

2015

# INTERIM REPORT

trilogy<sup>®</sup>

  
ECOYA

*goodness*  
NATURAL BEAUTY LAB

CS&Co.  
Beauty Solutions

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**TRILOGY INTERNATIONAL LIMITED INTERIM REPORT**

*For the 6 months ended 30 September 2015*



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# CHAIRMAN & CEO REPORT

## CHAIRMAN & CEO REPORT

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Dear Valued Shareholder

Welcome to the Trilogy International Interim Report for the six months ending 30 September 2015.

It has been a successful first half year for the business, with our Trilogy Natural Products (Trilogy) and ECOYA brands performing strongly at home and abroad. We have expanded the Trilogy International portfolio with the introduction of a new skincare brand, Goodness Natural Beauty Lab (Goodness), and the acquisition of fragrance, toiletries and cosmetics distributor CS Company Ltd (CS).

Consumer demand for the product ranges within our brands, in particular the natural skincare offering, remains a key driver of growth for the business.

Overall revenue for the half year rose 92% to \$29.3 million, up from \$15.3 million in the same period last year. Net profit before tax increased 320% to \$4.6 million, up from \$1.1 million. These results are the outcome of focused and considered investment in key markets.

The New Zealand and Australian markets continue to perform above expectations, reflecting a strong consumer following of the products. Meanwhile, we continue to gain traction in our emerging markets, which are providing a promising platform for future growth.

Trilogy is seeing deeper retail distribution, greater consumer penetration and successful product launches in all regions. ECOYA enjoys very strong retail relationships and presents design-led, attractive new products that have instant appeal and rapid sell-through. And while Goodness is still early-stage, first-year distribution targets have already been achieved.

This first half performance reflects the increased growth momentum we are seeing across the portfolio.

### *Acquisition of CS Company Ltd*

In August 2015, Trilogy International acquired CS, New Zealand's largest independent importer and distributor of fragrances, cosmetics and toiletries. Founded in 1976, CS is a major player in the New Zealand beauty and cosmetics industry and complements our existing business and channels well. The CS business model boasts long standing brand partnerships, strong relationships with major retail partners and brings expertise in the international beauty and cosmetics industry generally.

The company has impressive warehousing and distribution facilities and a staff of 56, which includes a national sales network. With the business already performing well, CS will operate as a stand-alone entity through the three-year earn-out period and existing management will report to a subcommittee of the Trilogy International Board, led by Stephen Sinclair.

With a raft of major brands in the CS portfolio, the acquisition creates scale for Trilogy International and the additional earnings deliver a strong platform for future growth.



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## ECOYA

ECOYA continues its ambition to become the market leader in home fragrance.

Strong product development has again been the key growth driver for the brand in this first half of the year. Following the success of the Celebration candle, the team introduced the Mini Celebration candle in March 2015, followed by the Grand Celebration candle in August – the largest candle produced by the company and weighing in at 2kg. The Grand Celebration received praise by both press and customers, exceeding sales expectations by selling through six months of forecast product in just three months.

Many of the iconic ECOYA candles have seen updates to their vessels this year. The Metro jar was remodeled to sit alongside the Madison jar and the Mini Metro jar was replaced by the Mini Madison jar. To complement the polished new-look collection, the ECOYA team created fresh brand imagery which was used to promote the brand in stores, online and in selected media publications.

Sales uplifts have been driven through major accounts in both Australia and New Zealand, as well as the rest of world markets (in particular Korea) and the Mother's Day gifting period.

With a strong digital strategy and accompanying print media campaign, the ECOYA team has also launched its second Christmas film "Where Will The Fragrance Take You" celebrating the festive season, the launch of the Christmas collection and further encapsulating the brand message of elevating everyday moments through fragrance.

The film, which is hosted on the ECOYA Facebook page, has been viewed in excess of 100,000 times in just the first weeks of the campaign.

## Trilogy

Rosehip oil remains a key growth engine for Trilogy, with the brand now selling one bottle every 22 seconds. With ever-increasing demand for these products, much focus has been given to building consumer awareness of the benefits of certified organic rosehip oil, its versatility for all skin types and the many retail locations, both online and bricks-and-mortar, in which Trilogy natural skincare can be found.

New products and reformulations have also been a key focus throughout this half year. New Make-Up Be Gone Cleansing Balm has been a worldwide success in terms of both media coverage and sales.

The Trilogy Age-Proof range has been relaunched in new packaging and reformulated with an innovative, trademarked ingredient, Glycablend™ developed in-house. Supporting the relaunch, the team developed the Age-Proof campaign, inviting Trilogy consumers to share their wisdom in print, outdoor, online and social media. The campaign has been lauded by media and customers alike, and the #whatiknownow video has been watched by over 100,000 viewers online.

Continuing our focus on expansion in the Asia region, we held the inaugural Trilogy Asia Distributor Conference in Hong Kong in August, bringing together representatives from key Asian markets and the Trilogy executive team to strengthen alignment around strategy and activation plans.

With dedicated Sales Managers based in Hong Kong, the United Kingdom and the United States of America, we are growing our knowledge and understanding and deepening our commercial relationships in these key regions.

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### *Goodness*

Goodness launched in April 2015 into New Zealand and Australia. Developed in-house, Goodness competes with natural skincare brands operating at materially lower price points and is our grocery channel play. Based on the omega rich chia seed oil, the brand targets a younger, more cash-conscious demographic and is already exceeding sales and distribution targets. Just six months since launch, Goodness products are now sold in 1,300 stores across the two countries and distribution continues to grow. The brand is proving a hit with its irreverent tone, as evidenced by a Facebook audience of over 12,000 to date.

*“Just six months since launch, Goodness products are now sold in 1,300 stores across the two countries and distribution continues to grow.”*

### *Executive team and offices*

This first half has also seen changes to the executive team and a relocation of Trilogy and Goodness operations.

Angela Buglass was appointed Chief Executive of Trilogy International in July 2015, following eight months tenure as Managing Director of the Trilogy natural skincare business. Lindsay Render was appointed Chief Financial Officer in October and Stephen Sinclair now leads the Board subcommittee to which CS reports.

We have relocated the offices of Trilogy and Goodness from Wellington to co-locate with ECOYA in Auckland. The move has created operational efficiencies along with increased opportunities for collaboration, intelligence sharing and cohesion between the teams.

The Trilogy International brands have much untapped potential both at home and around the world. We now look to drive distribution across the ranges in international markets and to increase consumer penetration and purchase rates in our home markets. Australia will be a key investment market for all three brands, while we continue to steadily build our business in Asia, the United Kingdom and the United States of America.

