Transport Ltd	555	555
Total	15,020	15,076

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 0% (2017: 2.0%) has been used in the valuations. The Group has applied discounted pre-tax cash flows using a rate of 11.5% (2017: 10.5%).

The Group completed sensitivity testing on the CGU’s impairment models as follows: growth rate +/- 1.0%, terminal +/- 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 income	Acquisition of subsidiaries	Closing balance
	\$000	\$000	\$000	\$000
2017				
Property, plant and equipment	(997)	(204)	(4,609)	(5,810)
Provisions and accruals	1,936	78	420	2,434
Total deferred income tax	939	(126)	(4,189)	(3,376)
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)

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
At 1 July 2016	292	100	392
Additional provisions	553	572	1,125
Released to profit or loss	(47)	(100)	(147)
At 30 June 2017	798	572	1,370
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
30 June 2018			
Current	-	2,192	2,192
Non-current	786	-	786

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.

Contingent consideration

The Group has estimated the potential contingent consideration payable by engaging an independent accounting firm to determine the validity of adjustments to the base level EBITDA of MOVE Logistics Ltd, Southern Fleet Leasing Ltd and UNITE Logistics Ltd in alignment with the sale and purchase agreement (refer note 4.b).

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 (2016: \$0). 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 2018		30 June 2017	
	Shares	\$000	Shares	\$000
Issued & paid-up capital - ordinary shares				
Balance at the beginning of the period	72,833,334	5,473	72,833,334	-
Share based payments:				
- Deemed consideration for acquisition of Bethunes	452,810	679		
- Issued to Directors	500,000	750		
- Issued to advisors	100,000	150		
- Issued to Kern Group and associates ¹		9,696		
Total share based payments	1,052,810	11,275		
Shares issued to key management personnel	3,000,000			
Shares issued to public	4,573,339	11,359		
Balance at the end of the period	81,459,483	28,107	72,833,334	-

1 From the shares Transport Investments Limited received for transferring its assets and business to Bethunes, Kern Group and associates were paid 6,463,670 shares. These shares are deemed to be part of the capital reorganisation and are included within the opening shares on issue.

15. INVESTED CAPITAL

Due to the ‘reverse acquisition’ (note 1.2(a)) the carved out equity shown for the year ended 30 June 2017 is disclosed as invested capital. This is because it represents the net investment of Bowker Holdings 99 Limited in the new reporting entity (TIL Logistics). This amount was distributed as part of the reverse listing on 6 December 2017.

16. CASH FLOW INFORMATION

16.1 CASH GENERATED FROM OPERATIONS

	2018 \$000	2017 \$000
Reported (loss)/surplus after tax	(11,663)	6,013
Non-cash items		
Depreciation expense	10,598	7,771
Amortisation expense	1,819	362
Bad Debts	121	132
Amortisation of bank fees	145	-
Share based payments & IPO costs	17,714	-
Loss on disposal of property, plant & equipment	382	
Impairment	159	-
Foreign Exchange losses/(gains) on operating activities	22	18
	19,297	14,296
Impact of changes in working capital		
Tax receivable / deferred tax	(854)	550
Trade and other receivables	(7,086)	(380)
Creditors and accruals/employee entitlements	3,781	4,220
Creditors relating to purchase of PPE	(2,941)	(1,225)
Inventories	(51)	(12)
	12,146	17,449
Items classified as investing or financing activities		
Profit on disposal of property, plant and equipment	(1,921)	(1,287)
Profit for associates/discontinued operations	127	(50)
Net cash flow from operating activities	10,352	16,112

16.2 NET DEBT RECONCILIATION

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

	2018 \$000	2017 \$000
Cash & cash equivalents	2,881	2,966
Borrowings - repayable within one year (including overdraft)	(3,432)	(32)
Borrowings - repayable after one year	(70,447)	(133)
Net debt	(70,998)	2,801
Cash and liquid investments	2,881	2,966
Gross debt - fixed interest rates	(133)	(165)
Gross debt - variable interest rates	(73,746)	-
Net debt	(70,998)	2,801

16.2 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 2016	938	-	-	938
Cash flows	2,028	(8,525)	-	(6,497)
Borrowings assumed from acquisitions	-	(32)	(133)	(165)
Vendor loan on acquisition	-	8,525	-	8,525
Other non-cash movement	-	-	-	-
Net debt as at 30 June 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)

17. INTEREST IN OTHER ENTITIES

17.1 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 2018 have been incorporated in the consolidated financial statements.

	Shareholding 30 June 2018	Shareholding 30 June 2017	Balance Date	Principal Activity
TIL Freighting Ltd	100%	100%	30 June	Transport operator
Pacific Fuel Haul Ltd	100%	100%	30 June	Transport operator
Alpha Customs Services Ltd ¹	60%	70%	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%	93%	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	100%	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 Limited ²	100%	-	30 June	Non trading
TNL Freighting Limited	100%	100%	30 June	Non trading
TNL Logistics Limited	100%	100%	30 June	Non trading
Transport Nelson Limited	100%	100%	30 June	Non trading

1 The Group sold 10,000 (10%) of its shares on 12 February 2018 for no consideration.
2 The shares in Global Logistics Group Limited were acquired as part of the reverse acquisition transaction (note 1).

