

Bethunes
Investments
Limited

28 August 2019

Annual Report to Shareholders for 2019

Bethunes Investments Limited,
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The period ending 31 March 2019 saw continued change for Bethunes Investments Limited (BIL) post the successful Transport Investments Limited transaction.

In August 2018, BIL completed the acquisition of a 33% interest in SwimTastic Limited (SwimTastic) a learn-to-swim (LTS) business now based in a state-of-the-art facility in Merton Road, St Johns, after raising \$ 2,280,126 at \$ 2.00 per share. The investment opportunity arose on the back of the need for SwimTastic to significantly expand its facilities from the former premises in Morrin Road, Panmure, Auckland.

Despite the natural disruption that occurs with a new complex's construction the management of SwimTastic delivered a Net Profit Before Tax and Abnormals (for the period ending 31 March 2019) that was +14.55% on the previous year at \$ 553,268 in the old facility. In a normal year, BIL's share of earnings on a pre-tax basis would amount to \$ 184,404 or a +9.1% pre-tax return on invested capital of \$ 2,000,000. We expect the new facility with its increased capacity across all facets of the business from learn-to-swim classes, children's swim programmes, adult/masters swimming, as well as expanded capacity for aqua-jogging, aerobics classes and retail to deliver improved results in the years ahead.

Unfortunately, you will note the word "abnormals" above. These abnormal items totalled \$ 638,445 which saw SwimTastic report a loss of NZ\$ 145,180 for the period ending 31 March 2019. The abnormals were: Site Contamination Remedial Costs of \$ 614,982; Legal Costs \$ 27,683 and Loss on Sale of Assets of \$ 55,780 as we moved facilities (e.g. filtration systems, etc). The site contamination was un-budgeted in the total build estimates and completely unexpected by all parties (including the environmental engineers). SwimTastic expensed the site remediation costs rather than capitalising them after investigating all avenues for potential compensation.

BIL also had costs associated with the acquisition of SwimTastic in terms of legals/accounting and buy-back/registry costs that should be viewed as one-off in the reported result which was a loss of \$ 162,050 for the year ended 31 March 2019 – including an equity accounted loss of \$ 54,603 from SwimTastic.

SwimTastic opened the doors to the new ~\$15.00 million facility on Monday, 15 April 2019 and the LTS attendance numbers continue to build nicely. We plan to provide further insights into the LTS attendance figures at the ASM and the business/facility more generally. However, it is important to note that 2019/2020 will still be a year of "noise" within the financial statements as SwimTastic writes-off the former Morrin Road swimming facility (approx. \$ 600,000) and incurs "make-good" costs to this leased property of approx. \$ 300,000. Accordingly, we expect a higher level of one-off's for SwimTastic in the current financial year, we then expect "clean trading" results from 1 April 2020.

The images below are of the new SwimTastic facility post completion in April 2019. I am sure you will agree the facility is amongst the best in the country.





On 16 August 2019, BIL increased its investment in SwimTastic to 45% after two co-investors decided to sell their investments to ourselves and another former Olympic swimmer - Richard Lockhart who now holds 5% of SwimTastic personally. As part of this agreement, Mark Bone (and the Bone Crombie Trust) also agreed to restructure their shareholder loan of \$ 886,264 to the Company. The cost of this acquisition to BIL was \$ 700,000 of which BIL has paid \$ 250,000 and accordingly plans to undertake a small capital raise to wholesale / eligible investors (only) of approximately \$ 500,000 to fund the balance (due 27 September 2019) and also deliver on its promise to run another share buy-back.

During 2018, BIL repurchased 1,467 shares from 122 shareholders at \$ 2.21 per share for a total cost of \$ 3,242. This reduced the number of shareholders to 225 at present. Currently, 187 shareholders hold less than 1,000 shares in BIL. As BIL has no intention of re-listing on the NZX (or another exchange/platform) at this time it makes sense to undertake another buy-back to provide those small shareholders an opportunity to realise their investment or alternatively to increase their holdings to a minimum parcel size.

Further details on the buyback and constitution changes to establish a minimum parcel size will be sent to all shareholders with the Annual Shareholders Meeting (ASM) notifications in the next week.

We look forward to seeing you at the Annual Shareholders Meeting on **Monday, 30 September 2019 (12.15pm)** at **SwimTastic, 69A Merton Road, St Johns, Auckland 1072**. Mark Bone (see image below) the founder of SwimTastic will also be present to meet shareholders and show them around the facility.



