COOKS GLOBAL FOODS LTD.

ESQUIRES COFFEE

SCARBOROUGH FAIR

design environments

CRUX PRODUCTS

GROUNDED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2018

FINDLATER HOUSE
Dublin, IRELAND

CONTENT

Cooks Global Foods operates in world markets and is listed on the NZAX market operated by NZX Limited in New Zealand under the code CGF. It owns the intellectual property and master franchising rights to Esquires Coffee Houses worldwide excluding New Zealand and Australia. Cooks currently operates or franchises Esquires Coffee in Canada, the United Kingdom, Ireland, Bahrain, Kuwait, Saudi Arabia, UAE, Indonesia, Portugal, Romania, Pakistan, Jordan, and China. It also operates the Scarborough Fair Tea (including Grounded Responsible Coffee) and Crux Products supply businesses.
For more information visit: www.cooksglobalfoods.com

HIGHLIGHTS

ANNUAL GROUP REVENUE[1] FROM CONTINUING OPERATIONS FOR THE 12 MONTHS TO 31 MARCH 2018 INCREASED 26% TO $6.73 MILLION

CONTINUED STRONG GROWTH ACROSS THE GLOBAL ESQUIRES COFFEE NETWORK, WITH THE UK DELIVERING THE STANDOUT PERFORMANCE

NET LOSSES FROM CONTINUING OPERATIONS DOWN 54.4% TO $1.6 MILLION, WHICH INCLUDES DEPRECIATION AND AMORTISATION OF $0.2 MILLION; FINANCE COSTS OF $0.45 MILLION; AND SHARE OF NET LOSS IN CHINA ASSOCIATE OF $0.28 MILLION

ESTABLISHED A BEACHHEAD IN EUROPE WITH THE OPENING OF STORES IN ROMANIA AND PORTUGAL AND NEW OPERATIONS IN PAKISTAN AND JORDAN

SECURED APPROVAL AT THE SHAREHOLDERS MEETING IN JUNE 2017 FOR $10 MILLION IN NEW EQUITY, WHICH WILL FACILITATE TRANSITION TO CASHFLOW BREAKEVEN WITHIN THE 2019 FINANCIAL YEAR

COMMENCED THE RESTRUCTURING OF THE CHINESE AND MIDDLE EAST OPERATIONS

[1] The Chinese business was treated as a discontinued operation until 30 September 2017 and thereafter as an investment in an associate to be equity accounted going forward. The China business has been folded into a new entity, in which Cooks will hold a minority position, covering the greater China region. No further funds have been invested in China since 30 September 2017, with Cooks China partner providing funding, during a transition period, until 31 March 2018. Funds that Cooks owe as part of this interim arrangement have been dealt with by an adjustment to the proportional ownership structure in the new business, with Cooks share of the new company settling at 21%.

REAPING THE REWARDS OF TRANSFORMATION

EXECUTIVE CHAIRMAN'S REPORT

"COOKS IS CONTINUING TO MAKE PROGRESS AND WE ARE CONFIDENT THAT THE STEPS WE HAVE TAKEN THIS FINANCIAL YEAR HAVE SET UP THE COMPANY TO GROW AND TRANSITION TO CASHFLOW BREAKEVEN IN THE NEW FINANCIAL YEAR".

Cooks Global Foods has made solid operational progress during the year. The company has reported a strongly improved financial performance after a year of consolidation that has set it up for the next phase of growth.

Group revenue from continuing operations for the 12 months to 31 March 2018 increased 26% to $6.73 million from $5.34 million in the same period a year ago. Sales of beverage products and franchise related fees benefited from continuing strong growth in the global Esquires Coffee House network[2] where total store sales increased by 8.7%.

The group also saw a rising contribution from the branded consumer business especially the new Grounded responsible coffee brand.

Annual net losses from continuing operations nearly halved to $1.6 million from $3.5 million in the same period a year ago, with foreign exchange gains contributing around $0.66 million of the turnaround.

Annual net losses, including discontinued operations, narrowed to $3.9 million from $12.2 million in the prior financial year.

Employee and other costs increased to $6.5 million from $6.0 million in the prior year, largely due to the additional resource in the Esquires UK business to support the growth in store numbers and revenue in that territory.

The increase also reflected increased expenditure to support the launch of Scarborough Fair's new carbon-neutral Grounded coffee brand.

The core continuing coffee operations are performing well, with more regions making a positive contribution to operating earnings. The UK Esquires business continues to lead the global network, with group revenue from the region increasing 92% to $3.0 million.

The UK now represents 44% of total group revenue for continuing activities. New coffee operations have been established in Portugal, Romania, Jordan and Pakistan with these regions delivering positive results for the company, albeit with some coming into play late in the financial year.

While the accounting treatment of the restructured China business has been confirmed, the final agreements associated with the new entity are still being completed. We have also moved closer to finalising the terms for the new joint venture in the Middle East.

Both arrangements more closely align the interests of the regional partners with Cooks and have the potential to accelerate growth of the coffee operations in these regions.

The supply businesses, including the coffee and tea supplier Scarborough Fair and the food exporter and importer Crux Products, continue to make solid progress. We are particularly excited about the potential for the Grounded responsible coffee brand, which was launched this year and has been growing strongly in New Zealand.

[2] **Non-GAAP Financial information:** Figures relating to the store network, total store sales and same store sales are designated non-GAAP financial information. Please refer to the appropriate footnotes which further define these and associated terms. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The non-GAAP financial information has not been subject to audit nor third party review. The non-GAAP financial information is collated on a weekly basis by management in relation to the net sales of stores within the network, franchised or owned, that operate under a Cooks Global Foods brand. While this information is not directly comparable to the revenue recorded by the Group, other than for owned stores, it does indicate trends which have an influence on the portion of revenue earned by the Group relating to recurring franchise fees. Financial information relating to the store network are a non-GAAP measure common for comparable businesses in the retail sector although as noted above, not standardised by any industry-wide body.

We have also held discussions with a number of partners that could propel growth in the coffee store network to above our 100-store target. While these discussions are ongoing they are so far inconclusive.

Finally, of the $10 million new equity approved by shareholders during the year: $3.4 million has been applied to reduce debt; $2.3 million received in cash; and $4.3 million of underwrite still to complete. This capital raising has provided the momentum to move our current operations towards break even, a goal we expect to achieve during the current financial year.

Together these achievements have put the company in a strong position and give Cooks Global Foods confidence for the years ahead.

OPERATION OVERVIEW

Constant currency total store network sales[3] were up 8.7% to $43.1 million in the 12 months to 31 March 2018. Constant currency store sales are a leading indicator of the revenue Cooks expects to generate for new and refurbished stores and recurring revenues, such as royalties, coffee product and other retail sales. On a same-store[4] basis, the total coffee store network constant currency sales rose 1.1% to $33.6 million.

At the end of March 2018, store numbers stood at 93, down 5 from 98 at the same time a year ago. In the 12 months to 31 March 2018, Esquires opened a total of 18 stores, including eight in the United Kingdom, six in the Middle East, three in Europe and one in China. However, these gains were offset by the closure of 23 stores including 12 stores in China, five stores in the Middle East and a total of six stores in other territories.

Cooks now treats its former Chinese subsidiary as an investment in an associate (with an effective stake of 21%) with effect from 1 October 2017 and equity accounts for movements in this investment from that date onwards. Cooks continues to work through complex regulatory processes with respect to the Middle East joint venture. The completion of which is now expected within the 2019 financial year.

Growth in store sales and store numbers was slower than the prior year, mainly due to the impact of the restructuring of the Esquires' Chinese and Middle East operations.

UNITED KINGDOM

Group revenue from the UK increased 92% to $3.0 million from $1.5 million the same time a year ago, with the region delivering an operating profit of $0.19 million, reversing last year's $0.73 million operating loss.