17.2 INTERESTS IN ASSOCIATES

Set out below are the associates of the Group as at 30 June 2018 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.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	2018 \$000	2017 \$000
		2018	2017				
UNITE Ltd	New Zealand	50%	50%	Associate	Equity method	899	1,130
ATL Ltd	New Zealand	50%	50%	Associate	Equity method	962	956
Immaterial associates						18	58

	2018 \$000	2017 \$000
Beginning of the year	2,144	974
Purchase of UNITE Ltd	-	1,130
Dividends received	(143)	(10)
Amalgamation	(40)	-
Impairment of investment	(165)	(111)
Earnings from associates	83	161
Total	1,879	2,144

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 \$000
2017						
UNITE Ltd ¹	2,792	2,335	5,974	267	50%	31 March
ATL Ltd	5,968	4,064	8,900	483	50%	31 August
Total	8,760	6,399	14,874	750		
2018						
UNITE Ltd	3,094	2,473	6,098	153	50%	31 March
ATL Ltd	6,240	3,763	8,429	23	50%	31 August
Total	9,334	6,236	14,527	176		

¹ Acquired June 2017

18. BUSINESS COMBINATIONS

In September 2017 the Group acquired 100% of the voting equity interest and business activity and assets of Glassworks Logistics Limited and Seamount Enterprises Limited, companies specialising in distribution and warehousing. This acquisition allowed the Group to expand its business and strengthen its relationship with one of its key customers.

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

	\$000
Purchase consideration (cash)	3,200
Contingent consideration	450
Fair value of assets acquired and liabilities assumed	
Property, plant and equipment	2,343
Customer contracts	1,307
Deferred Tax	(366)
Goodwill	366

There were no contingent assets or liabilities acquired as part of the transaction. The contingent consideration has been recognised and is based on agreed sales measures. Subsequently \$225,000 of the contingent consideration was reversed to profit or loss under other losses as one of the measures was not met.

Goodwill relates to deferred taxation on the acquired assets. It will not be deductible for tax purposes.

Any direct costs relating to the acquisition were charged to operating expenses in the statement of profit or loss & other comprehensive income for the twelve months ended 30 June 2018.

Contemporaneously the Group sold the trucks it acquired for \$1,325,000 to TR Group in a sale and leaseback transaction. The lease expense is included under lease expenses in the statement of profit or loss & comprehensive income.

The acquired business contributed revenues of \$5,294,000 and a loss before tax of \$94,000 to the Group for the period 1 September 2017 to 30 June 2018. If the acquisition had occurred on 1 July 2017, the revenue and loss before tax for the year ended 30 June 2018 would have been \$6,353,000 and \$113,000 respectively.

There were two new business combinations acquired in May and June 2017. The total consideration paid for these businesses was \$48,119,000. The total fair value of assets acquired was \$35,745,000 and goodwill of \$12,374,000 was recorded. There is contingent consideration relating to one of the acquisitions which is still to be settled (refer note 12.7, 13.4).

19. CONTINGENCIES

The Group has no contingent liabilities in respect of legal claims arising in the ordinary course of business, (2017: none).

20. COMMITMENTS

a. Capital commitments

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

	2018 \$000	2017 \$000
Trucks and trailers	11,235	4,415
Total	11,235	4,415

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.

20. COMMITMENTS (CONTINUED)

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

	2018 \$000	2017 \$000
Within one year	25,768	20,743
Between one and two years	20,627	17,650
Between two and five years	47,612	30,716
More than five years	63,808	23,300
Total	157,815	92,409
Sub-lease payments		
Future minimum lease payments expected to be recovered in relation to non-cancellable sub-leases of operating leases	3,110	2,778

The operating lease commitment for 2018 includes leases for buildings occupied by the Group from external parties which in 2017 were owned by TIL Properties Ltd (refer note 4c). If this was included in 2017 the total commitments would be \$121,097,000

21. RELATED-PARTY TRANSACTIONS

As explained in note 1, TIL Logistics Group Limited acquired the Business from Bowker Holdings 99 Limited. Part of the consideration in this transaction was shares issued. Bowker Holdings 99 Limited owns 81.3% (66,253,064) of the shares in TIL Logistics Group Limited.

21.1 TRANSACTIONS WITH KEY MANAGEMENT

a. Shares issued

	# Shares	\$
Shares acquired in placement	4,666,669	7,000,004

Upon listing, certain key management personnel acquired shares in the entity (2017: nil).

b. Share based payments

	# Shares	Grant date FV	Exercise price	Exercise date
Share based payments - Directors ¹	500,000	\$1.50	nil	6/12/2017
Share based payments - Kern Group Ltd and associates ²	6,463,670	\$1.50	nil	6/12/2017

The share based payments have no conditions attached to them and they vested immediately after grant date. These payments were valued at fair value being the grant date share price of \$1.50. No cash consideration was received for these shares (2017: nil).

The fair value of the shares issued is recognised as an employee benefit expense with a corresponding increase in equity. An expense of \$10,989,000 was recognised in profit or loss relating to the two transactions. The market price of shares on the exercise date was \$1.50.

¹ Tax liabilities in respect of the shares were also settled by the Group.