In the interim, should you have any questions please email: chris.swasbrook@bethunesinvestments.com

Yours faithfully,



Christopher Swasbrook
Chairman

**BETHUNES INVESTMENTS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

Bethunes Investments Limited
Annual Report
For the Year Ended 31 March 2019

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**Bethunes Investments Limited
Company Directory**

Incorporation Date

11 February 1976

Company Number

97222

Nature of Business

Investment Company

Directors

Christopher Swasbrook
Ian Halsted

Bankers

ASB Bank
Auckland

Solicitors

Duncan Cotterill
Wellington

Chartered Accountants

BDO Wellington Limited
Wellington

Registered Office

c/- BDO Wellington Limited
50 Customhouse Quay
Wellington

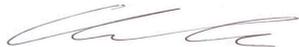
**Bethunes Investments Limited
Directors Declaration**

In the opinion of the Directors of Bethunes Investments Limited ("the Company"), the financial statements and notes on pages 3-18:

Comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and present fairly the financial position of the Company as at 31 March 2019 and the result of operations and cash flow for the year ended on those dates, and have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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 Reporting Act 2013. The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal Control Procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the annual report, including the financial statements of Bethunes Investments Limited for the year ended 31 March 2019.



Christopher Swasbrook - Chairman

28 / 08 / 2019

Date



Ian Halsted - Director

28 / 08 / 2019

Date

Bethunes Investments Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2019

		Year Ended 31-Mar 2019 (Unaudited)	Year Ended 31-Mar 2018 (Audited)
	Notes	\$	\$
Income			
Dividends received		3,094	5,570
Fee for reverse listing	2	-	200,000
Interest income - Mossgreen Receivable	6	-	23,832
Interest income - other		297	561
Reversal of impairment of the Mossgreen Receivable	6	5,897	-
Remission of Intercompany loan	7	-	429,843
Foreign exchange gain		-	24
Other income		1,000	-
Total income		<u>10,288</u>	<u>659,830</u>
Expenses			
Accounting fees		(11,780)	(13,033)
Audit fees	3	-	(20,700)
Bad debts		-	(1,020)
Bank fees		(794)	(407)
Directors fees		(43,745)	(24,583)
Foreign exchange loss		(417)	-
Impairment of the Mossgreen Receivable	6	-	(186,107)
Insurance		(9,265)	(2,305)
Interest expense		-	(5)
Legal fees		(27,475)	(27,066)
Revaluation of financial assets to fair value	8	(14,582)	(47,909)
Other expenses		(9,677)	(9,194)
Total expenses		<u>(117,735)</u>	<u>(332,329)</u>
Operating profit/(loss)		<u>(107,447)</u>	<u>327,501</u>
Other Movements			
Share of equity accounted investees profit/(loss) for the year	9	(54,603)	-
Profit/(loss) before tax		<u>(162,050)</u>	<u>327,501</u>
Taxation (expense)/benefit	1	-	-
Profit/(loss) for the year		<u>(162,050)</u>	<u>327,501</u>
Total comprehensive income		<u>(162,050)</u>	<u>327,501</u>

Bethunes Investments Limited

Statement of Changes in Equity

for the year ended 31 March 2019

	Share Capital (Note 5)	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 April 2017	194,510	(267,746)	(73,236)
Comprehensive income			
Total comprehensive income	-	327,501	327,501
Balance at 31 March 2018 (Audited)	<u>194,510</u>	<u>59,755</u>	<u>254,265</u>
Balance at 1 April 2018	194,510	59,755	254,265
Comprehensive income			
Total comprehensive income/(loss)	-	(162,050)	(162,050)
Transactions with owners			
Issue of share capital	5 2,280,126	-	2,280,126
Share buyback	5 (3,242)	-	(3,242)
Capital raising costs	5 (29,363)	-	(29,363)
Total transactions with owners	<u>2,247,521</u>	<u>-</u>	<u>2,247,521</u>
Balance at 31 March 2019 (unaudited)	<u>2,442,031</u>	<u>(102,295)</u>	<u>2,339,736</u>

Bethunes Investments Limited

Statement of Financial Position

as at 31 March 2019

		31-Mar 2019 (Unaudited)	31-Mar 2018 (Audited)
	Notes	\$	\$
EQUITY			
Share capital	5	2,442,031	194,510
Retained earnings		<u>(102,295)</u>	<u>59,755</u>
Total Equity		<u>2,339,736</u>	<u>254,265</u>
Represented by:			
CURRENT ASSETS			
Cash & cash equivalents	4	460,567	272,801
Prepayments		3,928	13,192
Listed company investments	8	<u>-</u>	<u>83,512</u>
Total Current Assets		<u>464,495</u>	<u>369,505</u>
CURRENT LIABILITIES			
Trade creditors		53,281	53,569
Taxation payable	1	25	120
Other payables & accruals		10,350	55,051
GST payable		<u>6,500</u>	<u>6,500</u>
Total Current Liabilities		<u>70,156</u>	<u>115,240</u>
NET CURRENT ASSETS		394,339	254,265
NON-CURRENT ASSETS			
Investment in equity accounted investees	9	<u>1,945,397</u>	<u>-</u>
Total Non-Current Assets		<u>1,945,397</u>	<u>-</u>
NET ASSETS		<u>2,339,736</u>	<u>254,265</u>
Net Tangible Assets per Share		<u>1.8661</u>	