We are looking ahead to the remainder of the year with confidence that is in line with the guidance given at Trilogy International’s 2015 annual shareholder meeting.

This is truly an exciting time to be part of Trilogy International. Our objective of profitable growth is being realised through growing consumer demand for our brands and the quality experience our products deliver. We will continue to invest in the areas of our business that are the fastest growing and that offer the best category opportunity.

We would like to thank the Board and our shareholders for their continued support and confidence.



**Angela Buglass**  
Chief Executive



**Geoff Ross**  
Chairman

# FINANCIAL STATEMENTS



## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 September 2015

|   | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015 |
|---|--|--|--|
|   | \$000  | \$000  | \$000                                  |
| Revenue   | 29,324   | 15,258   | 36,600                                 |
| Cost of sales   | (12,276)   | (5,782)  | (13,826)                               |
| <b>Gross profit</b>   | <b>17,048</b>                                    | <b>9,476</b>                                     | <b>22,774</b>                          |
| Other gains – net   | 495  | 249  | 290                                    |
| Expenses  |  |  |  |
| Distribution  | (1,017)  | (623)  | (1,754)                                |
| Sales and marketing   | (7,329)  | (4,901)  | (10,667)                               |
| Administration  | (3,762)  | (2,889)  | (5,653)                                |
| Acquisition costs   | (234)  | -  | -                                      |
| Finance income  | 12   | 3  | 10                                     |
| Finance costs   | (478)  | (214)  | (391)                                  |
| Finance cost on deferred and contingent consideration   | (101)  | -  | -                                      |
| <b>Profit before income tax</b>   | <b>4,634</b>                                     | <b>1,101</b>                                     | <b>4,609</b>                           |
| Income tax expense  | (1,425)  | (117)  | (86)                                   |
| <b>Profit for the period</b>  | <b>3,209</b>                                     | <b>984</b>                                       | <b>4,523</b>                           |
| <b>Other comprehensive income:</b>  |  |  |  |
| Items that may be reclassified subsequently to the Profit and Loss                                      |  |  |  |
| Foreign currency translation, net of tax  | 648  | 282  | (400)                                  |
| <b>Total comprehensive income for the period</b>  | <b>3,857</b>                                     | <b>1,266</b>                                     | <b>4,123</b>                           |
| <b>Earnings per share attributable to the ordinary equity holders of the Company during the period:</b> | <b>DOLLARS</b>                                   | <b>DOLLARS</b>                                   | <b>DOLLARS</b>                         |
| Basic earnings per share  | 0.05   | 0.02   | 0.07                                   |
| Diluted earnings per share  | 0.05   | 0.02   | 0.07                                   |

The above Interim Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

As at 30 September 2015

|   |              | UNAUDITED<br>30 SEPTEMBER<br>2015<br>\$000 | UNAUDITED<br>30 SEPTEMBER<br>2014<br>\$000 | AUDITED<br>31 MARCH<br>2015<br>\$000 |
|---|--------------|--|--|--------------------------------------|
| <b>ASSETS</b>   | <i>Notes</i> |  |  |                                      |
| <b>Current assets</b>   |              |  |  |                                      |
| Cash and cash equivalents   | 8            | 2,534                                      | 1,502                                      | 2,674                                |
| Trade and other receivables   | 8            | 17,078                                     | 6,146                                      | 5,861                                |
| Inventories   |              | 20,696                                     | 6,722                                      | 6,061                                |
| Derivative financial instruments  | 8            | 627  | 103  | 191                                  |
| <b>Total Current Assets</b>   |              | <b>40,935</b>                              | <b>14,473</b>                              | <b>14,787</b>                        |
| <b>Non-current assets</b>   |              |  |  |                                      |
| Plant and equipment   | 6            | 2,025                                      | 1,346                                      | 990                                  |
| Intangible assets   | 7            | 50,186                                     | 17,579                                     | 17,529                               |
| Deferred tax asset  |              | 602  | 219  | 878                                  |
| <b>Total Non-Current Assets</b>   |              | <b>52,813</b>                              | <b>19,144</b>                              | <b>19,397</b>                        |
| <b>Total Assets</b>   |              | <b>93,748</b>                              | <b>33,617</b>                              | <b>34,184</b>                        |
| <b>Current liabilities</b>  |              |  |  |                                      |
| Trade and other payables  | 8            | 13,193                                     | 4,425                                      | 4,872                                |
| Interest bearing liabilities  | 8,9          | 3,653                                      | -  | -                                    |
| Tax payable   |              | 1,221                                      | 56   | 474                                  |
| Deferred and contingent consideration payable                                 | 10           | 4,556                                      | -  | -                                    |
| <b>Total Current Liabilities</b>  |              | <b>22,623</b>                              | <b>4,481</b>                               | <b>5,346</b>                         |
| <b>Non-current liabilities</b>  |              |  |  |                                      |
| Interest bearing liabilities  | 8,9          | 37,500                                     | 4,800                                      | 1,600                                |
| Deferred and contingent consideration payable                                 | 10           | 4,680                                      | -  | -                                    |
| <b>Total Non-Current Liabilities</b>  |              | <b>42,180</b>                              | <b>4,800</b>                               | <b>1,600</b>                         |
| <b>Total Liabilities</b>  |              | <b>64,803</b>                              | <b>9,281</b>                               | <b>6,946</b>                         |
| <b>Net assets</b>   |              | <b>28,945</b>                              | <b>24,336</b>                              | <b>27,238</b>                        |
| <b>Equity</b>   |              |  |  |                                      |
| Contributed equity  | 12           | 32,498                                     | 32,420                                     | 32,448                               |
| Reserves  |              | (411)                                      | (518)                                      | (1,183)                              |
| (Accumulated losses)  |              | (3,142)                                    | (7,566)                                    | (4,027)                              |
| <b>Equity Attributable to Equity Holders of Trilogy International Limited</b> |              | <b>28,945</b>                              | <b>24,336</b>                              | <b>27,238</b>                        |

The above Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF MOVEMENTS IN EQUITY