² These shares were issued in exchange for services provided to assist with the listing process. Greg Kern, a TIL Logistics Group director is the majority shareholder of the Kern Group.

21.1 TRANSACTIONS WITH KEY MANAGEMENT (CONTINUED)

c. Key Management Compensation

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

	2018 \$000	2017 \$000
Salaries and other short term employee benefits ¹	1,974	1,415
Directors Fees	321	11
Share based payments - Directors	750	-
Share based payments - Kern Group Ltd and associates	9,696	-

21.2 TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

	2018 \$000	2017 \$000
Sales and purchases of goods and services		
Sales of services to associates	287	191
Purchases of services from associates	2,632	2,121
Purchases from entities controlled by key management personnel ¹	1,550	4,352

¹ The 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.

	2018 \$000	2017 \$000
Outstanding balances arising from sales and purchases of services		
Trade receivables	36	60
Trade payables	496	436

	2018 \$000	2017 \$000
Advances to/from related parties		
ATL Limited	275	275
UNITE Limited	217	75
TNL International Australia Pty Ltd	111	127

22. EVENTS AFTER THE REPORTING DATE

Subsequent to year end the Board of Directors have approved payment of the dividend recommended (refer note 10). The Group has also presented a dividend reinvestment policy.

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 2017 to 30 June 2018, which is compared to the prospective financial statements.

PROSPECTIVE CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2018

	Explanation of material movements	ACTUAL 30 JUNE 2018 \$000	PROSPECTIVE 30 JUNE 2018 \$000
Revenue		325,552	324,923
Gains on disposal of assets	(a)	1,921	-
Dividends received		2	-
Rents received / other income		4,049	2,886
Total Income		331,524	327,809
Operating expenses	(b)	(305,336)	(299,126)
Share based payment expense		(11,593)	(11,913)
IPO / listing costs		(6,545)	(7,254)
Changes in contingent consideration	(c)	(1,191)	-
Depreciation/amortisation expenses		(12,417)	(12,766)
Impairment of goodwill		(159)	-
Total Operating Expenses		(337,241)	(331,059)
Finance costs - interest on borrowing		(3,431)	(3,635)
Interest income on short term deposit		102	128
Operating (deficit) / surplus before income tax		(9,046)	(6,757)
Share of (loss) / profit of associates		(127)	211
(Loss) / Profit Before Income Tax		(9,173)	(6,546)
Income tax expense		(2,490)	(3,508)
(LOSS) / PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(11,663)	(10,054)
(Loss) / Profit attributable to:			
Owners of the parent		(12,191)	(10,284)
Non-controlling interests		528	230
		(11,663)	(10,054)
Other comprehensive income			
Comprehensive Income for the Period, Net of Tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(11,663)	(10,054)
Adjusted EBITDA		26,186	28,683

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PROSPECTIVE CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

	Explanation of material movements	ACTUAL 30 JUNE 2018 \$000	PROSPECTIVE 30 JUNE 2018 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	(d)	2,881	7,950
Inventories		279	227
Trade and other receivables	(e)	46,578	40,088
Tax Receivable		269	-
Advances to associates		603	477
Total Current Assets		50,610	48,742
Non-current Assets			
Property, plant and equipment		74,616	76,823
Intangible assets		24,613	24,752
Investments in associates		1,879	2,356
Total Non-Current Assets		101,108	103,931
TOTAL ASSETS		151,718	152,673
EQUITY			
Share capital		28,107	28,142
Invested capital		-	-
(Accumulated losses) / Retained earnings		(1,295)	271
Equity attributable to owners of the parent		26,812	28,413
Non-controlling interest in equity		1,157	1,027
TOTAL EQUITY		27,969	29,440
LIABILITIES			
Current Liabilities			
Trade and other payables		31,670	34,135
Borrowings		3,432	-
Employee entitlements		11,751	9,908
Provision for other liabilities and charges	(f)	2,192	-
Tax payable		-	115
Total Current Liabilities		49,045	44,158
Non-current Liabilities			
Borrowings		70,447	75,500
Deferred income tax liability		3,471	3,575
Provisions for other liabilities and charges		786	-
Total Non-current Liabilities		74,704	79,075
TOTAL LIABILITIES		123,749	123,233
TOTAL EQUITY & LIABILITIES		151,718	152,673

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PROSPECTIVE CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018

	Explanation of material movements	ACTUAL 30 JUNE 2018 \$000	PROSPECTIVE 30 JUNE 2018 \$000
Cash flows from operating activities			
Receipts from customers	(g)	323,035	327,847
Interest received		102	128
Dividends received		2	-
Payments to suppliers and employees		(306,283)	(306,305)
Interest paid		(3,286)	(3,487)
Income tax paid		(3,218)	(3,975)
Net cash generated from operating activities		10,352	14,208
Cash flows used in investing activities			
Purchase of business, net of cash acquired		(3,200)	(2,134)
Purchase of property, plant and equipment		(13,174)	(7,614)
Proceeds from sale of property, plant and equipment	(h)	14,366	-
Purchases of intangible assets		(1,107)	(448)
Advances to associates		11	-
Net cash used in investing activities		(3,104)	(10,196)
Cash flows from financing activities			
Repayment of borrowings		(16,432)	(14,650)
Proceeds from borrowings		90,000	90,000
Proceeds from share issue		11,510	11,335
Capital distribution to company shareholders	(i)	(92,156)	(85,752)
Dividends paid to shareholders / non-controlling interests		(255)	-
Net cash flow from financing activities		(7,333)	933
Net increase in cash and cash equivalents		(85)	4,945
Cash and cash equivalents at beginning of period		2,966	3,005
Cash and cash equivalents at end of period		2,881	7,950

23. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

EXPLANATIONS OF VARIANCES

(a) There were no gains on disposal of assets anticipated in the PFI. The Group entered into several sale and leaseback transactions during the year relating to fleet.

