

TIL Logistics Group Limited

Annual Report

For the six month period ended 30 June 2017

Financial Statements

Directors Responsibility Statements

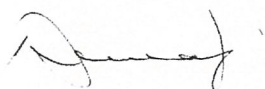
The Directors are responsible for ensuring that the Financial Statements give a true and fair view of the financial position of the Company as at 30 June 2017 and their financial performance and cash flows for the six month period ended on that date.

The Directors consider that the Financial Statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

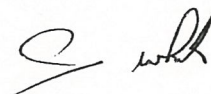
The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities. The Directors have pleasure in presenting the Financial Statements for the six month period 30 June 2017. The Board of Directors of TIL Logistics Group Limited authorised these Financial Statements for issue on the 6th July 2017.

For, and on behalf of the Board



James Ramsay
Director



Greg P Whitham
Director

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Statement of Financial Position

As at 30th June 2017

	Notes	2017
		\$000
<u>Assets</u>		
Current Assets		
Cash and cash equivalents		10
GST receivable		214
Prepaid transaction costs		912
Other receivables		10
Total Current Assets		1,146
TOTAL ASSETS		1,146
<u>Equity</u>		
Share capital	5	1
Accumulated losses		(690)
Total Equity		(689)
<u>Liabilities</u>		
Current Liabilities		
Trade and other payables	6	876
Shareholder advances	12	959
Total Current Liabilities		1,835
Total Liabilities		1,835
TOTAL EQUITY & LIABILITIES		1,146

Statement of Profit or Loss & Other Comprehensive Income

Six month period ended 30th June 2017

	Notes	2017
		\$000
Revenue		-
Total Income		-
Operating expenses	7	690
Total Expenses		690
Operating loss before income tax		(690)
Income tax credit / (expense)	8	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(690)
Items that will not be reclassified to profit or loss		-
Other Comprehensive Income For The Period, Net of Tax		-
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX		(690)
Earnings per share for loss attributable to the ordinary equity holders of the company (expressed in \$ per share)		
Basic earning per share		(\$690.00)

Statement of Changes in Equity

As at 30th June 2017

	Attributable to owners of the Company		
	Share Capital	Accumulated Losses	Total
	\$000	\$000	\$000
Balance as at 16 January 2017	-	-	-
<u>Comprehensive income</u>			
Profit for the period	-	(690)	(690)
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	-	(690)	(690)
<u>Transaction with owners:</u>			
Capital introduced	1	-	1
Balance as at 30 June 2017	1	(690)	(689)

Statement of Cash Flows

Period ended 30th June 2017

		2017
		\$000
Cash flows used in operating activities		
Payments to suppliers		(950)
Net cash used in operating activities	9	(950)
Cash flows from financing activities		
Advances to/from shareholders/non controlling interests		959
Proceeds from issuance of ordinary shares		1
Net cash flow from financing activities		960
Net increase in cash and cash equivalents		10
Cash and cash equivalents beginning of the period		-
Cash and cash equivalents at end of the period		10

Notes to the Financial Statements

1. General Information

The core operation of TIL Logistics Group Limited (“the Company”) is to be the pre-listing company for a potential IPO.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of the registered office is 330 Devon Street East, New Plymouth.

The Company, TIL Logistics Group Limited is domiciled in New Zealand and registered under the Companies Act 1993. TIL Logistics Group Limited is a for-profit entity under the Financial Reporting Act 2013.

These financial statements were authorised for issue by the Board of Directors on 6th July 2017.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The financial statements are for the economic entity comprising TIL Logistics Group Limited.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). TIL Logistics Group Limited is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards, other New Zealand accounting standards, and authoritative notices as appropriate for for-profit entities. The financial statements also comply with International Financial Reporting Standards.

The policies set out below have been consistently applied.

a. Standards, interpretations and amendments to existing standards that have become effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company’s accounting periods beginning on or after 1 July 2017. None of these new standards impacted the Company’s financial statements.

b. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company’s accounting periods beginning on or after 1 July 2017 or later periods, but which the Company has not early adopted. Given the limited transactions of the Company these standards are not expected to significantly affect the Company. The Company is yet to assess the full impact of these standards and intends to adopt these as soon as they become effective. Given the very limited impact of these standards additional disclosure has not been provided.

c. Comparatives

As the Company is in its first year of operation, there are no comparative figures.

d. Segment Reporting

Due to the nature of the Company’s operations, there is only one reportable segment.

Notes to the Financial Statements

e. Critical accounting estimates and judgements

The Company has deferred transaction costs of \$911,862 recognised in the statement of financial position. This asset represents costs associated with the expected issuance of new share capital upon IPO. In determining the carrying value of the asset management has made a number of judgements. These include:

- an estimate of the total level of new share capital to be raised
- ongoing debt levels
- the overall market capitalisation of the Company on IPO date.