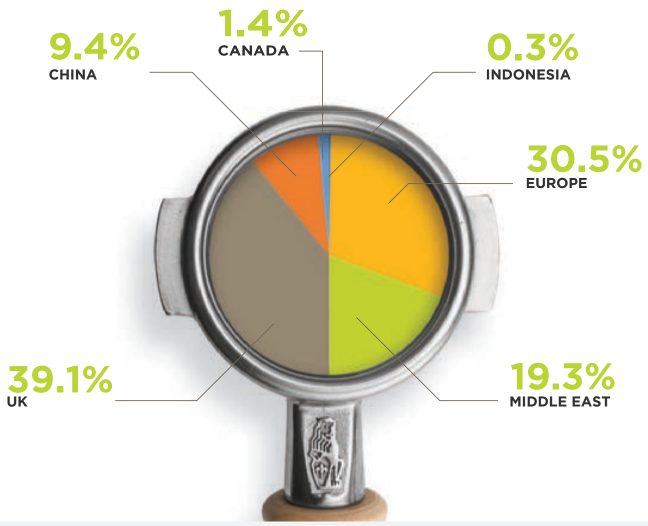
The UK Esquires business continues to lead performance across the network, benefitting from a net increase in six stores during the year taking the total to 35. It has also benefited from the ongoing store refurbishment programme. In the final quarter of the year the company moved to accelerate the growth in this region with the signing of a regional master franchise for the South East of England, the first of several regional master franchises we envisage for the territory.

EUROPE

The Irish business is now treated as part of a European region which includes the new stores in Portugal and Romania. Group revenue from Europe (still predominantly relating to the Irish business) increased 48% to $0.99 million from $0.67 million in the same period a year ago, while the region posted an operating profit of $0.19 million, reversing the prior year's $0.04 million loss. The increase in revenue was in part assisted by franchise fees relating to Romania and Portugal.

While store numbers in Ireland remained unchanged during the year at 11 stores, network store sales rose 11.9% from the prior year, with transactions[5] up 9.6% and the average transaction value[6] up 2.0%.

NETWORK STORE SALES BY SEGMENT [2]



[3] **Total store network sales** are the aggregate of sales of all Esquires branded coffee stores, whether franchised or owned, across the company's global brand network. Cooks derives income from its franchised stores from franchise related fees, primarily related to these sales levels as well as store sales for those stores directly owned by the company. Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. However, they are not and should not be confused with the revenue of Cooks Global Foods which is reported in its financial statements as the two do not directly correlate. The 2018 trading period was one week shorter than the same period a year ago. To show fair comparison, an adjustment to remove the impact of the extra week of trading in the 2017 financial year is used in this report.

[4] **Same store sales** are the aggregate of all Esquires-branded coffee stores, whether franchised or owned across the company's global brand network that have been operational for at least a full two-year period for the purposes of like-for-like comparison between current and prior periods. The metric measures the improvement in existing store sales within the brand network, excluding new stores opened in the previous 24 months. Same store sales are not the same as revenue in the financial statements for Cooks Global Foods group but can indicate stable revenue growth in the brand network.

[5] **Transactions** relate to the total individual transactions, which occur within Esquires branded coffee stores, whether franchised or owned. A transaction is defined as a single financial transaction for food, beverage or product that is processed through the point-of-sale system within a coffee store.

[6] **Average transaction values** are derived by dividing total Esquires coffee store sales by total transactions recorded over the period.

REST OF THE WORLD

The rest of the world segment covers the stores in the Middle East, Pakistan, Indonesia, and Canada. Group revenue from this region decreased from $2.5 million to $1.9 million but operating profits increased to $0.43 million from a profit of $0.23 million in the same period a year ago.

The decrease in revenue predominantly relates to New Zealand-sourced coffee sales to the Middle East and China, with reduced demand in China following the reduction in store numbers and timing differences in ordering cycles in the Middle East. Even after stripping out foreign currency gains, the region recorded an operating profit. The rest of the world stores reduced to 30 in total from 32 the year before.

SUPPLY AND CORPORATE

Group revenue from the supply businesses increased 31% to $0.84 million from $0.64 million a year ago largely due to a sharp increase in sales of the climate-neutral coffee brand Grounded. The Crux Products supply business is growing but is still yet to make a significant contribution to the group.

Losses in the supply business increased to $0.30 million from a loss of $0.24 million in the same period a year ago, largely reflecting the increase in marketing and distribution costs associated with the Grounded launch. Corporate costs were contained with operating costs narrowing from $2.2 million to $1.4 million.

BALANCE SHEET

During the year the company secured an additional $10 million in new equity from its major shareholders, of which $3.4 million was used to repay borrowings, while the remaining $6.6 million is funding the company's growth.

Around $4.7 million of that sum was provided by the underwrite of the group's share purchase plan by entities associated with me with $4.3 million of that underwrite still to complete at balance date. As at 31 March 2018 around $1.3 million of an earlier underwrite, provided by my company Cooks Investment Holdings, has been committed with respect to the Middle East joint venture transaction which is moving closer to a finalised form.

Cooks believes that its current operations will transition to cashflow breakeven using its existing facilities and the as-yet undrawn capital.

OUTLOOK

Cooks is continuing to make progress and we are confident that the steps we have taken this financial year have set up the company to grow and transition to cashflow breakeven in the new financial year. We will provide an update at the annual meeting later this year.

For and on behalf of the Board of Directors

Keith Jackson
Chairman
Cooks Global Foods Limited

UNITED KINGDOM
London, Putney

IRELAND
Limerick, Catherine St.

PORTUGAL
Porto, Central

ROMANIA
Bucharest, Veranda Mall

PAKISTAN
Karachi, Zamzama

JORDAN
Amman, Daboug

ESQUIRES COFFEE OPERATING METRICS[7]

NON-GAAP FINANCIAL INFORMATION[2]

12 MONTHS TO 31 MARCH

TOTAL NETWORK	31 MAR 2018	31 MAR 2017[8]	VARIANCE
Esquires Coffee Store sales	NZ$43,106,131	NZ$39,656,630	8.7%
Transactions	4,499,395	4,338,821	3.7%
Average transaction value	NZ$9.58	NZ$9.14	4.8%

SAME STORE	31 MAR 2018	31 MAR 2017[8]	VARIANCE
Esquires Coffee Store sales	NZ$33,602,282	NZ$33,231,225	1.1%
Transactions	3,444,465	3,586,901	-4.0%
Average transaction value	NZ$9.76	NZ$9.26	5.4%

[7] Esquires operating metrics convert the prior year figures at the same exchange rate as the current year to eliminate any exchange fluctuation affect. **For the definition of all terms, please refer to the footnotes earlier in this report.**
[8] The 2017 operational year was 53 week's. The 53rd week,s sales have been removed so the year is comparable to 2018's 52 week year.

Year to 31 March	Mar-2017	Opened	Closed	Mar-2018
China	26	1	12	15
Ireland	11	0	0	11
UK	29	8	2	35
Canada	4	0	2	2
Middle East	25	6	5	26
UAE	5	0	3	2
Saudi Arabia	8	1	1	8
Bahrain	6	0	1	5
Kuwait	6	3	0	9
Jordan	0	1	0	1
Pakistan	0	1	0	1
Indonesia	3	0	1	2
Romania	0	2	1	1
Portugal	0	1	0	1
Total	**98**	**18**	**23**	**93**

ETHICAL AND RESPONSIBLE

ESQUIRES COFFEE: AN INTERNATIONAL CAFE BUSINESS THAT EMBRACES SUSTAINABILITY AND COMMUNITY SPIRIT

OPERATION OVERVIEW

Cooks Global Foods has worked hard to establish a culture based on 'responsible people, responsible business' encouraging employees to make responsible decisions, and embrace responsible business practices.

Responsible business to Cooks means a genuine commitment to both sustainability and the health and wellbeing of our people, the communities in which we operate and farming communities it supports.

We believe Fairtrade, Organic and Climate Neutral are more than programmes, they are a commitment to responsible business.

FAIRTRADE: CHANGING THE WORLD ONE CUP OF COFFEE AT A TIME

With the health and wellbeing of our farming communities front of mind, all coffee sold by Cooks is Fairtrade, as is our drinking chocolate and tea.

Fairtrade is an international third-party certification that gives assurance that our coffee meets social, economic and environmental standards. The Fairtrade movement emerged in response to the plight of farmers and workers in developing countries, many of whom are excluded from the benefits of international trade. Today, for hundreds of thousands of people, Fairtrade means the difference between a hand-to-mouth existence and a better, brighter future.

And through Fairtrade, Cooks customers can be assured that the products they are consuming are not exploiting the farmers who produce them. Our Fairtrade credentials are certified by Fairtrade Australia and New Zealand. It attests that all Esquires and Grounded Coffee is traded according to the following standards:

TRANSPARENCY: ALL TERMS AND CONDITIONS OF FAIRTRADE TRANSACTIONS ARE DETAILED IN CONTRACTS SIGNED BY THE PRODUCERS AND BUYERS.