For the 6 months ended 30 September 2015

| ATTRIBUTABLE TO EQUITY HOLDERS<br>OF TRILOGY INTERNATIONAL LIMITED |           | SHARE<br>CAPITAL | ACCUMULATED<br>LOSSES | FOREIGN<br>CURRENCY<br>TRANSLATION<br>RESERVE | SHARE BASED<br>PAYMENT<br>RESERVE | TOTAL<br>EQUITY |
|--|-----------|------------------|-----------------------|---|-----------------------------------|-----------------|
| <i>Notes</i>   |           | \$000            | \$000                 | \$000   | \$000                             | \$000           |
| <b>Balance as at 1 April 2014</b>                                  |           | 32,356           | (8,550)               | (839)   | 19                                | 22,986          |
| Net profit for the half year ended 30 September 2014               |           | -                | 985                   | -   | -                                 | 985             |
| Foreign currency translation                                       |           | -                | -                     | 282   | -                                 | 282             |
| <b>Total comprehensive income</b>                                  |           | -                | <b>985</b>            | <b>282</b>                                    | -                                 | <b>1,268</b>    |
| <b>Transactions with owners</b>                                    |           |                  |                       |   |                                   |                 |
| Issue of ordinary shares:  | <i>12</i> |                  |                       |   |                                   |                 |
| Shares in lieu of Directors' fees                                  |           | 66               | -                     | -   | -                                 | 66              |
| Share issue costs  |           | (2)              | -                     | -   | -                                 | (2)             |
| Share based payments   | <i>12</i> | -                | -                     | -   | 20                                | 20              |
| <b>Balance at 30 September 2014</b>                                |           | <b>32,420</b>    | <b>(7,565)</b>        | <b>(557)</b>                                  | <b>39</b>                         | <b>24,337</b>   |
| Net profit for the half year ended 31 March 2015                   |           | -                | 3,538                 | -   | -                                 | 3,538           |
| Foreign currency translation                                       |           | -                | -                     | (682)   | -                                 | (682)           |
| <b>Total comprehensive income</b>                                  |           | -                | <b>3,538</b>          | <b>(682)</b>                                  | -                                 | <b>2,856</b>    |
| <b>Transactions with owners</b>                                    |           |                  |                       |   |                                   |                 |
| Issue of ordinary shares:  | <i>12</i> |                  |                       |   |                                   |                 |
| Shares in lieu of Directors' fees                                  |           | 29               | -                     | -   | -                                 | 29              |
| Share issue costs  |           | (1)              | -                     | -   | -                                 | (1)             |
| Share based payments   | <i>12</i> | -                | -                     | -   | 18                                | 18              |
| <b>Balance at 31 March 2015</b>                                    |           | <b>32,448</b>    | <b>(4,027)</b>        | <b>(1,239)</b>                                | <b>56</b>                         | <b>27,238</b>   |
| Net profit for the half year ended 30 September 2015               |           | -                | 3,209                 | -   | -                                 | 3,209           |
| Foreign currency translation                                       |           | -                | -                     | 648   | -                                 | 648             |
| <b>Total comprehensive income</b>                                  |           | -                | <b>3,209</b>          | <b>648</b>                                    | -                                 | <b>3,857</b>    |
| <b>Transactions with owners</b>                                    |           |                  |                       |   |                                   |                 |
| Issue of ordinary shares:  | <i>12</i> |                  |                       |   |                                   |                 |
| Shares in lieu of Directors' fees                                  |           | 51               | -                     | -   | -                                 | 51              |
| Share issue costs  |           | (1)              | -                     | -   | -                                 | (1)             |
| Share based payments   | <i>12</i> | -                | -                     | -   | 124                               | 124             |
| Dividends paid   |           | -                | (2,324)               | -   | -                                 | (2,324)         |
| <b>Balance at 30 September 2015</b>                                |           | <b>32,498</b>    | <b>(3,142)</b>        | <b>(591)</b>                                  | <b>180</b>                        | <b>28,945</b>   |

The above Interim Statement of Movements in Equity should be read in conjunction with the accompanying notes.

**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

For the 6 months ended 30 September 2015

|  | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015 |
|--|--|--|--|
| <i>Notes</i>   | \$000  | \$000  | \$000                                  |
| <b>Cash Flows From Operating Activities</b>                  |  |  |  |
| Receipts from customers (inclusive of GST)                   | 27,477   | 15,929   | 39,564                                 |
| Payments to suppliers and employees (inclusive of GST)       | (29,335)   | (15,281)   | (33,989)                               |
| Interest received  | 12   | 3  | 10                                     |
| Interest paid  | (413)  | (236)  | (392)                                  |
| Taxation paid  | (1,122)  | (266)  | (479)                                  |
| <b>Net Cash Inflow / (Outflow) From Operating Activities</b> | <b>17</b> (3,381)                                | <b>149</b>                                       | <b>4,714</b>                           |
| <b>Cash Flows From Investing Activities</b>                  |  |  |  |
| Payments for plant and equipment                             | (239)  | (110)  | (143)                                  |
| Payments for intangible assets                               | (16)   | (75)   | (160)                                  |
| Acquisition of subsidiary, net of cash acquired              | <b>14</b> (33,946)                               | -  | -                                      |
| <b>Net Cash Inflow / (Outflow) From Investing Activities</b> | <b>(34,201)</b>                                  | <b>(185)</b>                                     | <b>(303)</b>                           |
| <b>Cash Flows From Financing Activities</b>                  |  |  |  |
| Repayments on bank borrowings                                | <b>9</b> (1,000)                                 | (1,050)  | (4,750)                                |
| Proceeds from bank borrowings                                | <b>9</b> 38,900                                  | 1,350  | 1,850                                  |
| Net proceeds from issue of shares                            | <b>12</b> (1)                                    | (2)  | (3)                                    |
| Dividends paid   | <b>13</b> (2,324)                                | -  | -                                      |
| <b>Net Cash Inflow / (Outflow) From Financing Activities</b> | <b>35,575</b>                                    | <b>298</b>                                       | <b>(2,903)</b>                         |
| Net increase/(decrease) in cash and cash equivalents         | (2,007)  | 262  | 1,508                                  |
| Cash and cash equivalents at the beginning of the period     | 2,674  | 1,185  | 1,185                                  |
| Exchange gains/(losses) on cash and cash equivalents         | 214  | 55   | (19)                                   |
| <b>Cash and Cash Equivalents at End of Period</b>            | <b>881</b>                                       | <b>1,502</b>                                     | <b>2,674</b>                           |
| <b>Composition of Cash and Cash Equivalents</b>              |  |  |  |
| Cash and cash equivalents                                    | 2,534  | 1,502  | 2,674                                  |
| Bank overdraft   | <b>9</b> (1,653)                                 | -  | -                                      |
|  | <b>881</b>                                       | <b>1,502</b>                                     | <b>2,674</b>                           |

The above Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the 6 months ended 30 September 2015

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## 1 GENERAL INFORMATION

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Trilogy International Limited (the “Company”) together with its subsidiaries (the “Group”) is a manufacturer and wholesaler of products in the home fragrance, body care and natural skincare categories and distributor of personal fragrance and beauty products.