These estimates are significant to the financial statements since only costs associated with the issue of new equity are treated as transaction costs and deducted from the carrying value of equity once issued. Costs associated with issuing shares to existing shareholders are expensed in profit or loss. As such management has estimated the ratio of new shareholders to existing shareholders in determining the carrying value of transactions costs to defer in the statement of financial position. If the ratio used by management were to change it would have the following impacts on profit or loss:

	% change	Impact on profit/loss
Increase in ratio of new shares issued	5%	Decrease in loss by \$65,133
Decrease in ratio of new shares issued	5%	Increase in loss by \$65,133

f. Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company continues in operation for the foreseeable future.

The Company currently has negative equity and to be able to continue in operation the Company is dependent on its ability to fund future expenditure and meet its current obligations. Current forecasts project that the Company will require additional funding within the next 12 months to meet its obligations as they fall due. The Directors have considered funding options available to the Company, in particular, obtaining additional funding from the current shareholder. The Directors are confident that funding will be available to meet obligations and note that a Letter of Support has been provided by the shareholders confirming that the shareholders will continue to provide financial support to enable the Company to meet its obligations as they fall due as well as confirming they will not seek repayment of the shareholder loan until such time as the Company is in a financial position to make repayment. In view of this, the Directors consider the going concern assumption appropriate.

Should the shareholders be unable provide support, this would result in a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and consequently the Company may be unable to realise the value of its assets and discharge its liabilities in the normal course of business.

2.2. Foreign Currency Translation

a. Functional and presentation currency

Items included in the financial statements 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 Company's functional and presentation currency.

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.

Notes to the Financial Statements

2.3. Financial Assets

The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

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

2.4 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand.

2.5. 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.

2.6. Trade Payables

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

2.7. Current Income Tax

The tax expense for the tax year comprised current tax. Tax is recognised in the profit and loss component of the statement of profit or loss and other comprehensive income.

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.

Due to the nature of assets and liabilities in the Company, there is no deferred tax due to there being no timing differences.

Notes to the Financial Statements

3. Financial Instruments by Category

The accounting categorisation for financial instruments have been applied to the line items below:

	2017
Financial Assets	\$000
Measured at amortised cost	
Cash and cash equivalents	10
Total	10
Financial Liabilities	
Measured at amortised cost	
Trade payables	876
Shareholding advances	959
Total	1,835

4. Financial Risk Management

The Groups activities only expose it to liquidity risk. Liquidity risk is the risk that the Company will not pay its debts as they fall due.

2017	Effective Interest Rate	Total	Repayable on demand	Less than 3 months
		\$000	\$000	\$000
Trade and other payables	-	876	-	876
Advances from shareholders	-	959	959	-
Total		1,835	959	876

Currently the liabilities exceed the assets of the Company. Refer to note 2 for further details on how the Company plans to manage this.

Notes to the Financial Statements

5. Share Capital

As at 30 June 2017 there were 1,000 ordinary shares issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares have no par value.

6. Trade and Other Payables

	2017
	\$000
Trade payables	739
Accrued expenses	137
Total	876

7. Fees paid to auditors'

	2017
	\$000
Audit fees paid to principal auditors (PwC)	12
Non-audit services - IPO related services (PwC)	421
Non-audit services - Due diligence services (PwC)	172
Non-audit services - IT due diligence services (PwC)	16
Total Fees paid to auditors	621

Fees for non-audit services relate to advisory services in relation to financial, information technology and tax due diligence over acquisition targets and also in respect to prospective financial information used as part of the potential IPO. Appropriate safeguards have been put in place to ensure independence between the auditors and the advisory team is maintained including separate engagement teams. The advisory team has not been involved in making management decisions, with all decision-making carried out by management.

Notes to the Financial Statements

8. Income Tax Expense

Income tax recognised in the statement of profit or loss and other comprehensive income.

	2017
	\$000
Current tax on profits for the year	-
	-

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:

	2017
	\$000
Profit before income tax	(690)
	(690)
Prima facie tax payable at 28%	(193)
Tax effects of:	
Income not subject to tax	-
Expenses not deductible	193
Income tax (credit)/expenses	-

9. Cash Generated from Operations

	2017
	\$000
Reported loss after tax	(690)
Non cash items	-
	(690)
Impact of changes in working capital	
Trade and other receivables	(1,136)
Creditors and accruals	876
Net cash flow from operating activities	(950)

Notes to the Financial Statements

10. Contingencies

The Company has no contingent liabilities in respect of legal claims arising in the ordinary course of business.

11. Commitments

a. Capital commitments

The Company has no capital commitments in respect of capital expenditure contracted but not yet incurred.

b. Other commitments

In April 2017 the Company entered into a conditional agreement to purchase the assets and liabilities of Transport Investments Limited. The purchase price is subject to a number of adjustments for transactions and balances that have yet to be finalised and therefore a reliable estimate is yet to be determined. The purchase price is expected to be funded via the issuance of shares.

12. Related-party Transactions

a. Year end balances from sales/purchases of goods/service

All year end balances are due on demand and are non-interest bearing.

	2017
	\$000
Shareholder advances	
Hooker Bros Investments Limited	959
Total shareholder advances	<u>959</u>

13. Events after the Reporting Date

There are no events after balance date.