FAIR PRICE: PRODUCERS RECEIVE AT LEAST A FAIRTRADE MINIMUM PRICE, WHICH AIMS AT COVERING THE AVERAGE COSTS OF SUSTAINABLE PRODUCTION, OR THE MARKET PRICE, WHICHEVER IS HIGHER.

FAIRTRADE PREMIUM: ON TOP OF THE PRICE, PRODUCERS RECEIVE A FAIRTRADE PREMIUM, WHICH THEY CAN INVEST IN THEIR OWN DEVELOPMENT, ACCORDING TO THEIR NEEDS.

MARKET INFORMATION FOR PLANNING: PRODUCERS RECEIVE SOURCING PLANS AND INFORMATION ABOUT MARKET PROSPECTS, TO ENABLE THEM TO BETTER PLAN THEIR ACTIVITIES.

PRE-FINANCE: PRODUCERS HAVE ACCESS TO PRE-FINANCE, TO HELP THEM FUND THEIR OPERATIONS.

TRADING WITH INTEGRITY: OPERATORS ALONG THE FAIRTRADE SUPPLY CHAINS DO NOT ENGAGE IN UNFAIR TRADING PRACTICES.

LABOUR AND ENVIRONMENT: TRADERS IN FAIRTRADE SUPPLY CHAINS COMPLY WITH LABOUR AND ENVIRONMENTAL LAW (APPLICABLE AS OF 2017).

HAZARDOUS MATERIALS: STANDARDS RELATED TO THE USE OF HAZARDOUS MATERIALS (APPLICABLE AS OF 2018).

ORGANIC

Cooks sources organic farmed coffee that is also certified Fairtrade. Our New Zealand brand is Grounded Responsible Coffee, which is certified organic by BioGro New Zealand, a third-party certification that guarantees organic and environmental standards are being met.

BioGro visits farms, packing facilities, warehouses, stores and manufacturing operations to make sure practices meet its strict organic standards. Only then does a product receive a BioGro certification. This means every single BioGro certified product can be traced back to its origin, so every single bean of Grounded coffee can be traced back to the plantation in which it grew.

GROUNDED

As one of New Zealand's pioneering climate neutral brands, Cooks is very proud of Grounded Responsible Coffee. A delicious high-quality coffee, that not only improves the lives of its coffee farming communities, but also helps to protect and restore the health of our planet, providing more sustainable options for people, with no compromise on quality, price or convenience. It is 100% certified Fairtrade, Organic and Climate Neutral and it is helping clean up New Zealand's waterways and restore native flora and fauna.

FAIRTRADE AND CLIMATE NEUTRAL

Fairtrade New Zealand, in addition to applying the same rigorous oversight to Grounded's Fairtrade credentials, also works with Grounded to calculate its carbon footprint from its entire supply chain, from the coffee plantation, to the roastery and to the supermarket.

Grounded continues to look for ways to reduce its carbon emissions and neutralise the rest through tree planting in New Zealand, and in Peru.

In Peru, Fairtrade works with coffee farmers to plant trees that remove carbon from the atmosphere. As well as being good for the environment, the tree planting provides much welcomed extra income for the farmers. They are also using these funds to protect their farms from climate change.

TREES FOR SURVIVAL

Grounded Responsible Coffee is working in partnership with Trees For Survival, an environmental education programme which involves young people growing seedlings and planting native trees. The trees restore natural habitats by helping re-forest erosion prone land, improve stream flow and water quality, and increase biodiversity.

Cooks' Directors, and employees, all muck in and enjoy their Tree Planting expeditions. The next one is planned for August 2018, when Cooks will join Takapuna Normal Intermediate who have grown the seedlings that will be jointly planted near Leigh north of Auckland.

Trees For Survival has planted well over 1.5 million trees across New Zealand over the last 25 years, and is actively working every week with 133 schools. The Trees For Survival programme creates community partnerships by engaging schools, their community, local businesses and councils working together to restore our natural heritage.

COMMUNITY ENGAGEMENT

ESQUIRES LOCAL PROMISE

At the very heart of our Esquires brand, we are proudly local, and striving to become an integral part of every community that we're part of.

Our stores are very active in their communities, often helping to promote awareness and support of local charities, schools and causes in need. Our franchise store partners are known for their authentically warm character, friendly service and local knowledge, making them a central part of the community.

In each community Esquires operates it makes a promise to:

– MAKE THE BEST TASTING COFFEE IN OUR NEIGHBOURHOOD;

– CARE FOR OUR CUSTOMERS AND THE TIME THEY SPEND WITH US;

– BE PART OF THE "LOCAL VIBE";

– BUILD AN HONEST BUSINESS.

Contents to Consolidated Financial Statements

Directors' report

The directors of Cooks Global Foods Limited are pleased to present to shareholders the Annual Report and consolidated financial statements for Cooks Global Foods Limited and its controlled entities (together the "Group") for the year ended 31 March 2018.

The directors are responsible for presenting consolidated financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 31 March 2018 and their financial performance and cash flows for the year ended on that date.

The directors consider that the consolidated financial statements of the Group 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 Group and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors note the following as material changes in the nature of the business undertaken by the Company in the past year:

(a) The Board of Directors decided in the prior year to restructure the Group's China business in association with a Chinese based investment entity (CIE). During the year the restructure of the China business was substantially completed apart from some structural changes and formal documents still outstanding relating to the new companies established in China.

While the Group still holds 100% of the shares in Beijing Esquires Management Co. Ltd (BEML), a review of control with respect to that separate business unit under New Zealand International Financial Reporting Standard 10 (IFRS 10: Consolidated Financial Statements), determined that loss of control of the business effectively occurred on 1 October 2017.

As a result, the Group has treated the trading results for the China operation for the six months to 30 September 2017 as discontinued operations in its Consolidated Statement of Profit or Loss and other Comprehensive Income. From 1 October 2017, it recognises its investment in the new China entity as an Associate in which it holds a 21% share and equity accounts for that investment going forward. The loss associated with the loss of control of the business has been recognised in discontinued operations.

As part of the transitional arrangement with CIE, it was agreed that the Group would contribute towards operational running costs until 30 April 2018. It was also agreed that the share of these costs would not be provided by any further capital injection by the Group into the China business, but by an appropriate adjustment to the final shareholding of the Group in the new China entity from that provisionally agreed in the prior year. The relevant cost relating to this transitional period in the second half of the financial year has been recognised in continuing operations as a share of net loss of associates accounted for using the equity method ($279k).

(b) The Company signed franchise agreements for the new territories of Portugal, Pakistan and Romania. As well, the Esquires Coffee UK business sold the first regional franchise, for the South East of England, as part of a strategic plan to divide the UK territory into 11 regional franchise zones.

(c) The Company is continuing to finalise the terms of our new joint venture in the Middle East with our existing Saudi Arabian Master Franchisee. This is expected to complete during the new financial year. This arrangement will more closely align the interests of our local partner with those of the Group and has the potential to accelerate growth of our coffee operations in the region.

(d) We are continuing discussions with various parties in Europe and the United States of America to formalise strategic business relationships that will facilitate the more rapid growth of the Group and help us achieve our store targets for the financial year to 31 March 2019.

Going Concern
The directors consider that using the going concern assumption is appropriate having reviewed cash flow projections of the Group which are based on a number of key assumptions such as the outcome of current funding discussions.

Greater detail of the going concern assumptions, the cash generating initiatives currently underway and alternative courses of action which could be pursued should key cash generating initiatives be unsuccessful are detailed in Note 4 of the consolidated financial statements.

Donations & Audit Fees
The Group made no donations during the past year. Amounts paid to BDO Auckland for audit and other services are shown in Note 21 of the consolidated financial statements.

Other Statutory Information
Additional information required by the Companies Act 1993 is set out in the Regulatory Disclosures and Shareholder Information sections.

The directors present the consolidated financial statements set out in pages 16 to 71, of Cooks Global Foods Limited and its controlled entities for the period 1 April 2017 to 31 March 2018.

The Board of Directors of Cooks Global Foods Limited authorised these consolidated financial statements for issue on 16 July 2018.

Keith Jackson	Andrew Kerslake
Executive Chairman	Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COOKS GLOBAL FOODS LIMITED

Opinion

We have audited the consolidated financial statements of Cooks Global Foods Limited ('the Company') and its controlled entities (together, 'the Group'), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its controlled entities.