The Company is a limited liability company domiciled in New Zealand.

These consolidated interim financial statements were approved by the Board of Directors on 24 November 2015.

## 2 BASIS OF PREPARATION OF HALF YEAR REPORT

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This condensed consolidated interim financial information for the six months ended 30 September 2015 has been prepared in accordance with NZ GAAP. These interim financial statements comply with NZ IAS 34 ‘Interim Financial Statements’ and with International Accounting Standard 34 (IAS 34). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with NZ IFRS, and IFRS.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies used in the preparation of these interim financial statements are consistent with those used in the previously published interim financial statements as at and for the six months ended 30 September 2014 and the audited financial statements as at and for the year ended 31 March 2015.

## 4 SEASONALITY OF OPERATIONS

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Due to the seasonal nature of the Home Fragrance & Body Care and Distribution segments, higher revenues and operating profits in this segment are usually expected in the second half of the year than the first six months. Natural Skincare revenues and operating profits are more evenly spread between the two half years.

## 5 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and the Board. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, was identified previously as the Chief Executive Officer. In the current period the Group's management structure has been updated and the chief operating decision maker is now defined as the Board. The Group's operating segments are 'Home Fragrance, Bodycare', (the Ecoya brand), 'Natural Skincare' (the Trilogy and Goodness brands) and 'Distribution' (CS Company).

Management also consider the business from a geographical perspective within these three segments and have provided geographical information below.

The chief operating decision maker assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis excludes fair value gains and losses on derivative financial instruments and the effects of non-recurring expenditure from operating segments. Interest income and costs are not allocated to segments as this type of activity is driven by the Group's head office function which manages the cash position of the Group. Head office costs are allocated to segments in line with their sales.

The segment information provided to the chief operating decision maker for the reportable segments, as supplemented with information by geography, is as follows:

### UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2015

|                                 | NEW<br>ZEALAND<br>\$000 | AUSTRALIA<br>\$000 | US<br>\$000 | UK &<br>IRELAND<br>\$000 | REST OF<br>WORLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000 |
|---------------------------------|-------------------------|--------------------|-------------|--------------------------|---------------------------|----------------|----------------|
| <b>Home Fragrance, Bodycare</b> |                         |                    |             |                          |                           |                |                |
| Segment revenue                 | 1,877                   | 5,529              | 8           | 296                      | 640                       | 258            | 8,608          |
| Revenue from external customers | 1,877                   | 5,529              | 8           | 296                      | 640                       | 258            | 8,608          |
| EBITDA                          | 237                     | (17)               | 1           | 40                       | 85                        | (43)           | 303            |
| <b>Natural Skincare</b>         |                         |                    |             |                          |                           |                |                |
| Segment revenue                 | 5,508                   | 5,381              | 864         | 1,419                    | 1,902                     | 479            | 15,553         |
| Revenue from external customers | 5,508                   | 5,381              | 865         | 1,419                    | 1,902                     | 479            | 15,553         |
| EBITDA                          | 2,632                   | 1,873              | (100)       | 288                      | 689                       | 114            | 5,496          |
| <b>Distribution</b>             |                         |                    |             |                          |                           |                |                |
| Segment revenue                 | 5,163                   | -                  | -           | -                        | -                         | -              | 5,163          |
| Revenue from external customers | 5,163                   | -                  | -           | -                        | -                         | -              | 5,163          |
| EBITDA                          | 658                     | -                  | -           | -                        | -                         | -              | 658            |
| <b>Total Segment Revenue</b>    | <b>12,548</b>           | <b>10,910</b>      | <b>872</b>  | <b>1,715</b>             | <b>2,542</b>              | <b>737</b>     | <b>29,324</b>  |
| <b>Total Segment EBITDA</b>     | <b>3,527</b>            | <b>1,856</b>       | <b>(99)</b> | <b>328</b>               | <b>774</b>                | <b>71</b>      | <b>6,457</b>   |

## UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2014

|                                 | NEW<br>ZEALAND<br>\$000 | AUSTRALIA<br>\$000 | US<br>\$000  | UK &<br>IRELAND<br>\$000 | REST OF<br>WORLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000 |
|---------------------------------|-------------------------|--------------------|--------------|--------------------------|---------------------------|----------------|----------------|
| <b>Home Fragrance, Bodycare</b> |                         |                    |              |                          |                           |                |                |
| Segment revenue                 | 1,478                   | 4,296              | 5            | 131                      | 317                       | 286            | 6,513          |
| Revenue from external customers | 1,478                   | 4,296              | 5            | 131                      | 317                       | 286            | 6,513          |
| EBITDA                          | 181                     | 153                | (27)         | (19)                     | (47)                      | (183)          | 58             |
| <b>Natural Skincare</b>         |                         |                    |              |                          |                           |                |                |
| Segment revenue                 | 2,935                   | 3,076              | 76           | 1,108                    | 1,163                     | 387            | 8,745          |
| Revenue from external customers | 2,935                   | 3,076              | 76           | 1,108                    | 1,163                     | 387            | 8,745          |
| EBITDA                          | 1,138                   | 689                | (93)         | 66                       | 344                       | (22)           | 2,122          |
| <b>Total Segment Revenue</b>    | <b>4,412</b>            | <b>7,372</b>       | <b>81</b>    | <b>1,239</b>             | <b>1,481</b>              | <b>673</b>     | <b>15,258</b>  |
| <b>Total Segment EBITDA</b>     | <b>1,319</b>            | <b>842</b>         | <b>(120)</b> | <b>47</b>                | <b>297</b>                | <b>(205)</b>   | <b>2,180</b>   |