Authorised for issue for and on behalf of Board of Directors:



C Swasbrook - Chairman



I Halsted - Director

Bethunes Investments Limited

Statement of Cash Flows

for the year ended 31 March 2019

		Year Ended 31-Mar 2019 (Unaudited)	Year Ended 31-Mar 2018 (Audited)
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers		1,000	950
Interest received		297	561
Dividends received		3,094	5,570
Fee for reverse listing	2	-	200,000
Payments to suppliers		(138,878)	(47,921)
Interest paid		-	(5)
Taxation (paid)		(96)	(96)
Net cash flow from / (applied to) operating activities	11	<u>(134,583)</u>	<u>159,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Purchase of associate	9	(2,000,000)	-
Sale/(purchase) of listed company investments	8	68,930	(11,211)
Funds received from Mossgreen	6	5,897	80,000
Net cash flow from investing activities		<u>(1,925,173)</u>	<u>68,789</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from (applied to)			
Related party loans advanced (repaid)	7	-	(38,440)
Share issue cost	5	(29,363)	-
Share buyback	5	(3,242)	-
Share capital raised	5	2,280,126	-
Net cash flow from/(applied to) financing activities		<u>2,247,522</u>	<u>(38,440)</u>
Net increase in cash & cash equivalents held		187,766	189,408
Cash & cash equivalents at beginning of year		272,801	83,393
Cash & cash equivalents at end of year	4	<u>460,567</u>	<u>272,801</u>
Comprising:			
Cash at bank - New Zealand		<u>460,567</u>	<u>272,801</u>
		<u>460,567</u>	<u>272,801</u>

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

Statement of Compliance

Bethunes Investments Limited ("the Company") is incorporated and domiciled in New Zealand and is registered under the Companies Act 1993. The Company's registered address is Level 1, 50 Customhouse Quay, Wellington. The Company was previously called BIL 2016 Limited as was renamed on 7 December 2017.

The Financial Statements have been prepared in accordance with the Companies Act 1993 and Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for for-profit entities. The Company has elected to report under Tier 1 reporting framework.

The financial statements of the Company comply with International Financial Reporting Standards ('IFRS').

New standards and interpretations

The accounting policies set out above have been applied consistently to all periods presented in these financial statements, with the exception of NZ IFRS 9 as the exemption to not restate prior periods has been used.

NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers came into effect during the 2019 financial year.

NZ IFRS 9 replaces NZ IAS 39 with the key changes relating to the classification and measurement of financial instruments and impairment. The adoption of this Standard has not had a material impact on the balances in the financial statements. The recognition and measurement of financial instruments are unaffected given the nature of the balances.

Financial instruments that are measured as amortised cost include receivables and cash and cash equivalents. These instruments meet the solely payments of principal and interest criterion and are held in a held-to-collect business model. Trade creditors, other payables and accruals are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Accordingly these financial instruments are still measured as amortised cost under NZ IFRS 9.

Financial instruments that are measured at Fair Value through the Profit and Loss are instruments that do not meet the amortisation cost criteria which includes investments. These instruments are initially measured at fair value with any subsequent gains or losses being recognised in the profit or loss.

Previously the provision for impairment of financial assets was based on an incurred loss model. Under NZ IFRS 9 a provision for impairment is established using a forward-looking expected credit loss model which requires expected credit losses to be returned on a 12 month or life time basis. Changes to the impairment model do not have a material impact on the Group's financial assets.

NZ IFRS 15 replaces NZ IAS 18 with the key changes relating to the classification and measurement of revenue from contracts. The Group's revenue sources are predominantly outside the scope of NZ IFRS 15 changes and therefore there is no material impact to the financial statements of the Group.

Basis of Preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Going Concern

The financial statements have been prepared on a going concern basis. It is the considered view of the directors that the Company has adequate cash resources to continue operations at existing levels for the next 12 months from the date of the approval of these financial statements.

The Company continues to investigate a number of potential investment opportunities as well as capital raising initiatives.

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

Comparative Information

The same accounting principles have been applied to the comparative information as have been applied to the current year's information.