Material Uncertainty Related to Going Concern

We draw attention to note 4 to the consolidated financial statements, which states that the Group incurred a net loss of $3,862,000 (2017: $12,179,000) and operating cash outflows of $1,424,000 (2017: $5,174,000) during the year ended 31 March 2018 and, as of that date, the Group has reported net assets of $183,000 and current liabilities exceed current assets by $4,277,000. As stated in note 4, these events or conditions, along with other matters as set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How The Matter Was Addressed in Our Audit

Disposal of Beijing Esquires Management Co Limited ('China Operations')

The Directors of the Group have continued working to restructure the China Operations in the 2018 financial year. The audit and accounting implications of the restructure are:

a) Assessment of Loss of Control of the China Operation

As disclosed in notes 3.20 and 13.2 of the Consolidated Financial Statements the Directors have concluded that as the Group has lost control over the China Operations effective from 1 October 2017 it is no longer a subsidiary and is not consolidated within the Group Financial Statements.

The Directors assessed the loss of control based on key facts and circumstances which included:

• Appointment of the new CEO by the new China Partner;

• Decision making process about the business activities and the direction of these activities are led by the new China Partner; and

• Interim funding decisions including a change to the responsibility of funding the working capital requirements of China Operations to the new China Partner.

Whilst non-binding term sheets have been signed and the Directors of the Group have advanced the restructure of the China Operations significantly, a formal agreement is yet to be executed and the transaction is yet to be completed.

We have determined this to be a key audit matter due to judgements required to determine whether loss of control has occurred and its impact on the financial statements as a whole.

How the matter was addressed in our audit:

Our audit considered whether the judgements applied by the Group to their assessment of loss of control of the China Operations met the requirement of NZ IFRS 10 Consolidated Financial Statements.

Our procedures included, amongst others:

• Evaluating the Directors' assessment based on the available factors relating to the progression of the restructure of China Operations that led to the conclusion that the Group has lost control of the China Operations. This included:

- Reading the relevant agreed term sheets, board papers and other correspondence in respect of the restructure of the China Operations.

- Obtaining third party confirmations to support the Directors' assessment.

• Assessing the adequacy of the Group's disclosures regarding their assessment.

b) Assessment of the Fair Value of the Consideration received being the investment in Shanghai Yinshi Food and Beverage Management Company Limited ('Associate')

The Directors have determined the fair value of the consideration received for the disposal of the China Operations (being the share investment in Associate) using a fair value less costs of disposal methodology. The fair value of the investment was determined as at 30 September 2017 at $3,366,000. This resulted in a loss on derecognition of the China Operation of $1,086,000 in the 2018 financial year.

The view of the Directors is that the formal documents relating to the transaction will be executed in due course and 46.7 million Yuan will be invested by the new China partner as per the agreed term sheets.

Refer to note 3.20 China Business and 13.2 China Operation.

The assessment of the fair value of the consideration was a key audit matter due to the high level of judgement required in assessing the valuation methodology and inputs used to determine the fair value of the investment. This methodology included the 46.7 million Yuan yet to be invested by the new Chinese Partner into the investment.

Our audit considered whether the judgements applied by the Group to their assessment of fair value of the consideration for the disposal of the China Operations (being the share investment in Associate) using a fair value less costs of disposal methodology were appropriate.

We focused on the on the Directors' assessment of the fair value of the consideration and recognition of the Group's investment in Shanghai Yinshi Food and Beverage Management Company Limited as an Associate.

Our procedures included, amongst others:

• Reading the relevant agreed term sheets, board papers, other correspondence and obtaining third party confirmations in respect of the restructure of the China Operations to understand the key terms and conditions, and to confirm our understanding of the transaction.

• Together with our valuation specialists evaluating the Directors' assessment of the fair value of the investment in Associate and the appropriateness of the methodology used.

• Recalculating the loss on derecognition of the subsidiary.

• Assessing the adequacy of the Group's disclosures in respect of the above.

Key Audit Matter	How The Matter Was Addressed in Our Audit

Impairment assessment of the investment in Shanghai Yinshi Food and Beverage Management Company Limited ('Associate') as at 31 March 2018

As at 31 March 2018 the carrying amount of the investment in the Associate is $3,087,000. The Group has used fair value less costs of disposal methodology to determine the recoverable amount of the investment in Associate to assess any potential impairment.

The Group concluded no impairment charge was required in respect of its investment in the Associate as at 31 March 2018 as the Directors' view is that 46.7 million Yuan will be invested by the new Chinese Partner as agreed in the Term Sheets.

Refer to note 3.20 China Business and 14.2 Interests in Associate.

The impairment assessment of the investment was a key audit matter due to judgements involved around the assumption that the transaction will be completed, judgements involved in the appropriateness of the valuation methodology and inputs used to support the Group's assessment of the impairment of the carrying value of the investment in Associate.

Our audit considered whether the methodology and judgements applied by the Group to their impairment model met the requirement of NZ IAS 36 Impairment of Assets.

Our procedures included, amongst others:

• Together with our valuation specialists evaluating the Directors' assessment of the fair value of the investment and the appropriateness of the methodology used.

• Assessed the likelihood of 46.7 million Yuan being invested by the new Chinese Partner through reading the relevant agreed term sheets, board papers, other correspondence and obtaining third party confirmations in respect of the restructure of the China Operations to understand the key terms and conditions, and to confirm our understanding of the transaction.

• Assessing the adequacy of the Group's disclosures.

Impairment assessments of Global IP-Rights and Reacquired Rights

The Group holds Global IP-Rights and Reacquired Rights of $1,481,000 of relating to Intellectual property and master franchising rights to Esquires Coffee Houses worldwide excluding New Zealand and Australia.

The Group also holds Reacquired Rights of $1,416,000 relating to Esquires Ireland Cash Generating Unit ('CGU') and Esquires UK CGU.

The Group has used fair value less costs of disposal and value in use models to determine the recoverable amounts of these intangible assets to assess any potential impairment.

The Group concluded no impairment charge was required in respect of Global IP-Rights and Reacquired Rights.

Refer to note 15.2 Other Intangible Assets.

We have determined this to be a key audit matter due the significant judgements involved to determine the recoverable amount of Global IP-Rights and reacquired rights such as:

- Comparable sales transactions.
- Discount rates;
- Market growth rates;
- Store growth rates; and
- Expected revenue, costs and capital expenditure

Our audit considered whether the methodology and judgements applied by the Group to their impairment models met the requirement of NZ IAS 36 Impairment of Assets.

Our procedures included, amongst others:

• Assessing the determination of the Group's cash generating units based on our understanding of the nature of the Group's business, how earning streams are monitored and reported and the economic environment in which it operates.

• Together with our valuation specialists, assessing and testing the assumptions and methodologies used in the Group's value in use model. In doing so:

- We compared the cash flow forecasts to Board approved forecasts;

- We assessed the basis for the Group's cash flow forecasts including consideration of the historical accuracy of previous estimates;

- We compared the discount rate, growth rates and the economic assumptions to available internal and external data; and

- We performed sensitivity analysis and evaluated whether there are reasonably possible changes in assumptions which could cause the carrying amount of the CGU to exceed its recoverable amount.

• Assessing the relevance of the comparable sales transactions used in the fair value less costs of disposal model to determine the recoverable amount of the trademarks.

• Assessing the adequacy of the Group's disclosures in respect of trademarks and reacquired rights.

Other Information

The directors are responsible for the Annual Report, which includes information other than the consolidated financial statements and our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we Report to

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

The engagement partner on the audit resulting in this independent auditor's report is Blair Stanley.