## AUDITED YEAR ENDED 31 MARCH 2015

|                                 | NEW<br>ZEALAND<br>\$000 | AUSTRALIA<br>\$000 | US<br>\$000  | UK &<br>IRELAND<br>\$000 | REST OF<br>WORLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000 |
|---------------------------------|-------------------------|--------------------|--------------|--------------------------|---------------------------|----------------|----------------|
| <b>Home Fragrance, Bodycare</b> |                         |                    |              |                          |                           |                |                |
| Segment revenue                 | 3,799                   | 10,752             | 35           | 224                      | 825                       | 621            | 16,256         |
| Revenue from external customers | 3,799                   | 10,752             | 35           | 224                      | 825                       | 621            | 16,256         |
| EBITDA                          | 604                     | 949                | (47)         | 2                        | 7                         | (256)          | 1,259          |
| <b>Natural Skincare</b>         |                         |                    |              |                          |                           |                |                |
| Segment revenue                 | 6,519                   | 7,209              | 741          | 2,211                    | 2,788                     | 876            | 20,344         |
| Revenue from external customers | 6,519                   | 7,209              | 741          | 2,211                    | 2,788                     | 876            | 20,344         |
| EBITDA                          | 2,508                   | 1,824              | (128)        | 250                      | 838                       | 57             | 5,349          |
| <b>Total Segment Revenue</b>    | <b>10,318</b>           | <b>17,961</b>      | <b>776</b>   | <b>2,435</b>             | <b>3,613</b>              | <b>1,497</b>   | <b>36,600</b>  |
| <b>Total Segment EBITDA</b>     | <b>3,112</b>            | <b>2,773</b>       | <b>(175)</b> | <b>252</b>               | <b>845</b>                | <b>(199)</b>   | <b>6,608</b>   |

The "Other" segment displayed above refers to retail and online revenue and expenses that relate to transactions within these markets.



A reconciliation of EBITDA to the Group's profit before tax for the period is provided as follows:

|   | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|---|---|---|---|
| EBITDA for reportable segments                        | 6,457   | 2,180   | 6,608   |
| Listed Company costs                                  | (879)   | (619)   | (1,292)   |
| Acquisition costs                                     | (234)   | -   | -   |
| Group EBITDA  | 5,344   | 1,561   | 5,316   |
| Gains/(losses) on derivative financial instruments    | 12  | (55)  | 40  |
| Depreciation and amortisation                         | (155)   | (194)   | (366)   |
| Finance (costs)/income, net                           | (466)   | (211)   | (381)   |
| Finance cost on deferred and contingent consideration | (101)   | -   | -   |
| <b>Profit Before Tax</b>                              | <b>4,634</b>  | <b>1,101</b>  | <b>4,609</b>                                    |

Revenues from external customers are derived from sale of goods in the home fragrance, bodycare, natural skincare and distribution categories.

Revenues of approximately \$5,381,000 and \$4,755,000 are derived from two single external customers (31 March 2015: \$6,788,000 and \$4,934,000, 30 September 2014: \$3,122,000 and \$2,276,000). These revenues are attributable to the natural skincare segment in Australia and New Zealand.

Segment assets and liabilities are not included within the reporting to the chief operating decision maker and hence have not been included within the segment information tables above.



## 6 PLANT AND EQUIPMENT

|  | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|--|---|---|---|
| Opening net book amount                  | 990   | 1,395   | 1,395   |
| Additions                                | 239   | 110   | 143   |
| Additions through acquisitions (note 14) | 949   | -   | -   |
| Disposals                                | (100)   | (68)  | (226)   |
| Depreciation                             | (117)   | (147)   | (271)   |
| Exchange differences                     | 64  | 56  | (51)  |
| Closing net book amount                  | 2,025   | 1,346   | 990   |



## 7 INTANGIBLES

|   | GOODWILL<br>\$000 | BRAND<br>\$000 | TRADEMARKS<br>\$000 | SOFTWARE<br>& WEBSITE<br>DEVELOPMENT<br>\$000 | TOTAL<br>\$000 |
|---|-------------------|----------------|---------------------|---|----------------|
| <b>SIX MONTHS ENDED 30 SEPTEMBER 2015</b>               |                   |                |                     |   |                |
| Opening net book amount                                 | 14,465            | 2,830          | 124                 | 109   | 17,528         |
| Exchange differences                                    | 67                | -              | -                   | -   | 67             |
| Additions   | -                 | -              | 9                   | 7   | 16             |
| Additions through acquisitions (note 14)                | 32,613            | -              | -                   | -   | 32,613         |
| Amortisation charge                                     | -                 | -              | (10)                | (28)  | (38)           |
| <b>Closing net book amount<br/>at 30 September 2015</b> | <b>47,145</b>     | <b>2,830</b>   | <b>123</b>          | <b>88</b>                                     | <b>50,186</b>  |
| Cost  | 47,145            | 2,830          | 180                 | 235   | 50,390         |
| Accumulated amortisation                                | -                 | -              | (57)                | (147)   | (204)          |
| <b>Net book amount</b>                                  | <b>47,145</b>     | <b>2,830</b>   | <b>123</b>          | <b>88</b>                                     | <b>50,186</b>  |
| <b>SIX MONTHS ENDED 30 SEPTEMBER 2014</b>               |                   |                |                     |   |                |
| Opening net book amount                                 | 14,505            | 2,830          | 111                 | 123   | 17,569         |
| Exchange differences                                    | 44                | -              | -                   | -   | 44             |
| Additions   | -                 | -              | 7                   | 68  | 75             |
| Disposals   | -                 | -              | -                   | (62)  | (62)           |
| Amortisation charge                                     | -                 | -              | (8)                 | (39)  | (47)           |
| <b>Closing net book amount<br/>at 30 September 2014</b> | <b>14,459</b>     | <b>2,830</b>   | <b>110</b>          | <b>90</b>                                     | <b>17,579</b>  |
| Cost  | 14,549            | 2,830          | 149                 | 192   | 17,720         |
| Accumulated amortisation                                | -                 | -              | (39)                | (102)   | (141)          |
| <b>Net book amount</b>                                  | <b>14,549</b>     | <b>2,830</b>   | <b>110</b>          | <b>90</b>                                     | <b>17,579</b>  |
| <b>YEAR ENDED 31 MARCH 2015</b>                         |                   |                |                     |   |                |
| Opening net book amount                                 | 14,505            | 2,830          | 111                 | 123   | 17,569         |
| Exchange differences                                    | (40)              | -              | -                   | (1)   | (41)           |
| Disposals   | -                 | -              | -                   | (64)  | (64)           |
| Additions   | -                 | -              | 30                  | 130   | 160            |
| Amortisation charge                                     | -                 | -              | (17)                | (78)  | (95)           |
| <b>Closing net book amount at 31 March 2015</b>         | <b>14,465</b>     | <b>2,830</b>   | <b>124</b>          | <b>110</b>                                    | <b>17,529</b>  |
| Cost  | 14,465            | 2,830          | 172                 | 229   | 17,696         |
| Accumulated amortisation                                | -                 | -              | (48)                | (119)   | (167)          |
| <b>Net book amount</b>                                  | <b>14,465</b>     | <b>2,830</b>   | <b>124</b>          | <b>110</b>                                    | <b>17,529</b>  |