Critical Judgements in applying the entity's accounting policies

In the application of NZ IFRS the Company is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period. If the revision affects current and future periods, it is reflected in those periods.

Equity Accounted Associates

During the 2019 financial year the Company purchased a 33% interest in the Swimtastic Group for \$2,000,000. This investment represents 80% of the Company's assets as at 31 March 2019.

The share of equity accounted earnings in the statement of profit or loss and other comprehensive income, and the carrying value of the investment are based on unaudited financial statements completed by Add Smart Limited (a Chartered Accounting practice), and no adjustments have been made for financial reporting purposes.

Key Sources of Estimation Uncertainty

Any judgements made by Bethunes Investments Limited in application of NZ IFRS that are considered to have significant effects on the financial statements and estimates with a significant risk of material adjustment in the year are disclosed, when applicable, in the relevant notes to the financial statements.

Significant Accounting Policies

The Company has adopted NZ IFRS 9 and NZ IFRS 15 as at 1 April 2018. The Company has decided not to resate comparatives on the adoption of NZ IFRS 9 and 15, if any changes are required these will be reflected in opening equity. All other accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Revenue Recognition

Reverse listing fee revenue

Reverse listing fee revenue is recognised on the performance / completion of the reverse listing.

(b) Taxation

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

(b) Taxation (cont.)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and associates except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination, in which case the tax effect is included in the accounting for the business combination.

(c) Foreign Currency Transactions

Foreign currency transactions are recognised at the spot rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency 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.

(d) Financial Instruments

Financial instruments comprise receivables, cash and cash equivalents, equity investments, and payables and accruals.

The Company transitioned to NZ IFRS 9 from 1 April 2018.

Financial Assets

NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The fair value measurement of the entity's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique are (the "fair value hierarchy"): Level 1 inputs include a quoted price for the particular asset in an active market, level 2 inputs are inputs other than a quoted market price that are observable for the particular asset and level 3 inputs include unobservable inputs for the asset.

Assets measured at amortised cost arise from the provision of goods and services. This also includes other types of assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. These assets are initially measured at fair value plus transaction cost, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment is established using a forward-looking expected credit loss model which requires expected credit losses to be returned on a 12 month or life time basis.

Assets previously categorised as loans and receivables under NZ IAS 39 have been reclassified to amortised cost, there has been no impact of this transition on the financial statements.

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

The Company had no off balance sheet financial instruments. A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all the risks and rewards of the asset.

Financial Liabilities

For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payable are usually paid within 30 days, their carrying value in the financial statements approximate their fair values.

Regular way purchases and sales are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Income

Dividend Income

Dividend revenues are recognised when the Company is entitled to receive the dividend.

Interest Income

Interest revenues are recognised as accrued, taking into account the effective yield of the financial asset.

Remission Income

Remission income was recognised when the creditor has legally agreed to compromise the debt.

(e) Non-Financial Instruments

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating

Intangible assets not yet available for use or with indefinite lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

(f) Goods and Services Tax

The financial statements were prepared on a GST inclusive basis.

(g) Payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payable are usually paid within 30 days, their carrying value in the financial statements approximate their fair values.

(h) Statement of Cash Flows

The Statement of Cash Flows is prepared inclusive of GST, which is consistent with the method used in the statement of comprehensive income.

(i) Share Capital

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

(j) Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows bank overdrafts are considered cash and cash equivalents.

Bethunes Investments Limited

**Notes to the Financial Statements
For the year ended 31 March 2019**

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
1. Taxation		
<i>(a) Taxation recognised in the statement of comprehensive income</i>		
Taxation (expense)/income comprises		
Current tax (expense) from operations	-	-
Provision - non-current income tax receivable	-	-
Total tax (expense) from operations	-	-
Total tax expense relating to continuing operations	-	-
Total tax (expense)	-	-
Profit/(loss) from operations	(107,447)	327,501
Taxation benefit calculated at 28%	30,085	(91,700)
Non-deductible expenses	-	(71,898)
Change in recognised temporary differences	8,694	-
Non-taxable income	-	121,829
Foreign investment fund income	-	(1,684)
Change in unrecognised differences	(38,779)	43,453
Provision - non-current income tax receivable	-	-
Total tax (expense)/income relating to continuing operations	-	-
<i>(b) Tax assets and liabilities</i>		
Tax payable (receivable) - current	25	120
	25	120

The tax refund balance relating to the Company of \$34,792 has been provided for in the 2017 financial statements as the directors cannot be certain of future taxable income to use this credit. The credit remains with the Inland Revenue Department and can be used should the Company generate taxable income.