BDO Auckland

BDO Auckland
Auckland, New Zealand
16 July 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	31-Mar 2018 $'000	31-Mar 2017 $'000
Continuing operations			
Revenue	5	**6,728**	5,340
Other income		**37**	138
Raw materials and consumables used		**(1,069)**	(1,250)
Depreciation and amortisation	16,15.2	**(244)**	(166)
Property related costs		**(475)**	(434)
Net foreign exchange (losses)/gains		**655**	(591)
Employee costs	6	**(3,018)**	(2,896)
Other expenses	7	**(3,505)**	(3,113)
Operating loss		**(891)**	(2,972)
Finance costs	8	**(449)**	(564)
Share of net loss of associate accounted for using the equity method	14.2	**(279)**	-
Loss before income tax		**(1,619)**	(3,536)
Income tax expense	9	**-**	(16)
Loss for the year from continuing operations		**(1,619)**	(3,552)
Net loss for the year from discontinued operations	13.3	**(2,243)**	(8,627)
Net loss for the year		**(3,862)**	(12,179)
Loss attributable to:			
- Shareholders of the parent		**(3,731)**	(11,775)
- non-controlling interests		**(131)**	(404)
		(3,862)	(12,179)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		**(1,072)**	760
Exchange differences on translation of discontinued operations	13.2	**416**	-
Other comprehensive income after tax		**(656)**	760
Total comprehensive loss for the year		**(4,518)**	(11,419)
Attributable to:			
- Shareholders of the parent		**(4,387)**	(11,015)
- non-controlling interests		**(131)**	(404)
		(4,518)	(11,419)
Loss from discontinued operations attributable to:			
- Shareholders of the parent	13	**(2,120)**	(8,283)
- non-controlling interests	13	**(123)**	(344)
		(2,243)	(8,627)
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	19.2	**(0.79)**	(2.85)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	19.2	**(0.34)**	(0.85)

This statement should be read in conjunction with the notes to the consolidated financial statements.

COOKS GLOBAL FOODS LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Notes	Share Capital $'000	Foreign currency translation reserve $'000	Accumulated Losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
		Attributable to Equity holders of the Company					
Balance at 1 April 2016		36,372	(5)	(27,029)	9,338	309	9,647
Comprehensive loss for the year							
Loss for the year		-	-	(11,775)	(11,775)	(404)	(12,179)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Change in foreign currency translation reserve		-	760	-	760	-	760
Total comprehensive income/(loss) for the year		-	760	(11,775)	(11,015)	(404)	(11,419)
Transactions with owners of the Company							
Issue of ordinary shares	19	503	-	-	503	-	503
Ordinary shares to be issued		1,000	-	-	1,000	-	1,000
Total contributions by owners of the Company		1,503	-	-	1,503	-	1,503
Non-controlling interests fund's introduced		-	-	-	-	466	466
Balance at 31 March 2017	19	37,875	755	(38,804)	(174)	371	197
Balance at 1 April 2017		**37,875**	**755**	**(38,804)**	**(174)**	**371**	**197**
Comprehensive loss for the year							
Loss for the year		**-**	**-**	**(3,731)**	**(3,731)**	**(131)**	**(3,862)**
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Change in foreign currency translation reserve		**-**	**(656)**	**-**	**(656)**	**-**	**(656)**
Total comprehensive income/(loss) for the year		**-**	**(656)**	**(3,731)**	**(4,387)**	**(131)**	**(4,518)**
Transactions with owners of the Company							
Issue of ordinary shares	19	**4,642**	**-**	**-**	**4,642**	**-**	**4,642**
Ordinary shares to be issued		**170**	**-**	**-**	**170**		**170**
Total contributions by owners of the Company		**4,812**	**-**	**-**	**4,812**	**-**	**4,812**
Non-controlling interests fund's introduced		**-**	**-**	**-**	**-**	**83**	**83**
Non-controlling interests disposed of		**-**	**-**	**-**	**-**	**(391)**	**(391)**
Total non-controlling interests		**-**	**-**	**-**	**-**	**(308)**	**(308)**
Balance at 31 March 2018	19	**42,687**	**99**	**(42,535)**	**251**	**(68)**	**183**

This statement should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	31-Mar 2018 $'000	31-Mar 2017 $'000
Assets			
Current Assets			
Cash and cash equivalents	10	**714**	182
Trade and other receivables	11	**2,760**	2,579
Inventories	12	**154**	227
Other current assets	11	**616**	518
Assets classified as held-for-sale	13.3	**-**	6,495
Current tax assets		**-**	6
Current Assets		**4,244**	10,007
Non-Current Assets			
Intangible assets	15.2	**2,948**	3,035
Property, plant and equipment	16	**359**	256
Investments accounted for using the equity method	14.2	**3,087**	-
Other non-current financial assets		**15**	15
Non-current assets		**6,409**	3,306
Total Assets		**10,653**	13,313
Liabilities			
Current Liabilities			
Trade and other payables	17	**4,604**	3,832
Bank overdraft	10	**1,180**	1,826
Liabilities classified as held-for-sale	13.3	**-**	1,689
Borrowings and other liabilities	18	**2,737**	4,270
Current liabilities		**8,521**	11,617
Non-Current Liabilities			
Borrowings and other liabilities	18	**1,949**	1,499
Non-current liabilities		**1,949**	1,499
Total Liabilities		**10,470**	13,116
Net Assets		**183**	197
Equity			
Share capital	19.1	**42,687**	37,875
Accumulated losses		**(42,535)**	(38,804)
Foreign currency translation reserve		**99**	755
Equity attributable to owners of the parent		**251**	(174)
Non-controlling interests		**(68)**	371
Total equity		**183**	197

G. K. Jackson

Director

Director

The consolidated financial statements were approved for issue for and on behalf of the Board as at 16 July 2018.
This statement should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	31-Mar 2018 $'000	31-Mar 2017 $'000
Operating activities			
Cash was provided from:			
Receipts from customers		**8,066**	12,133
Cash was applied to:			
Interest cost		**(423)**	(494)
Payments to suppliers & employees		**(9,067)**	(16,813)
Net cash applied to operating activities	22	**(1,424)**	(5,174)
Investing activities			
Cash was applied to:			
Net cash disposed on de-recognition		**(193)**	-
Purchase of property, plant and equipment		**(135)**	(467)
Payment for funds owed for business acquisitions		**(137)**	(81)
Net cash applied to investing activities		**(465)**	(548)
Financing activities			
Cash was provided from:			
Proceeds from borrowings	18	**1,650**	2,863
Proceeds from share issue		**2,679**	2,210
Cash was applied to:			
Repayment of borrowings	18	**(1,262)**	(220)
Net cash provided from financing activities		**3,067**	4,853
Net increase/(decrease) in cash and cash equivalents		**1,178**	(869)
Cash & cash equivalents at beginning of the year		**(1,644)**	(775)
Cash & cash equivalents at end of the year		**(466)**	(1,644)
Composition of cash and cash equivalents:			
Bank balances	10	**714**	182
Overdraft balances	10	**(1,180)**	(1,826)
		(466)	(1,644)

This statement should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Nature of operations

Cooks Global Foods Limited and its controlled entities (the Group) principal activity is the food and beverage industry.

2. General information and statement of compliance

Cooks Global Foods Limited is the Group's ultimate parent company, is incorporated and domiciled in New Zealand and is listed on the NZX Alternate Market board of the New Zealand stock exchange.

The address of its registered office and its principal place of business is 3 City Road, Auckland, New Zealand.

Cooks Global Foods Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Alternative Market Listing Rules. In accordance with the Financial Markets Conduct Act 2013 because group consolidated financial statements are prepared and presented for Cooks Global Foods Limited and its controlled entities, separate consolidated financial statements for Cooks Global Foods Limited are not required to be prepared and presented.

The consolidated financial statements comprise the Company, its controlled entities and its associates (together the "Group") and the comparative financial period is for the year ended 31 March 2018. See Note 3.4.

For the purposes of complying with NZ GAAP, the Group is a Tier 1 for-profit entity. The Company's consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations.

The information in the consolidated financial statements is presented in New Zealand dollars which is the functional currency of the ultimate parent company. Amounts in the consolidated financial statements have been rounded off to the nearest thousand, or in certain cases, the nearest dollar.

The consolidated financial statements for the year ended 31 March 2018 were approved and authorised for issue by the Board of Directors on 13 July 2018.

3. Summary of accounting policies

3.1. Going concern

The directors have prepared the consolidated financial statements on the going concern basis. In doing so significant judgement has been applied. For further details of these assumptions and other associated material uncertainties refer to Note 4.

3.2. Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

Notes to the Consolidated Financial Statements

The consolidated financial statements have been prepared using the historic cost basis with the exception of financial assets and liabilities which are carried at fair value through the profit or loss. The measurement bases are more fully described in the accounting policies below.

3.3. New standards and interpretations

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2017:

Disclosure initiative – amendments to IAS 7

The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 18.

A number of new standards, amendments to standards and interpretations have been approved but are not yet effective and have not been adopted by the Group for the year ended 31 March 2018. These will be applied when they become mandatory. The significant standards are:

NZ IFRS 2 (amendments): Classification and Measurement of Share-Based Payment Transactions

The amendment requires the Group to account for: The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; Share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendment is effective for reporting periods beginning on or after 1 January 2018. The Group will apply NZ IFRS 2 from 1 April 2018 and has yet to assess its full impact.