(b) Property rent costs were higher than PFI levels by \$2m, this was offset by higher than expected rental income when compared to PFI, with an overall positive impact to operating profit. Due to the increasing fuel costs throughout the year ended 30 June 2018 there was a negative impact of delayed fuel recovery from customers which amounted to \$1m. Wage costs were also higher than forecast due to escalating wage rates due to an acute shortage of drivers with the negative impact being \$1m. Vehicle leases were \$2m above PFI levels due to more fleet being leased rather than purchased outright.

(c) There was no additional contingent consideration for the acquisition of MOVE Logistics and Southern Fleet Leasing made in June 2017 forecast in the PFI. The acquired businesses have traded above expected levels which has resulted in an additional provision being booked.

(d) Cash was impacted by the increase in trade receivables as described below in (e).

(e) Several large customers 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 2018 until the 2nd of July.

(f) The majority of this provision relates to the contingent consideration referred to in (c) above.

(g) Reduced receipts from customers are a direct result of items noted in (e) above.

(h) During the year Management sold fleet and entered into leasing arrangements (as referred to in (a) above).

(i) The PFI did not include all of the required distributions to shareholders, in particular the opening share capital position of the acquired businesses.



Independent auditor's report

To the shareholders of TIL Logistics Group Limited

The consolidated financial statements comprise:

- the consolidated balance sheet as at 30 June 2018;
- 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 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 2018, 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 carried other services for the Group in the areas of:

- other assurance services relating to the provision of an Investigating Accountants Report for the Group's listing profile document;
- financial, tax and information technology due diligence for various business acquisitions; and
- advisory services related to the Initial Public Offering.

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 financial statements are free from material misstatement.

Overall Group materiality: \$737,000, which represents 2.5% of earnings before interest and tax, adjusted for costs associated with the reverse listing, including share based payments, and expenses recognised in respect of contingent consideration on business combinations.

We chose earnings before interest and tax adjusted for the previously mentioned transactions 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 are two key audit matters:

- Accounting for the reverse acquisition
- Contingent consideration on the MOVE business combination

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

Accounting for the reverse acquisition

As described in note 1.2, to facilitate a listing on the NZX, Transport Investments Limited (TIL) (renamed Bowker Holdings 99 Limited) undertook a transaction with Bethunes Investments Limited (BIL) on 7 December 2017. The transaction resulted in BIL, as the listed entity, being acquired via a reverse acquisition by TIL. The continuing entity was renamed TIL Logistics Group Limited.

The accounting for the Company's reverse acquisition of Bethunes Investments Limited is a key audit matter due to the accounting complexity of the transaction, and the level of audit effort involved.

Management judgement was required to determine that BIL did not meet the definition of 'business' and could not be accounted for as a business combination. Since shares in the Company were transferred to BIL shareholders in consideration for the BIL listing, Management concluded that the transaction was more appropriately accounted for as a share based payment.

Additionally, Management applied judgement to conclude that the basis of preparation of the financial statements, including comparative information, should be analogised to that of a 'reverse acquisition'. The financial statements were therefore prepared as if the business of Bowker Holdings 99 Limited continued post transaction. Adjustments were made to comparative information to remove assets and liabilities not transferred in the transaction.

Finally, management exercised judgement to conclude that certain costs associated with the transaction, including shares issued to related parties, were share-based payments and did not form consideration for the reverse acquisition.

How our audit addressed the key audit matter

To obtain an understanding of the transaction, we read the sale and purchase agreements between the entities involved and the Listing Profile document. We used an accounting specialist to challenge the conclusions reached by management. Our specialist assessed the Company's conclusions against the requirements of the relevant accounting standards, including interpretation guidance and authoritative support. These conclusions included:

- the use of reverse acquisition accounting as the basis of preparation of the financial statements
- the determination that the transaction was a share based payment, and
- the treatment of the specific costs incurred as part of the reverse listing transaction as share based payments.

In determining the treatment of the reverse acquisition costs, specifically shares provided to related parties, we considered the nature of the services provided. The services related to activities associated with obtaining the listing, rather than being consideration for assets transferred.

Comparative information disclosed in the financial statements is that of the continuing business of the accounting acquirer, TIL. We:

- agreed comparative information to previously audited consolidation schedules of TIL;
- tested adjustments made by management for assets and liabilities not transferred as part of the transaction to the previously audited consolidation schedules;
- considered the principles applied in disclosing the changes in equity from the share-based payment transactions and the resulting net equity of the carved out TIL business based on our understanding of the transaction.