<i>(c) Imputation credit account balances</i>		
Imputation credits available for use in subsequent reporting periods	398	303
<i>(d) Deferred tax balances</i>		
Temporary differences	-	-

Taxable and deductible temporary differences arise from the following:

	Opening balance \$	2019 (Unaudited) Charged to income \$	Closing balance \$
Deferred tax assets:			
Income tax losses	8,694	(8,694)	-
Other expenses	(8,694)	8,694	-
	-	-	-

Bethunes Investments Limited

**Notes to the Financial Statements
For the year ended 31 March 2019**

Taxable and deductible temporary differences arise from the following:

1. Taxation (cont.)

	Opening balance	2018 (Audited) Charged to income	Closing balance
	\$	\$	\$
Deferred tax assets:			
Income tax losses	-	8,694	8,694
Other expenses	-	(8,694)	(8,694)
	<u>-</u>	<u>-</u>	<u>-</u>

(e) *Deferred tax balances not recognised*

	Year Ended 31 March 2019 (Unaudited)	Year Ended 31 March 2018 (Audited)
	\$	\$
Deferred tax assets not recognised comprise:		
Income tax losses and unrecognised temporary differences	<u>314,948</u>	<u>322,921</u>

The Directors have reviewed the deferred tax assets and based on the management forecasts are of the view that it is not probable that they are recoverable in the future, therefore all tax losses and temporary differences have been treated as deferred tax assets not recognised.

2. Reverse Listing Fee Revenue

	Year Ended 31 March 2019 (Unaudited)	Year Ended 31 March 2018 (Audited)
	\$	\$
Reverse listing fee received from Transport Logistics Group Limited (previously Bethunes Investments Limited)	-	200,000
	<u>-</u>	<u>200,000</u>

In accordance with the sale and purchase agreement dated 26 October 2017 the Company received a payment of \$200,000 upon successful completion of the reverse listing of Transport Investments Limited into the listed shell of Transport Logistics Group Limited (previously Bethunes Investments Limited).

3. Remuneration of Auditors

	Year Ended 31 March 2019 (Unaudited)	Year Ended 31 March 2018 (Audited)
	\$	\$
Audit of the financial statements paid to KPMG for 2018	-	20,700
	<u>-</u>	<u>20,700</u>

These financial statements have not been audited.

Bethunes Investments Limited

**Notes to the Financial Statements
For the year ended 31 March 2019**

4. Cash and Cash Equivalents

	Year Ended 31 March 2019 (Unaudited)	Year Ended 31 March 2018 (Unaudited)
	\$	\$
ASB cheque account	59,222	209,942
Westpac	-	56,122
ASB savings account	400,020	-
Public trust cash management accounts	1,325	6,737
	<u>460,567</u>	<u>272,801</u>

5. Share Capital

	Year Ended 31 March 2019 (Unaudited)		Year Ended 31 March 2018 (Audited)	
	Number	\$	Number	\$
Group				
Ordinary Shares – Authorised, issued and fully paid				
Balance at beginning of year	115,060,279	194,510	180,000	194,510
Shares split during the year	-	-	114,880,279	-
Share consolidation	(114,945,096)	-	-	-
Share buy back	(1,467)	(3,242)	-	-
Share issue	1,140,063	2,280,126	-	-
Share issue cost	-	(29,363)	-	-
Share capital at end of year	<u>1,253,779</u>	<u>2,442,031</u>	<u>115,060,279</u>	<u>194,510</u>

On 25 June 2018 the Company consolidated its shares where every 1000 shares was consolidated to one share. On the same day the Company entered into a share buyback scheme where shareholders with less than 100 shares could have the Company purchase their shares at \$2.21 per share.

On 24 July 2018 the Company issued 1,140,053 shares for \$2 per share.

All shares participate equally in any dividend distribution or any surplus on the winding up of the Company.

The shares have no par value.

Shares bought back have not been held as treasury shares.

6. Mossgreen Receivable

	Year Ended 31-Mar 2019 (Unaudited)	Year Ended 31-Mar 2018 (Audited)
	\$	\$
Opening balance	-	242,275
Payments received	-	(80,000)
Interest income recognised	-	23,832
Impairment of receivable following liquidation of Mossgreen (NZ) Limited	(5,897)	(186,107)
Reversal of impairment of Mossgreen (NZ) Limited receivable	5,897	-
Closing balance	<u>-</u>	<u>-</u>

On 12 January 2018 Mossgreen (NZ) Limited was placed into liquidation following its parent company (Mossgreen Pty Limited) being placed into administration in Australia.

A discount rate of 15% was applied on the outstanding balance up to 31 December 2017 when the regular quarterly payment was defaulted on.

On 30 March 2018 the directors resolved to impair the remaining receivable to \$nil.