NZ IFRS 9: Financial Instruments

NZ IFRS 9: 'Financial Instruments' was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories; those measured as 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. 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. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The standard is effective for reporting periods beginning on or after 1 January 2018. The Group will apply NZ IFRS 9 from 1 April 2018. The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of NZ IFRS 9.

NZ IFRS 15: Revenue from Contracts with Customers

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18: Revenue and NZ IAS 11: Construction Contracts and is applicable to all entities with revenue. It sets out a five-step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for periods beginning on or after 1 January 2018. The Group will apply NZ IFRS 15 from 1 April 2018 and it does not expect a significant impact on the consolidated financial statements.

NZ IFRS 16: Leases
NZ IFRS 16 replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, ‘Revenue from Contracts with Customers'. The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact. The Group has many operating leases with respect to leased office and retail spaces. As the holder of the head lease over rental properties of a number of franchisees, the adoption of this standard will have significant impact on the Group’s balance sheet and income statement disclosures. The balance sheet will be impacted by the recognition of a right to use asset and a corresponding lease liability. The income statement will be impacted by the recognition of an interest expense and amortisation expense and the removal of the current rental expense. The full impact on these statements has yet to be finalised, however it is expected there will be a material impact as the current lease commitments (Note 20) total $24 million.

3.4.Basis of consolidation
The Group consolidated financial statements consolidate those of the parent company and all of its controlled entities and its associates as of 31 March 2018. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the consolidated financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.5. Investments in associates and joint ventures
Associates are those entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement’s net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Investments in joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

3.6. Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction).

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the NZD are translated into NZD upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into NZD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into NZD at the closing rate. Income and expenses have been translated into NZD at the average rate (the use of average rates is appropriate only if rates do not fluctuate significantly) over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

3.7. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the IRD. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis and, except for the GST components of investing and financing activities, are disclosed as operating cash flows.

3.8. Revenue

Goods sold
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timings of the transfers of risk and rewards vary depending on the individual terms of the sales agreement.

Royalty income
Royalty income, which is generally earned based upon a percentage of sales and is recognised on an accrual basis.

Other revenue
Other revenue represents services to independent franchisees or other third parties. Services revenue is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income
Interest income and expenses are reported on an accrual basis using the effective interest method.

3.9. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from Tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in controlled entities and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.10. Employment benefits

Defined contribution plans
The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits
Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest.

3.11. Impairment testing of goodwill, other intangible assets, property, plant and equipment and investments in associates

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Notes to the Consolidated Financial Statements

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. Any reversal of an impairment loss will be limited to what the carrying amount would have been, net of depreciation or amortisation, if no impairment had taken place. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.12. Financial instruments

Classification

The group classifies its financial assets as loans and receivables.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' (see Note 10 and 11).

(c) Financial liabilities at fair value through profit or loss

Financial liabilities are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss other than those identified in Note 29.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost less impairment using the effective interest method.

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method or measured at fair value through profit and loss.

Financial assets measured at amortised cost (loans and receivables) are assessed at each reporting date to determine whether there is objective evidence for an impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

3.13. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.14. Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 3.12 for a description of impairment testing procedures.

3.15. Other intangible assets

Recognition of other intangible assets

Acquired intangible assets

Trademarks, global IP rights and rights acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Global IP rights are not amortised. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.12. The following useful lives are applied:

- Trademarks: 10-20 years
- Reacquired rights: 10 - 20 years

Amortisation has been included within depreciation and amortisation.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

3.16. Property, plant and equipment and computer software

Property, plant and equipment (comprising fittings and furniture, plant and equipment and motor vehicles) and computer software are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment are subsequently measured using the cost model: cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The following useful lives are applied:

- Computer and software: 2-5 years
- Furniture and fittings: 3-12 years
- Plant and equipment: 3-12 years
- Motor vehicles: 5-8 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Costs incurred for software currently under development for use in the global retail network have been classified as work in progress and will be brought into use once complete.

3.17. Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Lease incentives received are recognised in the profit or loss over the lease term as an integral part of the total lease expense.

3.18. Equity, reserves and dividend payments

Share capital represents the fair value of shares on issue that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of consolidated financial statements of the Group's foreign entities into NZD (see Note 3.6),
- Accumulated losses include all current and prior period results,
- Non-controlling interests.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.19. Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale,
- Management is committed to a plan to sell,
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn,
- An active programme to locate a buyer has been initiated,
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

The results of operations disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income up to the date of disposal.

Discontinued operations are presented in the consolidated statement of profit or loss and other comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

3.20. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses as follows:

Going concern

The considered view of the Board of Directors of the Company is that, after making enquiries, we have a reasonable expectation that Cooks Global Foods Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the consolidated financial statements for the year ended 31 March 2018 to be appropriate. (See Note 4).

China Business

Since the decision was made to restructure the China business of Beijing Esquires Management Co Ltd (BEML), the Board of Directors have regularly assessed the Group's control over the entity. This in light of progression towards a formal agreement involving the introduction of a new local partner to add significant new capital to Shanghai Yinshi Food and Beverage Management Company Limited (Yinshi) and take a majority share in the company.

While non-binding Term Sheets have been signed and the restructure of the business significantly advanced, a formal shareholder agreement is yet to be executed and all structural formalities completed. The Board of Directors have reviewed all available factors relating to the progression of the sale of BEML to consider whether the Group continues to have control over the business using the criteria, as per NZ IFRS 10 Consolidated Financial Statements, of power over the company; exposure, or rights, to variable returns from its involvement with the company; and the ability to use its power to affect the amount of the Group's returns. It is the judgement of the Directors that the Group has lost control of BEML with effect from 1 October 2017 and that it is appropriate to treat the entity no longer as a subsidiary but as an associate in which it has a minority stake and equity account for it from the effective date that control was lost.

Key facts and circumstances affecting the judgement of the Directors included the appointment by the Chinese investor of a new CEO to run the China operation; decision making about the business activities and the direction of these activities; interim funding decisions including a change in the responsibility of funding the working capital requirements of BEML to the new Chinese investor.

When recognising the value of the Group's investment in its former subsidiary at 1 October 2017, the Board of Directors have assessed its fair value in relation to the planned investment of 46.7 million Yuan by the new Chinese partner into the business and the Group's proportionate share in the deemed total value of the business relating to this significant capital injection.

The Board of Directors believe that formal documents relating to the transaction will fully complete in due course and that the full 46.7 million Yuan will be invested by the new China partner as agreed in the Term Sheets executed to date.

In the period from 1 October 2017 to 31 March 2018, during a transition period, the Group agreed to contribute 50% towards the working capital requirements of the business as well as taking responsibility for certain liabilities at 30 September 2017 on BEML's Balance Sheet. Given the Group's intention that no further cash would be injected into the China business, it was agreed that the Group's share in the business would proportionately decline from 30% (as originally agreed), by the value of the remaining commitments of the Group to its former Chinese subsidiary of 6 million Yuan. This resulted in a final minority share in the new China business for the Group of 21% as at 31 March 2018.

Based on all facts available to it the Board considers it highly likely that the transaction will complete as envisaged, noting that final agreements are yet to be completed. The Board has considered impairment indicators at 31 March 2018 and take the position that based on a review of all relevant factors, no impairment in the carrying value of its investment in the associate is warranted at this time. Relevant factors have included that the China business has undergone major restructuring and monthly losses have significantly decreased; new and existing stores are being reopened or refurbished under the new branding; a Board representative has attended board meetings for Yinshi; and the Group continues to have access to financial reporting and operational store results for the business.

Management assessed the recoverable amount of the Group's investment in the associate using fair value less costs to sell. Fair value less costs to sell was determined based on the terms of the transaction entered into with the Chinese partner and the value at which they assessed their proposed investment.

Also see Notes 13.2 and 14.2

Impairment testing of intangible assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on various valuation models as deemed appropriate. Estimation uncertainty relates to assumptions and judgements used as disclosed in Note 15.