Our procedures did not result in any significant findings surrounding the accounting for the transaction.



Key audit matter

Contingent consideration on the MOVE business combination

In June 2017, TIL acquired MOVE Logistics Limited. The terms of the sale and purchase agreement state that additional contingent consideration is payable if earnings before interest, tax, depreciation and amortisation, adjusted for certain items detailed within the contract (Adjusted EBITDA) for the year ended 30 June 2018 exceeds a predetermined level. The seller and purchaser have not yet agreed on the exact Adjusted EBITDA achieved.

The material nature of the provision, and the significant judgement and estimation involved in assessing the likely contingent consideration makes this a key audit matter.

At year end, management has provided \$2.0 million for estimated contingent consideration based on:

- their understanding of the terms of the agreement,
- obtaining independent expert advice as to the nature and value of the adjustments to EBITDA, and
- calculating their best estimate of the amount expected to settle the obligation.

Refer to note 4 to the financial statements.

How our audit addressed the key audit matter

In assessing the appropriateness of management's estimate of the contingent consideration recognised, we:

- obtained a copy of the signed sale and purchase agreement and understood the terms specifically relating to the contingent consideration;
- obtained a copy of the independent expert's advice and assessed their considerations against the terms of the sale and purchase agreement;
- understood the terms under which management's independent expert was engaged; and
- understood management's assumptions in calculating their estimate, as well as confirming the mathematical accuracy of the calculations.

Because of the sensitivity involved in estimating the contingent consideration, there is a range of values against which we assessed the value by management. Based on the procedures performed above, there are no matters to report.

Information other than the 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. At the time of our audit, there was no other information available to us.

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.



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 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 Kevin Brown.

For and on behalf of:

Chartered Accountants
28 August 2018

Wellington

NZX WAIVER

An NZX Regulation ("NZXR") decision was received by TIL Logistics on 17 November 2017 granting TIL Logistics a 12 month waiver ("Waiver") from NZX Listing Rule 5.2.3 to the extent that, following completion of the acquisition of the transport and logistics business of Transport Investments Limited, fewer than 25% of the ordinary shares in TIL Logistics on issue are held by less than 500 Members of the Public¹ (each holding at least a Minimum Holding²). The Waiver remains subject to the following conditions³:

- TIL Logistics clearly and prominently discloses the Waiver, its conditions, and its implications in TIL Logistics' half year and annual reports, and in any offer documents relating to any offer of ordinary shares undertaken by TIL Logistics, during the period of the Waiver;
- TIL Logistics consistently monitors the total number of Members of the Public holding ordinary shares and the percentage of ordinary shares held by Members of the Public holding at least a Minimum Holding;

- TIL Logistics notifies NZXR as soon as practicable if there is any material reduction to the total number of Members of the Public holding at least a Minimum Holding of ordinary shares, and/or the percentage of ordinary shares held by Members of the Public holding at least a Minimum Holding; and
- TIL Logistics provides NZXR with a written quarterly update of the total number of Members of the Public holding ordinary shares holding at least a Minimum Holding and the percentage of ordinary shares held by Members of the Public holding at least a Minimum Holding. The quarterly updates are from the date the Waiver is granted, for the period of the Waiver. The updates are to be provided to NZXR within ten business days of the end of each quarter.

The implication of the Waiver is that the majority of TIL Logistics' ordinary shares will not be widely held and there may be reduced liquidity in the shares.

¹ As that term is defined in the NZX Listing Rules.

² As that term is defined in the NZX Listing Rules.

³ Further information regarding the Waiver can be found in TIL Logistics' NZX Listing Profile dated 17 November 2017 prepared in connection with the acquisition of the transport and logistics business of Transport Investments Limited, a copy of which can be found on TIL Logistics' website, www.til.kiwi.

ADDITIONAL STATUTORY INFORMATION

DIRECTORS

The following persons were Directors of TIL Logistics Group and its subsidiaries at the year ended 30 June 2018:

Director	
Trevor Janes	Independent Chairman
Lorraine Witten	Independent Director
James Ramsay	Executive Director
Greg Kern	Non-Executive Director
Danny Chan	Independent Director

The following persons were Directors of TIL Logistics Group and ceased to hold office during the year ended 30 June 2018:

Director	Date Ceased
Christopher Swasbrook	6 December 2017
Ian Halsted	6 December 2017
Aaron Titter	6 December 2017

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 30th June 2018.