On 28th February 2019 \$5,897 was received from the liquidators for Mossgreen (NZ) Limited. The amount received was an unexpected recovery and an adjustment was made to impairment.

Bethunes Investments Limited**Notes to the Financial Statements
For the year ended 31 March 2019****7. Transport Logistics Group Limited Payable**

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
Opening balance	-	468,283
Payments (received)/advanced	-	(38,440)
Remission of Transport Logistics Group Limited (previously Bethunes Investments Limited) loan	-	(429,843)
Closing balance	<u>-</u>	<u>-</u>

Transport Logistics Group Limited (previously Bethunes Investments Limited) was the parent company of Bethunes Investments Limited until 7 December 2017 when the shares in Bethunes Investments Limited were distributed to the shareholders of Transport Logistics Group Limited.

8. Listed Company Investments

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
<i>Cost</i>		
Opening balance	118,721	107,510
Purchases	-	11,211
Sales	(68,930)	-
Loss on sale of investments	(49,791)	-
Closing balance	<u>-</u>	<u>118,721</u>
<i>Accumulated revaluation of listed company investments to fair value</i>		
Opening balance	(35,209)	12,700
Revaluation of listed company investments to fair value	-	(47,909)
Accumulated revaluation related to sold investments	35,209	-
Closing balance	<u>-</u>	<u>(35,209)</u>
Carrying value of listed company investments	<u>-</u>	<u>83,512</u>
Loss on Disposal of Investments		
Opening balance	83,512	-
Proceeds from sale of investments	(68,930)	-
Loss on disposal of investments	<u>14,582</u>	<u>-</u>

All listed investments were disposed of in the 2019 financial year.

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

9. Equity Accounted Associates

During the 2019 financial year Bethunes Investments Limited purchased a 33% investment in the Swimtastic Group and as such has influence but not control of the entities. Bethunes has classified the investment as an associate and it is accounting for it using the equity method.

The Swimtastic Group is made up of Swimtastic Limited and Morrin Rd Aquatics Limited. Bethunes acquired the 33% interest for \$2,000,000.

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
Non-current investment in Associate		
Balance at 31 March 2018	-	-
Acquisition of investee	2,000,000	-
Share of profit/(loss)	(54,603)	-
Balance at 31 March 2019	<u>1,945,397</u>	<u>-</u>

Assets and Liabilities of Associates (Unaudited)

	Swimtastic Limited 31-Mar 2019 \$	Morrin Rd Aquatics Limited 31-Mar 2019 \$	Total 31-Mar 2019 \$
Current assets	46,259	83	46,342
Non-current assets	15,265,439	605,236	15,870,675
Total assets	<u>15,311,698</u>	<u>605,319</u>	<u>15,917,017</u>
Current liabilities	9,311,861	405,952	9,717,813
Total liabilities	<u>9,311,861</u>	<u>405,952</u>	<u>9,717,813</u>
Net Assets (100%)	<u>5,999,837</u>	<u>199,367</u>	<u>6,199,204</u>
Bethunes Investment's share of net assets (33%)	<u>1,999,946</u>	<u>66,456</u>	<u>2,066,401</u>

10. Related Parties

(a) Parent Entities

Bethunes Investments Limited has a 100% owned subsidiary (BIL 2018 Limited) which is non-trading and only holds the investment in the Swimtastic Group.

As a result of the subsidiary never having traded these financial statements are prepared for Bethunes Investments Limited as a standalone company.

(b) Transactions

Transactions with parties related to the Group are as follows;

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
Office Services (included in Other Expenses)		
Elevation Capital Management Limited - for office and file storage services to the Company	3,450	863
Total transactions	<u>3,450</u>	<u>13,896</u>

Elevation Capital Management Limited, previously a substantial shareholder in the Company, is controlled by Christopher Swasbrook. Elevation Capital Management Limited provided office and file storage services to the Company during the 2018 and 2019 financial year.

Bethunes Investments Limited**Notes to the Financial Statements
For the year ended 31 March 2019***(c) Directors Fees*

Fees paid to directors during the year were as follows:

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
<i>For Bethunes Investments Limited</i>		
Christopher Swasbrook (Chairman)	28,745	14,375
Ian Halsted	7,500	4,374
Aaron Titter (retired 1 March 2018)	-	2,917
John Fernandes (appointed 24 January 2018)	7,500	2,917
	<u>43,745</u>	<u>24,583</u>