Carrying value of receivables

The Group performs ongoing reviews of the bad debt risk within its receivables and makes provisions to reflect its views of the financial condition of its customers and their ability to pay in full for amounts owing for goods provided. This determination requires significant judgement. In making this judgement, the Group evaluates amongst other factors whether there is objective evidence of significant financial difficulty of the customer or other party, whether there has been breach of contract such as default in payment terms, whether it has become probable that the customer or other party will enter into bankruptcy or other financial reorganisation, the disappearance of an active market for that customer because of financial difficulties, and national or local economic conditions that could impact on the customer (see Notes 11 and 27.2).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (See Note 9).

4. Going Concern

The Group reported a loss of $3,862,000 (2017: $12,179,000) and operating cash outflows of $1,424,000 (2017: $5,174,000) for the year ended 31 March 2018. As at 31 March 2018 the Group has reported net assets of $183,000 and current liabilities exceed current assets by an amount of $4,277,000. Included in the reported loss this year, are losses relating to discontinued operations of $2,243,000 pertaining to the disposal of the business of Progressive Processors Limited and the restructuring of the China business which is treated as an associate company and equity accounted with effect from 1 October 2017.

The ability of the Group to pay its debts as they fall due and to realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the consolidated financial statements has been considered by the Directors in the adoption of the going concern assumption during the preparation of these financial statements.

The Directors forecast that the Group can manage its cash flow requirements at levels appropriate to meet its cash commitments for the foreseeable future being a period of 12 months from the date of authorisation of these consolidated financial statements. In reaching this conclusion, the Directors have considered the achievability of the plans and assumptions underlying those forecasts. The key assumptions include the:

- Group's ability to successfully conclude major discussions relating to capital and debt raising for which formal contractual terms have not yet been entered for $5.2 million in total. Of this amount, $4.3 million relates to the current underwrite by Cooks Investment Holdings Limited in accordance with the terms of the underwrite agreement.

- Group's ability to maintain the repayment schedules of remaining debt in accordance with the repayment agreements and comfort provided by related parties of Keith Jackson owed $1,725,000 that they do not intend to/will not call up repayment of that debt; and
- Ability to generate operating cash flows from continuing operations at the same level as the 2018 financial year, the outcome of projects targeting the sale of territory master franchises generating cash inflow of $725,000 and the sale of further regional franchise sales in the United Kingdom operations.

The Directors acknowledge that there are material uncertainties within the forecast assumptions noted above. These uncertainties relate predominantly to the success and timing of existing discussions relating to the debt and capital raise of $5.2 million, the ability of Cooks Investment Holdings Limited to honour the terms of its underwrite should these discussions not be successful, and market conditions which the Group operates in. Nevertheless, after considering the uncertainties described above the Directors have reasonable expectation that the Group has sufficient headroom in its cash resources to allow the Group to continue to operate for the foreseeable future or alternatively it can manage its working capital requirements to create additional required headroom. In addition, a significant portion of the total sum to be raised relates to investment in new markets which, if the appropriate funds required weren't raised in the timeframes envisaged, would also result in forecast investment expenditure in these markets being deferred.

Any significant departure from the above assumptions may cast significant doubt over the ability to continue as a going concern for the foreseeable future.

Whilst the Directors acknowledge that there are credit, exchange and liquidity risks in the global economic market in which the Group operates, they are confident that additional capital or funding will be sourced by the Group which has a track record of obtaining financial support from cornerstone investors and related parties and, where necessary, negotiating the deferment of debt repayments. The Directors are also confident that operating cash flows will continue to improve as a result of the restructuring activities that have been undertaken and reduce the extent of cash outflow and improve revenue growth.

The Directors continue to consider other opportunities to further improve the Group's cash position which include discussing collaborations with partners overseas, negotiations with potential strategic equity partners, investigating new facility lines and greater focus on improving existing business activities.

After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe that the forecasts and plans are achievable, the Group will be able to pay its debts as and when they become due and payable, and the basis of preparation of the financial report on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

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5. Revenue

The Group's revenue is analysed as follows for each major category:

	Note	Continuing Operations 31-Mar 2018 $'000	Continuing Operations 31-Mar 2017 $'000	Discontinued Operations 31-Mar 2018 $'000	Discontinued Operations 31-Mar 2017 $'000
Sale of Beverage product		**1,989**	1,946	**1,657**	4,566
Sale of Kiwifruit and Asparagus produce		**-**	-	**46**	441
Sale of goods		**1,989**	1,946	**1,703**	5,007
Royalties		**2,328**	2,080	**71**	155
Fees and other revenue		**2,411**	1,314	**18**	30
Rendering of services		**4,739**	3,394	**89**	185
Group revenue	13	**6,728**	5,340	**1,792**	5,192

6. Employee costs

Expenses recognised for employee costs are analysed below:

	Note	Continuing Operations 31-Mar 2018 $'000	Continuing Operations 31-Mar 2017 $'000	Discontinued Operations 31-Mar 2018 $'000	Discontinued Operations 31-Mar 2017 $'000
Wages, salaries		**2,685**	2,539	**1,087**	2,607
Other staff costs		**333**	357	**1**	36
	13	**3,018**	2,896	**1,088**	2,643

7. Other expenses

Expenses recognised as other costs are analysed below:

	Note	Continuing Operations 31-Mar 2018 $'000	Continuing Operations 31-Mar 2017 $'000	Discontinued Operations 31-Mar 2018 $'000	Discontinued Operations 31-Mar 2017 $'000
Administration and other costs		**1,034**	984	**321**	2,007
Directors fees (Note 23)		**82**	80	**-**	-
Selling and distribution costs		**301**	400	**38**	1,874
Management fees		**180**	252	**(9)**	90
Marketing costs		**652**	472	**2**	37
Professional and consulting services		**828**	584	**26**	76
Travel costs		**428**	341	**14**	112
	13	**3,505**	3,113	**392**	4,196

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8. Finance costs

Finance costs for the reporting periods consist of the following:

		Continuing Operations		Discontinued Operations	
		31-Mar 2018	31-Mar 2017	31-Mar 2018	31-Mar 2017
	Note	$'000	$'000	$'000	$'000
Finance charges		**51**	40	**1**	12
Interest on bank and other borrowings		**398**	524	**7**	-
	13	**449**	564	**8**	12

Finance costs relate to liabilities at amortised cost. There were no fixed interest rate contracts outstanding at reporting date (2017: nil).

9. Income Tax and Deferred Tax

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Cooks Global Foods Limited at 28% and the reported tax expense in profit or loss are as follows:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Loss before tax from continuing operations	**(1,619)**	(3,536)
Loss before tax from discontinuing operations	**(2,242)**	(8,623)
	(3,861)	(12,159)
Domestic tax rate for Cooks Global Foods Limited	**28%**	28%
Expected tax expense	**(1,081)**	(3,405)
Adjustment for tax-rate differences in foreign jurisdictions	**62**	75
Adjustment for non-deductible expenses:		
Relating to amortisation of intangible assets	**31**	30
Other non-deductible expenses	**148**	112
Actual tax expense (income)	**(840)**	(3,188)
Tax expense comprises:		
Current tax expense (income)	**(840)**	(3,188)
Deferred tax expense (income):		
- Origination and reversal of temporary differences	**(117)**	(205)
- Tax Losses not recognised	**956**	3,373
- Utilisation of unused Tax Losses	**-**	-
Income tax expense	**(1)**	(20)
Income tax expense is attributable to:		
Loss from continuing operations	**-**	(16)
Loss from discontinued operations	**(1)**	(4)
	(1)	(20)

The Group has computed tax losses within each jurisdiction since acquisition as follows:

	31-Mar 2018 $'000	31-Mar 2017 $'000
New Zealand	**4,738**	3,998
United Kingdom	**5,444**	5,177
Ireland	**1,068**	1,141
Canada	**145**	76
Australia	**283**	294
	11,678	10,686

Available New Zealand imputation tax credits are $1,500 (2017: $nil).

At 31 March 2018, the Group has a deferred tax liability of $Nil (2017: $Nil). Deferred tax liabilities relating to reacquired rights in the UK and Ireland amounting to $743,000 (2017: $831,000) are offset by deferred tax losses. The majority of the deferred tax assets and liabilities are not expected to crystallise within the next 12 months.

10. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Cash at bank and in hand:		
NZD	**26**	26
AUD	**7**	18
EUR	**176**	30
GBP	**465**	108
USD	**40**	-
Cash and cash equivalents	**714**	182
Bank overdraft NZD (Current Liability)	**(1,180)**	(1,826)
Net Cash and cash equivalents	**(466)**	(1,644)

There are no restrictions on the cash and cash equivalents.