The cash generating unit-level summary of the indefinite lived intangibles' (goodwill and brand) allocation is presented below:

|                           | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|---------------------------|---|---|---|
| Home fragrance, body care | 912   | 893   | 809   |
| Natural skincare          | 16,450  | 16,486  | 16,486  |
| Distribution              | 32,613  | -   | -   |
|                           | 49,975  | 17,379  | 17,295  |



## 8 FINANCIAL INSTRUMENTS

All financial assets other than derivatives are classified as loans and receivables. All financial liabilities other than derivatives are classified as measured at amortised cost. The fair value of financial assets and liabilities approximates their carrying value.

|                                   | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|-----------------------------------|---|---|---|
| Trade and other receivables (net) | 15,113  | 5,498   | 5,129   |
| Cash and cash equivalents         | 2,534   | 1,502   | 2,674   |
| Total loans and receivables       | 17,647  | 7,000   | 7,803   |

Prepayments and GST receivable do not meet the definition of a financial asset and have been excluded from the tables above.

|   | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|---|---|---|---|
| Trade payables and accrued expenses           | 12,241  | 3,849   | 4,134   |
| Interest bearing liabilities                  | 41,153  | 4,800   | 1,600   |
| Deferred and contingent consideration         | 9,236   | -   | -   |
| Total financial liabilities at amortised cost | 62,630  | 8,649   | 5,734   |

Employee entitlements and GST payable do not meet the definition of a financial liability and have been excluded from the table above.

|  | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|--|---|---|---|
| Derivative financial instruments - assets      | 627   | 103   | 191   |
| Derivative financial instruments - liabilities | -   | -   | -   |
| Total derivative financial instruments         | 627   | 103   | 191   |

The table above represents the Group's assets and liabilities that are measured at fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in level 1. The Group did not have any level 1 financial instruments at 30 September 2015 (31 March 2015 and 30 September 2014: none).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group's forward foreign exchange contracts are level 2 financial instruments at 30 September 2015, 31 March 2015 and 30 September 2014.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. At 30 September 2015, the contingent consideration is classified as level 3. The Group did not have any level 3 financial instruments at 31 March 2015 or 30 September 2014.

Specific valuation techniques used to fair value instruments include:

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Details of the techniques used to fair value contingent consideration are given in note 14(iv).

## 9 INTEREST BEARING LIABILITIES

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The CS Company acquisition has been funded by bank debt (see also Note 14). The Group has an updated facility with the Bank of New Zealand. This is made up of a Revolving Working Capital (RWC) facility of \$18.0m, drawn down to \$12.0m (interest rate of 5.13%); an Amortising Loan Facility (ALF) of \$28.5m, drawn down to \$27.5m (interest rate of 6.19%); and an overdraft facility of \$1.5m, drawn down to \$1.1m (interest rate of 6.91%). The expiry date of the loan facility is 19 August 2020, and there are no repayments due prior to the RWC expiry date. A letter of credit facility of \$10.0m is also in place but has not been used to date.

CS Company has a bank overdraft facility of \$600k, drawn down to \$510k (interest rate of 10.80%) and a credit card facility of \$114k drawn to \$28k (interest rate of 20.50%) with the ANZ Banking Group. The facility expires on 31 December 2015.

To date, \$1.0m has been repaid under the ALF, and a further \$2.0m will be repaid by 31 December 2015.

Interest is payable at the Facility Base Rate of the relevant period, plus any applicable margins. The facility is secured over the assets and undertakings of Trilogy International Limited, and its subsidiaries. The flexible facility is can be drawn down to manage the needs of the business, to the agreed limits, without prior consent by the bank.

The financial covenants entered into require the TIL Group to meet specified liquidity ratios, and EBITDA metrics, on a quarterly basis, as specified in the bank facility agreement date 16 August 2015.

### *(a) Fair Value*

The fair value of borrowings approximates their carrying amount as the impact of discounting is not significant.

## 10 DEFERRED AND CONTINGENT CONSIDERATION PAYABLE

|   | UNAUDITED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>31 MARCH 2015<br>\$000 |
|---|---|---|-----------------------------------|
| Opening balance                               | -                                       | -                                       | -                                 |
| CS Company deferred consideration (note 14)   | 3,000                                   | -                                       | -                                 |
| CS Company contingent consideration (note 14) | 7,050                                   | -                                       | -                                 |
| Fair value discount                           | (915)                                   | -                                       | -                                 |
| Unwind of discount                            | 101                                     | -                                       | -                                 |
| Closing balance                               | 9,236                                   | -                                       | -                                 |

  

|                         | UNAUDITED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>31 MARCH 2015<br>\$000 |
|-------------------------|---|---|-----------------------------------|
| Current liabilities     | 4,556                                   | -                                       | -                                 |
| Non-current liabilities | 4,680                                   | -                                       | -                                 |
|                         | 9,236                                   | -                                       | -                                 |

The liability to the previous owners of CS Company relates to the deferred payment and earn-out component under the acquisition described in note 14.



**11 INCOME TAXES**

Income tax expenses or credits are recognised based on management's estimate of the income tax liability expected for the full financial year.

**12 EQUITY**

|  | NUMBER OF<br>ORDINARY SHARES | NUMBER OF<br>UNLISTED NON-<br>VOTING SHARES | \$000         |
|--|------------------------------|---|---------------|
| As at 1 April 2014                     | 61,348,528                   | 720,653                                     | 32,356        |
| Shares in lieu of directors' fees      | 119,235                      | -   | 66            |
| Share issue costs                      | -                            | -   | (2)           |
| <b>At 30 September 2014</b>            | <b>61,467,763</b>            | <b>720,653</b>                              | <b>32,420</b> |
| Shares in lieu of directors' fees      | 48,999                       | -   | 29            |
| Shares issued to employee share scheme | 157,000                      | -   | -             |
| Share issue costs                      | -                            | -   | (1)           |
| <b>At 31 March 2015</b>                | <b>61,673,762</b>            | <b>720,653</b>                              | <b>32,448</b> |
| Shares in lieu of directors' fees      | 63,458                       | -   | 51            |
| Share issue costs                      | -                            | -   | (1)           |
| <b>At 30 September 2015</b>            | <b>61,737,220</b>            | <b>720,653</b>                              | <b>32,498</b> |

**(a) Share Based Payments**

The company operates equity-settled share-based compensation plans, under which directors and employees render services in exchange for non-transferable share options or shares. The value of these services rendered for the grant of non-transferable share options and shares is recognised over the vesting period and the amount is determined by reference to the fair value of the options and shares granted.