11. Notes Supporting Statement of Cash Flows*Reconciliation of profit with net cash flow from operating activities:*

	Year Ended 31-Mar 2019 (Unaudited) \$	Year Ended 31-Mar 2018 (Audited) \$
Profit from operations	(162,050)	327,501
Non cash items:		
Non-cash interest on Mossgreen (NZ) Limited receivable unwind	-	(23,832)
Fair value movement of held for sale financial instruments	-	47,909
Remission of related party payable	-	(429,843)
Impairment of Mossgreen (NZ) Limited receivable	(5,897)	186,107
Bad debts	-	1,020
Share of equity accounted investees profit/(loss) for the year	54,603	-
Loss on disposal of investments	14,582	-
Provision for doubtful debts	-	-
	<u>63,288</u>	<u>(218,639)</u>
Movements in working capital		
(Increase)/decrease in receivables & prepayments	9,265	(5,179)
Increase/(decrease) in payables	(288)	422
Increase/(decrease) in other payables & accruals	(44,701)	55,051
Decrease/(increase) in tax refundable	(96)	(97)
	<u>(35,820)</u>	<u>50,197</u>
Net cash (outflow)/inflow from operating activities	<u>(134,583)</u>	<u>159,059</u>

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

12. Financial Instruments

The Company is party to financial instrument arrangements as part of its everyday operations. These include instruments such as cash & cash equivalents, receivables and trade creditors.

Fair Values

As all financial instruments are either short term, carried at what the Directors believe are market interest rates, recorded at observable market values, or carried at cost (as it approximates fair value) as provided by the relevant accounting standard, the Directors are of the view that the fair value of all financial instruments is equivalent to their carrying value disclosed in the statement of financial position.

Currency Risk

The Company had limited exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from investing in financial instruments.

The directors do not believe the currency risks to be material.

Interest Rate Risk

The Company has no debt facilities, but do hold a significant portion of total assets as cash at bank. The Directors consider that they have mitigated their exposure to interest rate risk by holding funds in call accounts attracting floating interest rates. The Company does not have a specific policy in respect of the mix of fixed and floating interest rates.

Liquidity risk

Liquidity risk is the risk that assets held by the Company cannot readily be converted to cash to meet the Company's contracted cash flow obligations. Liquidity risk is monitored by the ongoing forecasting of cash flows and matching the maturity profiles of financial assets and liabilities. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash, or the availability of funding through an adequate amount of committed credit facilities.

The tables below analyse the Company's financial assets and (liabilities), into relevant maturity groupings based on the earliest possible contractual maturity date at the year end date. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity.

	Statement of Financial Performance	Contractual Cash Flows	12 Months or Less	1 to 2 Years	2 Years +
	\$	\$	\$	\$	\$
<i>Consolidated for year ended 31 March 2019</i>					
Cash and cash equivalents	460,567	460,567	460,567	-	-
Other payables and accruals	(10,350)	(10,350)	(10,350)	-	-
Trade creditors	(53,281)	(53,281)	(53,281)	-	-
	<u>396,936</u>	<u>396,936</u>	<u>396,936</u>	<u>-</u>	<u>-</u>
	Statement of Financial Performance	Contractual Cash Flows	12 Months or Less	1 to 2 Years	2 Years +
	\$	\$	\$	\$	\$
<i>Consolidated for year ended 31 March 2018</i>					
Cash and cash equivalents	272,801	272,801	272,801	-	-
Listed company investments	83,512	83,512	83,512	-	-
Other payables and accruals	(55,051)	(55,051)	(55,051)	-	-
Trade creditors	(53,569)	(53,569)	(53,569)	-	-
	<u>247,693</u>	<u>247,693</u>	<u>247,693</u>	<u>-</u>	<u>-</u>

Bethunes Investments Limited

Notes to the Financial Statements For the year ended 31 March 2019

Credit Risk

In the normal course of its business, the Company incurs credit risk from its counterparties which includes its bankers. Of the total financial assets investments in equity accounted investees represents 81% and cash at bank 19% respectively. The cash at bank is spread over two counterparties as follows:

	Rating	
ASB Bank New Zealand	AA-	99.7%
Public Trust	AA	0.3%

Note 4 outlines the balances for each counterparty.

Capital risk management

The main objective of capital risk management is to ensure the Company operates as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Company capital consists of share capital, and retained earnings. Company capital totals \$2,460,740 (2018: (\$254,265)). To maintain or alter the capital structure, the Company has the ability to review or cease dividends being paid to shareholders, return capital to shareholders, issue new shares, reduce or increase debt, or sell assets.

The Company has no externally imposed bank financial covenants.

There have been no changes to capital management policies from the previous year.

13. Subsequent Events

On 16th August 2019, the Company agreed to increase its investment in Swimtastic to 45% from 33% for an additional investment of \$750,000. \$250,000 was paid on 16 August 2019 and the balance is due in September 2019. Accordingly, the Company plans to raise capital from shareholders to finance this purchase. The Company has indicative commitments for the entire amount.