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	Chairman
	Accident Compensation Corporation	Crown Entity	Deputy Chair
	NZ Markets Disciplinary Tribunal	NZX Regulator	Member
	Postal Network Access Committee	Postal Regulation	Member
	Tokelau International Investment Fund	Investment	Chair
	KiwiRail Holdings Ltd/NZ Rail Corporation*	Logistics	Chair
*Trevor Janes resigned from KiwiRail Holdings Ltd on 30 June 2018			
Lorraine Witten	Rakon Limited	Global Technology Business	Director
	StarNow Limited	Internet Job Service	Chair
	Soltius Limited	Software Service and Product	Chair
	vWork Limited	Software for Mobile Workforce	Chair
	Simply Security	Security Guard Services	Chair and Shareholder
	Corrections Department	NZ Prison Service	Advisor to Audit & Risk
Greg Kern	Kern Group (Logistics) Pty Ltd	Financial Advisory	Director
	Kern Group Pty Ltd	Financial Advisory	Director
Danny Chan	Farmers Mutual Group	Insurance	Director
	NZX Markets Disciplinary Tribunal	Markets Discipline	Member
	SimTutor Limited	e-learning	Director/Shareholder
	Superthriller Jet Sprint Limited	Entertainment	Shareholder
	Fastcom Limited	IT Services	Shareholder
	iMonitor Interllectual Property Ltd	Temperature Monitoring	Shareholder
	The Digital Café Limited	Digital Promotion/Marketing	Shareholder
	QEX Logistics Limited	Logistics	Director
	Orient Pacific Management Limited	Financial Services	Director/Shareholder
James Ramsay	Hooker Bros Investments Ltd	Investment	Director/Shareholder
	Bowker Holdings No.42 Ltd	Investment	Director
	Bowker Holdings 99 Ltd	Investment	Director
	Hooker Bros (1989) Limited	Investment	Director/Shareholder

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 7 December 2017 and 30th June 2018, and details of those dealings were entered in the company’s interests register.

Director	Transaction	Number of Shares	Price per Share	Date
Greg Kern	Sale of Ordinary Shares	766,667	\$1.50	19 April 2018
	Sale of Ordinary Shares	100,000	\$1.78	20 April 2018
	Transferred	148,639	\$1.93	24 April 2018

DIRECTORS SHAREHOLDINGS INTERESTS

As at 29 June 2018

Director	Total Shares Held
Trevor Janes	966,667
Lorraine Witten	100,000
James Ramsay	67,587,326
Greg Kern	5,507,153
Danny Chan	766,667

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	Governance & Remuneration Committee	Shares & Other Payments	Total Remuneration FY18	Total Remuneration FY17
Trevor Janes	75,833	-	-	450,000	525,833	-
Lorraine Witten	40,833	5,833	-	150,000	196,666	-
James Ramsay	40,833	-	-	-	40,833	-
Greg Kern	40,833	-	5,833	9,695,505	9,742,171	-
Danny Chan	40,833	-	-	150,000	190,833	-

SUBSIDIARY COMPANY DIRECTORS

The following persons held office in subsidiary companies during the year. 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 Remunerations of Employees.

Company	Directors				
Alpha Customs Services Limited	Clayton Imbs	Alan Terris	Gregory Whitham		
Appian Transport Limited	James Ramsay	Gregory Whitham			
Global Logistics Group Limited	Russell Daly	Gregory Kern	James Ramsay	Alan Terris	Gregory Whitham
Hookers Shipping Limited	James Ramsay	Alan Terris	Gregory Whitham		
McAuley's Transport Limitd	James Ramsay	Alan Terris	Gregory Whitham		
MOVE Logistics Limited	James Ramsay	Alan Terris	Gregory Whitham		
Multi Trans Heavy Haul Limited	David Brown	James Ramsay	Gregory Whitham	Malcolm Templeton	
NZL Group Limited	James Ramsay	Alan Terris	Gregory Whitham		
Pacific Asset Leasing Limited	James Ramsay	Alan Terris	Gregory Whitham		
Pacific Fuel Haul Limited	James Ramsay	Alan Terris	Gregory Whitham		
Southern Fleet Leasing Limited	James Ramsay	Alan Terris	Gregory Whitham		
Transport Investments Limited	Danny Chan	Trevor Janes	Gregory Kern	James Ramsay	Lorraine Witten
TIL Freightng Limited	James Ramsay	Alan Terris	Gregory Whitham		
TNL Freightng Limited	James Ramsay	Gregory Whitham			
TNL Logistics Limited	James Ramsay	Alan Terris	Gregory Whitham		
TNL International Limited	Clayton Imbs	John Lowden	Shayne Miers	Alan Terris	
Transport Nelson Limited	James Ramsay	Gregory Whitham			

CEO REMUNERATION DISCLOSURE

	Salary	Benefits	Fixed Remuneration Subtotal	Short Term Incentive (STI)	Long Term Incentive (LTI)	Subtotal	Total Remuneration (single figure)
FY18	\$	\$	\$	\$	\$	\$	\$
James Ramsay	100,000	14,345	114,345	-	-	-	114,345
Alan Pearson	126,923	8,727	135,650	-	-	-	135,650
FY17							
James Ramsay	150,000	24,000	174,000	-	-	-	174,000

Notes to CEO Remuneration

- On 19th March 2018, Alan Pearson was appointed to take over the position of TIL Logistics Group CEO replacing James Ramsay.
- Benefits include employer Kiwisaver contributions and FBT.
- Alan’s base salary is \$440,000.
- Alan will participate in a short term incentive scheme and a long-term incentive performance share rights plan. These are yet to be finalised. The performance targets are currently being finalised by the board. Once complete the STI and the LTI will be able to be reported on.