**i) Employee share purchase plan**

The Trilogy International Ltd Employee Share Purchase Plan ("ESPP") was established to assist employees to become equity holders in the company. The ESPP is open to all full time and part time employees at an offer date. Consideration payable for the shares is determined by the Board.

The company issued 157,000 shares on 31 March 2015 to a group company as trustee for the ESPP at a price of 85c, being the average market selling price over the 20 trading days ending 31 March 2015.



The shares allocated under the ESPP are held in trust for the employees during the restrictive period. The restrictive period of the plan is three years but can be less should certain events occur (as detailed specifically within the plan).

On 8 May 2015 138,100 shares were awarded to employees, of which 2,750 subsequently vested. 135,350 allocated shares are unvested at 30 September 2015.

#### **ii) Share options scheme**

Share options are granted to selected employees and directors. The exercise price of the granted options is determined by the Board with reference to the market price of shares at the time of the grant.

For employees, the options are conditional on the completion of the necessary years' service (the vesting period) as appropriate to that tranche. The option tranches vest in equal numbers annually over one to four years from the grant date. No options can be exercised later than the second anniversary of each vesting date.

For directors, the options vest immediately on the grant date and expire on the third anniversary of the original grant date. Each ordinary share option will be converted to one ordinary share on exercise.

On 31 March 2015 the Company approved the issue of 1,170,000 unlisted share options exercisable at 85 cents per option. On 8 May 2015 the Company allocated and issued all of those options to selected employees. Since then due to resignation or redundancy of employees, 250,000 of those options have lapsed.

The total number of unlisted share options issued to employees and outstanding under the Trilogy International Limited Share Option at 30 September 2015 was 1,320,000 (31 March 2015: 400,000) with a further 400,000 (31 March 2015: 400,000) outstanding unlisted share options issued to directors. The weighted average exercise price of the total allocated and outstanding unlisted share options at 30 September 2015 was 78 cents (31 March 2015: 70 cents).

#### ***(b) Directors' Remuneration***

Under the terms of the Company's constitution, directors can elect to take director fees in shares instead of cash. Richard Frank, Mandy Sigaloff and Jack Matthews have elected to take director fees in shares.

On 28 August 2014, 61,189 shares were issued to Mandy Sigaloff and 58,046 shares were issued to Richard Frank in satisfaction of director fees for the quarters ended 31 December 2013, 31 March 2014 and 30 June 2014 net of applicable withholding taxes.

On 24 October 2014, 20,833 shares were issued to Mandy Sigaloff, 10,870 shares were issued to Jack Matthews and 17,296 shares were issued to Richard Frank in satisfaction of director fees for the quarter ended 30 September 2014 net of applicable withholding taxes.

On 11 April 2015, 31,729 shares were issued to Mandy Sigaloff and 31,729 shares were issued to Jack Matthews in satisfaction of director fees for the quarters ended 31 December 2014 and 31 March 2015 net of applicable withholding taxes.

As referred to above, 200,000 options were issued to Jack Matthews on 7 August 2014.

**13 DIVIDENDS**

A dividend of 3.6c per share, totaling \$2,324,000 (31 March 2015: \$nil; 30 September 2014: \$nil) that relates to the period to 31 March 2015 was paid in June 2015.

**14 BUSINESS COMBINATIONS***Current period*

On 17 August 2015 the Group acquired 100% of the issued share capital of CS Company Limited ("CS Company"). At acquisition date, the provisionally determined fair value of the net assets and liabilities in CS Company amounted to \$10,116,000 with goodwill arising from the acquisition of \$32,613,000. None of the goodwill is expected to be deductible for tax purposes.

At the date of acquisition, the acquired entity is involved in the importation and distribution of products in the personal fragrance and beauty categories. The CS Company business fits well with the existing Trilogy International business. Over time synergies will be realised through distribution, sales and marketing.

The goodwill is attributable to CS Company's strong position, well-established distribution network and workforce and profitable trading in the personal fragrance and beauty categories in New Zealand. Synergies are expected to arise predominantly after the earn-out period is complete.

**(i) Purchase consideration**

Details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

|   | 2015<br>\$000 |
|---|---------------|
| Purchase consideration  |               |
| Cash paid   | 34,000        |
| Deferred and contingent consideration                                 | 9,135         |
| Working capital adjustment  | (406)         |
| <b>Total purchase consideration</b>                                   | <b>42,729</b> |
| Share of fair value of net identifiable assets acquired (note 14(ii)) | (10,116)      |
| <b>Goodwill</b>   | <b>32,613</b> |

**(ii) Assets and liabilities acquired**

The identifiable assets and liabilities recognised as a result of the acquisition, provisionally determined, are as follows:

|                                  | 2015<br>\$000 |
|----------------------------------|---------------|
| Cash                             | 54            |
| Trade and other receivables      | 4,962         |
| Inventories                      | 9,429         |
| Plant and equipment              | 949           |
| Derivative financial instruments | 446           |
| Deferred tax asset               | 73            |
| Trade and other payables         | (4,958)       |
| Tax payable                      | (839)         |
| <b>Net assets</b>                | <b>10,116</b> |

**(iii) Acquisition-related costs**

The acquisition costs incurred by the Group were \$234,000 in completing the transaction. These costs have been expensed to the Statement of Comprehensive Income.

**(iv) Contingent consideration**

The purchase consideration includes elements of deferred consideration and contingent consideration, in addition to the initial cash payment of \$34m at the time of the acquisition.

*Deferred consideration*

The Group will pay the former owners of CS Company two further amounts of \$1.5m (before discounting) on each of the first two anniversaries of the acquisition. A discount rate of 6.5% has been applied to give a fair value of \$2.7m.

*Contingent consideration*

The contingent consideration arrangement requires the Group to pay the former owners of CS Company in cash on the first and second anniversaries of the acquisition respectively, a multiple of CS Company's EBITDA in excess of a threshold for the years ending 31 March 2016 and 31 March 2017 of \$6.4m and \$7.0m respectively under an earn-out arrangement. The potential amount of undiscounted payments is not capped.