On 26th August 2019, John Fernandes resigned as a Director of the Company.

The Company is also planning a share buyback to reduce the number of shareholdings again and documentation will be sent to shareholders in due course.

14. Commitments for Capital Expenditure

There were no commitments for capital expenditure as at 31 March 2019 (2018: \$Nil).

15. Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets at 31 March 2019 (2018: \$Nil)

Bethunes Investments Limited

Statutory and Shareholder Information For the year ended 31 March 2019

Incorporation

Bethunes Investments Limited was incorporated on 11 February 1976 under the Companies Act 1993 with company number 97222.

Directors

I. J. Halsted was appointed a director on 29 January 2008.
C. G. Swasbrook was appointed a director on 6 December 2017.
J. S. Fernandes was appointed a director on 24 January 2018.

Shareholdings

At 17 April 2019 the total issued voting securities was 1,253,779.

The names of the 20 largest shareholders and their holdings as at 26 August 2019 were:

<i>Name</i>	<i>Number of Shares Held</i>	<i>Percentage of Issued Shares</i>
C&C Swasbrook	133,000	10.61%
Solar Capital Limited	128,334	10.24%
DJS & DFS Investments LLC	105,000	8.37%
Mini Properties (2017) Limited	100,000	7.98%
C & L Lindberg	100,000	7.98%
New Zealand Central Securities Depository Ltd	84,372	6.73%
Adrian Barkla	70,000	5.58%
Ballynagarrick Investments Limited	55,000	4.39%
Custodial Services Limited	53,307	4.25%
Craig Pierce	50,000	3.99%
John Kirkland Morrow	50,000	3.99%
Julian Charles Patterson	50,000	3.99%
Craig Hamilton Stobo & Gillan Frances Stobo & Richard Anthony Johnston	27,738	2.21%
Bottom Drawer Limited	26,727	2.13%
3615 West Gulf Drive	25,000	1.99%
Campbell Stuart	25,000	1.99%
Oliver Robert Bradshaw	25,000	1.99%
Second Coming Trust	14,000	1.12%
Tom & Tara Reeves Family Trust	12,500	1.00%
Cazna (2904) Limited	11,667	0.93%
Total	<u>1,146,645</u>	<u>91.46%</u>

Bethunes Investments Limited

Statutory and Shareholder Information For the year ended 31 March 2019

Spread of Shareholders

The spread of shareholders as at 17 April 2019 was:

<i>Holding Range</i>	<i>Holdings</i>	<i>Total Shares</i>	<i>Percentage</i>
1 - 1,000	187	19,374	1.55%
1,001 - 5,000	10	21,221	1.69%
5,001 - 10,000	8	66,584	5.31%
10,001 - 100,000	17	780,266	62.23%
100,001 - 15,000,000	3	366,334	29.22%
Total	<u>225</u>	<u>1,253,779</u>	<u>100.00%</u>

Directors' Relevant Interests

The equity securities in which each Director has a relevant interest at the balance date of the current financial year were:

	2019	2018
	No of Shares	No of Shares
C. Swasbrook (Note 1)		
Opening balance	12,000,000	12,000,000
Share buyback/consolidation	<u>(11,867,000)</u>	<u>-</u>
Closing balance	<u>133,000</u>	<u>12,000,000</u>
I. J. Halsted (Note 2)		
Opening balance	550,000	550,000
Lucerne Trust	927	-
Share buyback/consolidation	<u>(544,450)</u>	<u>-</u>
Closing balance	<u>6,477</u>	<u>550,000</u>
J. S. Fernandes (Note 3)		
Opening balance	-	-
Sale of shares	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>-</u>

Note 1

Due to the Company consolidating its shares and the share buyback during the 2019 year, Christopher Swasbrook's shareholding was reduced by 11,867,000. This also includes the shares held by Elevation Capital Management Limited which were reduced to nil from 10,000,000 shares.

Note 2

Also due to the Company consolidating its shares and the share buyback during the 2019 year, Ian Halsted's shareholding was reduced by 544,450 shares.

Note 3

John Fernandes does not hold any shares.

Bethunes Investments Limited

Statutory and Shareholder Information For the year ended 31 March 2019

Directors' Remuneration

Directors' remuneration during the year was I. J. Halsted \$7,500, C.G. Swasbrook \$28,745, J. S. Fernandes \$7,500.

Directors' and Officers' Composition

As at 31 March 2019 the gender composition of the directors and officers was:

Directors: three males and no females

Officers: nil

Employees' Remuneration

During the year no employees received remuneration of at least NZ\$100,000.