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 that in value was or exceeded \$100,000 per annum was as follows:

Remuneration	No. of Employees
\$100,000 - \$109,999	83
\$110,000 - \$119,999	60
\$120,000 - \$129,999	31
\$130,000 - \$139,999	12
\$140,000 - \$149,999	5
\$150,000 - \$159,999	3
\$160,000 - \$169,999	4
\$170,000 - \$179,999	1
\$180,000 - \$189,999	2
\$190,000 - \$199,999	1
\$200,000 - \$209,999	0
\$210,000 - \$219,999	0
\$220,000 - \$229,999	2
\$300,000 - \$309,999	1
\$310,000 - \$319,999	0
\$320,000 - \$329,999	0
\$330,000 - \$339,999	1

SPREAD OF SECURITY HOLDERS

as at 29 June 2018

Size of Shareholding	Number of Holders	Total Shares Held	% of Shares
1-1000	809	143,694	0.18%
1100-5000	65	189,476	0.22%
5001-10000	21	160,397	0.20%
10001-100000	26	1,300,716	1.60%
100001 or more	18	79,665,200	97.80%
	939	81,459,483	100.00%

SHAREHOLDER INFORMATION

The names and holdings of the twenty largest registered shareholders in the Company as at 29 June 2018 were:

	Total Shares Held	% of Shares
Bowker Holdings 99 Limited	66,253,992	81.33%
Kern Group (Logistics) Pty Limited	5,173,819	6.35%
Gregory Whitham	1,308,534	1.61%
Alan Paul Terris & Moya Ruth Terris & Terris Trustees Limited	1,000,000	1.23%
Selenium Corporation Limited	966,667	1.19%
Danny Chan	766,667	0.94%
James Ramsay & RMY Trustees (2010) Limited	666,667	0.82%
Nerida Joy Ramsay & RMY Trustees (2010) Limited	666,667	0.82%
Kevin Garnet Smith	666,667	0.82%
Larry William Stewart & Kaylene Joy Stewart & SR Taranaki Trustees Limited	666,667	0.82%
Brendan Gerrard Paul Prendergast & Joanne Maree Prendergast	333,334	0.41%
Catrina Gabrielle Jane Daly	323,184	0.40%
JB Were (NZ) Nominees Limited	250,000	0.31%
Kern Group Pty Limited	184,695	0.23%
Alan Pearson	166,667	0.20%
Kern Consulting Group Superfund	148,639	0.18%
Auro Investment Manangement PTY Limited	120,000	0.15%
Murray McLeod Brown & Amanda Helen Brown	102,334	0.13%
Cypress Capital Limited	100,000	0.12%
Jarden Custodians Limited	100,000	0.12%
JBWere (NZ) Nominees Limited	100,000	0.12%
Colin James McAuley & Diane Heather McAuley	100,000	0.12%
Lorraine Mary Witten	100,000	0.12%

SUBSTANTIAL PRODUCT HOLDERS

The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 30th June 2018, 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 30th June 2018 was 81,459,483.

	Date of Notice	Number of Shares
Bowker Holdings 99 Limited	7 November 2017	66,253,992
Hooker Bros.Investments Limited	7 November 2017	66,253,992
Hooker Bros (1989) Limited	7 November 2017	66,253,992
Kern Group (Logistics) Pty Limited	7 November 2017	5,173,819
Kern Group (Logistics) Pty Limited	7 November 2017	184,695
Kern Consulting Group Superfund	24 April 2018	148,639

OTHER INFORMATION

NZX Waiver

The following waiver has been granted to NZX or relied upon by NZX in the 12-month period ended 30 June 2018:

An NZX Regulation (“NZXR”) decision was received by TIL Logistics on 17 November 2017 granting TIL Logistics a 12-month waiver (“Waiver”) from NZX Listing Rule 5.2.3 to the extent that, following completion of the acquisition of the transport and logistics business of Transport Investments Limited, fewer than 25% of the ordinary shares in TIL Logistics on issue are held by less than 500 Members of the Public (each holding at least a Minimum Holding).

Full details of the conditions are on page 79 of the Financial Statements section of the Annual Report.

Auditor’s Fees

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

During the year ended 30 June 2018, the amount payable by TIL Logistics Group to PwC as audit and review fees was \$303,000. The amount of fees payable to PWC for non-audit work during the year ended 30 June 2018 was \$712,000. This is detailed in Note 8 of the Financial Statements section of the Annual Report.

Donations

The company and its subsidiaries made donations totalling \$78,000 during the year ended 30 June 2018.

CORPORATE GOVERNANCE

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). We believe that the company’s corporate governance practices are materially in line with the Code in FY18, with further work being undertaken in some areas to ensure full compliance. The following pages summarise our corporate governance practices and progress in FY18.

In line with the reverse listing, a formal set of Governance Policies and Charters were developed for the company and approved by the Board. These can be viewed on the TIL Logistics website at www.til.kiwi/investor-centre-menu/governance.html.

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 was communicated to all existing staff in FY18 and is included in the New Employee Induction pack. 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 Whistle Blowing 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 Group Board comprises three independent Directors, one Non-executive Director 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 and included in the Annual Report. Directors’ interests are disclosed on page 81 of the Annual Report.

All Directors were appointed in December 2017 at the time of the reverse listing transaction and will be standing for election at the 2018 Annual Shareholders’ Meeting.

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 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 re-election at the Annual Meetings is set out in the Company Constitution. 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.