The undiscounted estimated fair value of the contingent consideration arrangement of \$7.05m was based on both historical earnings and forecast earnings of CS Company, being an income approach to a level 3 fair value measurement. The fair value of \$6.4m was based on a discount rate of 6.5% and assumed EBITDA of CS Company, being the key unobservable input, in the range of \$6.50m - \$8.00m for the year ending 31 March 2016 and \$7.25m - \$8.75m for the year ending 31 March 2017. Assuming all other variables are held constant and the EBITDA threshold is met, an increase or decrease in EBITDA by \$100,000 would increase or decrease the undiscounted amount of the earn-out by \$300,000.

**(v) Acquired receivables**

The fair value of trade and other receivables is \$4,962,000 and includes trade receivables with gross contractual cash flows and a fair value of \$4,639,000, none of which is expected to be uncollectable.

**(vi) Revenue and profit contribution**

The acquired business contributed revenues of \$5,163,000 and EBITDA of \$658,000 to the Group from 17 August 2015 to 30 September 2015. If the acquisition had occurred on 1 April 2015, consolidated revenue and consolidated earnings before interest and tax for the half-year ended 30 September 2015 would have been \$13,594,000 and \$1,964,000 higher respectively.

**15 CONTINGENCIES**

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There are no contingent liabilities at 30 September 2015.

**16 RELATED PARTY TRANSACTIONS**

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**(a) Directors**

The directors during the period were:

Stephen Sinclair  
Grant Baker  
Geoff Ross  
Sarah Gibbs  
Mandy Sigaloff  
Jack Matthews

On 30 April 2015, Sarah Gibbs resigned from the role of non-executive director.



*(b) Key Management and Personnel Compensation*

Independent director fees for the period were payable to Mandy Sigaloff and Jack Matthews. Refer to note 12 for details of shares issued in lieu of fees. Under the management services agreement between Trilogy International Limited and The Business Bakery dated 25 March 2010, Grant Baker, Stephen Sinclair and Geoff Ross provided services to the Company during the period.

|                      | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|----------------------|---|---|---|
| Consulting fees      | -   | 53  | 138   |
| Directors' fees      | 128   | 128   | 268   |
| Share based payments | -   | 20  | 20  |
| Management services  | 228   | 228   | 555   |
|                      | 356   | 429   | 981   |

*(c) Other Transactions*

**(i) with other related parties**

During the period, The Business Bakery LP provided rental and operational services to the Group totaling \$118,000 (31 March 2015: \$172,000; 30 September 2014: \$82,000).

Sarah Gibbs made no purchases on behalf of the Group during the period through her associated company, Bill & George's Investments Limited (31 March 2015: \$8,000; 30 September 2014: \$5,000).

Mandy Sigaloff made purchases on behalf of the Group during the period of \$1,000 through her associated company, ClubQT Australia Pty Limited (31 March 2015: \$2,000; 30 September 2014: \$1,000).

Jack Matthews made purchases on behalf of the Group during the period of \$1,000 (31 March 2015: \$1,000).

|                              | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|------------------------------|---|---|---|
| Payables to related parties: |   |   |   |
| The Business Bakery LP       | 184   | 72  | 187   |
| Independent Directors        | 61  | 30  | 50  |
| Non-Executive Directors      | 1   | 62  | 78  |
|                              | 246   | 164   | 315   |

**17 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|  | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2015<br>\$000 | UNAUDITED<br>6 MONTHS ENDED<br>30 SEPTEMBER 2014<br>\$000 | AUDITED<br>YEAR ENDED<br>31 MARCH 2015<br>\$000 |
|--|---|---|---|
| Profit for the period  | 3,209   | 984   | 4,523   |
| Depreciation and amortisation                                  | 155   | 194   | 366   |
| Loss on disposal of assets                                     | 100   | 130   | 290   |
| (Gains)/losses on derivative financial instruments             | (12)  | 55  | (40)  |
| Foreign exchange losses/(gains)                                | (262)   | 51  | (282)   |
| Shares in lieu of directors' fees                              | 51  | 66  | 95  |
| Deferred tax   | 396   | (52)  | (711)   |
| Fair value of share based payments                             | 124   | 20  | 37  |
| Fair value unwind  | 101   | -   | -   |
| <b>Movements in working capital:</b>                           |   |   |   |
| (Increase)/decrease in inventories                             | (5,012)   | (2,232)   | (1,712)   |
| (Increase)/decrease in trade and other receivables             | (5,368)   | (1,001)   | (745)   |
| Increase/(decrease) in tax provisions                          | (92)  | (98)  | 319   |
| Increase/(decrease) in trade and other payables                | 3,229   | 2,032   | 2,574   |
| <b>Net Cash Inflow/(Outflow)<br/>From Operating Activities</b> | <b>(3,381)</b>  | <b>149</b>  | <b>4,714</b>                                    |

**18 EVENTS OCCURRING AFTER THE BALANCE DATE***Directors' Remuneration*

On 18 November 2015, 22,328 shares were issued to Mandy Sigaloff and 14,960 shares were issued to Jack Matthews in satisfaction of director fees for the quarters ended 30 June 2015 and 30 September 2015 net of applicable withholding taxes.



CORPORATE  
DIRECTORY &  
SHAREHOLDER  
INFORMATION



## CORPORATE DIRECTORY & SHAREHOLDER INFORMATION

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### *Registered Office and Address for Service*

Level 1, Union Fish Building  
116-118 Quay Street, Auckland 1010

Telephone : (64) 9 367 9464

Facsimile : (64) 9 367 9473

Website : [www.trilogyprouducts.com/investors](http://www.trilogyprouducts.com/investors)

### *Auditor*

PricewaterhouseCoopers

### *Banker*

Bank of New Zealand

### *Solicitors*

Chapman Tripp

### *Company Publications*

The Company informs investors of the Company's business and operations by issuing an Annual Report and an Interim Report.

### *Financial Calendar*

|                             |          |
|-----------------------------|----------|
| Half year results announced | November |
| Half year report            | December |
| End of financial year       | 31 March |
| Annual results announced    | May      |
| Annual report               | June     |

### *Enquiries*

Shareholders with enquiries about transactions or change of address should contact Computershare Investor Services on +64 9 488 8777.

Other questions should be directed to the Company at the registered address.

### *Share Register*

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna, North Shore City 0622  
Private Bag 92 119, Auckland 1142, New Zealand  
Telephone: +64 9 488 8777  
Facsimile: +64 9 488 8787

### *Stock Exchange*

The Company's shares trade on the NZSX market operated by NZX Limited under the code TIL.



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Beauty Solutions

**TRILOGY INTERNATIONAL LIMITED INTERIM REPORT**

*For the 6 months ended 30 September 2015*