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. In FY19, the Board and Management will adopt measurable objectives to support diversity. 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 2018, females represent 8% of Directors and Senior Executive of the company. Senior Executive as it is used in the table below refers to the Chief Executive Officer and Senior Executives reporting directly to the Chief Executive Officer. Females represented 15% of all employees of the company. Given that TIL Logistics joined the NZX in December 2017, prior year metrics are not available. These will be provided in FY19.

FY18	Female	Male	Female %	Male %
Board	1	4	20%	80%
Senior Executive	0	8	0%	100%
All Employees	214	1189	15%	85%

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 will be developed in FY19.

The Board committees as at 30 June 2018 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.	Greg Kern (Chair) Trevor Janes James Ramsay

Attendance at Board and Committee Meetings

	Board	Risk Assurance and Audit Committee	Governance & Remuneration Committee
TOTAL MEETINGS HELD	7	4	2
Trevor Janes	7	4	2
Lorraine Witten	7	4	
James Ramsay	7	3	2
Greg Kern	7	3	2
Danny Chan	7	4	

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.

For the financial year ended 30 June 2018, 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 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.

TIL Logistics has a number of initiatives supporting its focus on the environment, people and communities. A formal ESG framework for the Group will be developed in FY19.

Key corporate governance policies are available on TIL Logistics website: <http://www.til.kiwi/investor-centre-menu/governance.html>.

REMUNERATION

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

Details of Director and Executive Remuneration in FY18 are provided on pages 82 to 83.

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.

In addition, a quarterly formal risk assessment review is presented to the Board by the CEO, which identifies areas of exposure and strategies to mitigate these.

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 quarterly. These risk profiles also identify the key risk mitigation strategies which are in place.

Crisis plans are being 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.

HEALTH AND SAFETY

The Board is committed to taking all reasonably practicable steps to ensure a high quality, safe and healthy environment for all TIL Logistics people and anyone in the company’s workplaces. The Board’s intent is to prevent harm and promote wellbeing for employees, contractors and customers.

Health and Safety is discussed at all Board meetings.

Each division completes monthly HES reports and these are analysed and reviewed by the National Health & Safety Committee and collated into a report for the Board Meetings.

Trends on Total Recorded Incidents, lost time injuries, serious harm injuries and serious vehicle accidents are presented as well as Division trends in each area. Updates on all key HES projects and details on any serious hard injuries for the Year.

Over the last 12 months there has been a process of the different business units working as a team on process improvement projects and group sharing of information pertaining to accidents, injuries and near misses.

- There have been updates to our Safety Software and our ongoing training has improved Nationwide.
- Safety talks have increased to allow staff to have more in-depth knowledge of potential incidents
- Increased emphasis on Health Monitoring which has highlighted areas of concern for individuals

AUDITORS

External audit

For the year ended 30 June 2018, 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 2018 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 FY18 is identified on page 86 of the Annual Report. The external auditors will attend the 2018 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 will be developed in FY19.

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

Pro forma historical financial information has been sourced from audited and unaudited financial statements and management reports that are available on the TIL Logistics Website under Investor Centre/ TIL Transaction. Details of consolidation and other pro forma adjustments can be found in the Supplementary Financial Information on the TIL Logistics website under Investor Centre/TIL Transaction.

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. Reconciliations of the non-GAAP measures to GAAP measures, can be found in TIL Logistics Group’s FY18 Financial Statements that are available on the company’s website.

EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation excluding income from associates. EBITDA and pro forma EBITDA are non-GAAP profit measures. TIL considers that pro forma EBITDA, which normalises performance for certain structural changes within the business and removes the impact of a number of non-recurring items, allows for a better comparison of operating performance over the historical and PFI period and for comparison with that of other company. Reconciliations between pro forma EBITDA and GAAP profit measures are contained within the Supplementary Financial Information.

FY18 EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation, Share of (Loss)/Profit of Associates and Impairment of Goodwill (EBITDA)

NPAT/NLAT refers to net profit/loss after tax. Pro forma NPAT in FY2015-FY2018F represents NPAT after allowing for pro forma adjustments as discussed under the heading “Financial Information Presented” above. There are no pro forma adjustments included in the FY2019F NPAT. Pro forma NPAT is a non-GAAP measure. Reconciliations between pro forma NPAT and GAAP profit measures are contained within the Supplementary Financial Information.

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.

Pro forma net cash flows from operating activities is a non-GAAP profit measure. Pro forma net cash flows from operating activities have been calculated as net cash flows from operating activities adjusted for the cash impact of the pro forma adjustments. The Supplementary Financial Information contains reconciliations between pro forma net cash flows from operating activities and GAAP profit measures.



DIRECTORS

Danny Chan
Appointed 6 December 2017

Trevor Janes
Appointed 6 December 2017

Gregory Kern
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

Gregory Kern (chair)
James Ramsay
Trevor Janes

REGISTERED OFFICE AND ADDRESS FOR SERVICE

330 Devon Street East
New Plymouth

AUDITORS

PricewaterhouseCoopers
113-119 The Terrace, Wellington

PricewaterhouseCoopers
The PwC Centre
Level 7, 54 Gill Street, New Plymouth

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