The Group has banking facilities of $1,180,000 (2017: $1,826,000). This is secured by way of a General Security Agreement over the Group assets. For the year ended 31 March 2018, there were no financial covenants with respect to the Group banking facilities. Details of the two facilities are noted below.

The overdraft facility limit is $425,000 (2017: $425,000). Interest is payable at a variable rate based on the ANZ Business Bank Indicator Rate (BBIR), interest rate payable at 31 March 2018 was 11.85% (2017: 11.85%).

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The commercial flexi overdraft facility limit is $775,000 (2017: $1,450,000) The facility was due for repayment on 31 March 2018 and has been renegotiated for repayment on 15 August 2018. Interest is payable at a variable rate based on the ANZ Business Bank Indicator Rate (BBIR), interest rate payable at 31 March 2018 was 9.83% (2017: 9.7%).

11. Trade and other receivables and other current assets

(a) Trade and other receivables consist of the following:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Trade and other receivables		
Trade receivables	**1,618**	1,137
Less: provision for impairment of trade receivables	**(160)**	(181)
	1,458	956
Cooks Investment Holdings Limited receivable (Note 23)	**1,302**	1,623
Net trade and other receivables	**2,760**	2,579

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade and other receivables have been reviewed for indicators of impairment and the Group has recognised a provision of $160,000 (2017: $181,000).

As at 31 March the ageing of trade receivables is as follows:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Current	**1,042**	96
31 to 60 days	**115**	98
61 to 90 days	**52**	60
> 90 days	**409**	883
Total	**1,618**	1,137

(b) Other current assets consist of the following:

Other current assets		
Prepayments	**233**	279
Other short-term assets	**383**	239
Other current assets	**616**	518

12. Inventories

	31-Mar 2018 $'000	31-Mar 2017 $'000
Raw materials and consumables	**33**	62
Finished goods	**121**	165
Total inventories	**154**	227

13. Assets and liabilities classified as held-for-sale and discontinued operation

The following investments were reclassified as held-for-sale, by the Directors, during the year ended 31 March 2017, as the directors had engaged in selling the operating segments as they are either no longer seen to be core to the business operations or being reorganised to better capitalise the opportunity in the particular market.

13.1.Supply operation - Progressive Processors

The Directors approved the sale of Progressive Processors operations as it was no longer deemed to be core business of the Group. On 14 April 2017, the management of Progressive Processors acquired the operating assets and stock in return for a call option over 2.5 million shares held in the Group. The Group may place these shares to investors at their discretion.

At 14 April 2017 and 31 March 2017, the operating result of this segment had been included in discontinued operations and the fair value of the sale of the operations assets have been included in held-for-sale assets at 31 March 2017.

	Note	14-Apr 2017 $'000	31-Mar 2017 $'000
Results of discontinued operation			
Revenue	5	**46**	447
Other income		**45**	-
Cost of inventories sold		**(11)**	(542)
Depreciation and amortisation	16,15.2	**-**	(149)
Inventory and other assets written off		**-**	(250)
Impairment of property, plant and equipment		**-**	(194)
Other expenses		**(11)**	(563)
Operating profit/(loss)		**69**	(1,251)
Finance costs	8	**-**	-
Profit/(loss) before income tax		**69**	(1,251)
Income tax expense		**-**	-
Profit/(loss) for the period from discontinued operation		**69**	(1,251)
Profit/(loss) attributable to:			
- Shareholders of the parent		**69**	(1,251)
- Non-controlling interests		**-**	-
Cash flows from/(used in) discontinued operation			
Net cash from operating activities		**69**	(390)
Net cash used in investing activities		**-**	(28)
Net cash used in financing activities		**-**	-
Net cash flows for the period		**69**	(418)

	Note	14-Apr 2017 $'000	31-Mar 2017 $'000
Details of the sale of Progressive Processors operation			
Consideration received or receivable:			
Call option of shares issued		**194**	-
Total disposal consideration		**194**	-
Carrying amount of net assets sold		**(125)**	-
Gain on sale of the operation		**69**	-

	Notes	31-Mar 2018 $'000	31-Mar 2017 $'000
Effect on the financial position of the Group			
Property, plant and equipment	16	**-**	194
Assets classified as held-for-sale		**-**	194

13.2. China operation

Since late 2016, the Group has been working with a Chinese-based investment entity (CIE) with the aim of restructuring its China business unit, Beijing Esquires Management Co Limited (BEML), in order to accelerate the growth of the Group's branded coffee business in Greater China including Taiwan, Hong Kong and Macau, and reduce the demands on the Group's financial resources.

The restructured business will own the Master Franchise for the Esquires Coffee brand in China, Hong Kong, Macau and Taiwan; take over the net assets and businesses of BEML, the exclusive franchisee of Esquires Coffee for mainland China; and fund and drive the development of branded coffee houses across the Greater China region. Refer to Note 14.2.

In exchange for BEML, the Group gains a 21% (2017: 30%) share in Shanghai Yinshi Food and Beverage Management Company Limited (Yinshi). CIE will contribute to the new entity additional capital of 46.7 million Yuan.

The transaction with CIE was ratified by the Board on 13 June 2017 and a formal term sheet has been entered into by all parties, with shareholder approval for this transaction approved at the 2017 annual general meeting held on 21 September 2017. The final documents associated with the transaction have not yet been signed and the term sheets signed to date are non-binding – refer to Note 3.20.

In the prior year, the operating result of this segment was included in discontinued operations and the fair value of the assets and liabilities to be disposed upon sale of the operation included in held-for-sale assets and liabilities.

At 31 March 2018, the restructure of the China business is substantially complete with some structural changes and formal documents still outstanding relating to the new companies established in China. While the Group still holds 100% of the shares in BEML, a review of control with respect to that separate business unit under New Zealand International Financial

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Reporting Standard 10 (IFRS 10: Consolidated Financial Statements), determined that loss of control of the business effectively occurred on 1 October 2017.

As a result, the Group has treated the trading results for the China operation for the six months to 30 September 2017 as discontinued operations in its Consolidated Statement of Profit or Loss and Other Comprehensive Income. From 1 October 2017, it recognises its investment in the new China entity as an Associate in which it holds a 21% share and equity accounts for that investment going forward. The loss associated with the loss of control and derecognition of the business and its restatement as an investment in an Associate has been recognised in discontinued operations.

The Board of Directors considered the deemed total value of the business relating to the capital injection by CIE in assessing the fair value of the Group's minority holding in the new entity.

As part of the transitional arrangement with CIE, it was agreed that the Group would contribute towards operational running costs until 31 March 2018. It was also agreed that the share of these costs would not be provided by any further capital injection by the Group into the China business, but by an appropriate adjustment to the final shareholding of the Group from 30% to 21% in the new China entity from that provisionally agreed in the prior year. The relevant cost relating to this transitional period in the second half of the financial year has been recognised in continuing operations as a share of net loss of associates accounted for using the equity method.

The financial performance and cash flow information presented are for the six months ended 30 September 2017 and the year ended 31 March 2017.

	Note	30-Sep 2017 $'000	31-Mar 2017 $'000
Results of discontinued operation			
Revenue	5	**1,746**	4,745
Other income		**270**	319
Cost of inventories sold		**(804)**	(1,680)
Depreciation and amortisation	16,15.2	**-**	(425)
Impairment of goodwill		**-**	(4,043)
Other expenses		**(2,429)**	(6,276)
Operating loss		**(1,217)**	(7,360)
Finance costs	8	**(8)**	(12)
Loss before income tax		**(1,225)**	(7,372)
Income tax expense	9	**(1)**	(4)
Loss on derecognition of subsidiary after income tax		**(1,086)**	-
Loss for the year from discontinued operation		**(2,312)**	(7,376)
Loss attributable to:			
- Shareholders of the parent		**(2,189)**	(7,032)
- Non-controlling interests		**(123)**	(344)
Cash flows used in discontinued operation			
Net cash from operating activities		**(618)**	(1,966)
Net cash used in investing activities		**-**	(406)
Net cash used in financing activities		**-**	700
Net cash flows for the year		**(618)**	(1,672)

Notes to the Consolidated Financial Statements

	Notes	30-Sep 2017 $'000	31-Mar 2017 $'000
Effect on the financial position of the Group			
Inventories		-	702
Trade and other receivables		-	188
Other short-term assets		-	2,399
Cash and cash equivalents		-	185
Goodwill	15.1	-	673
Intangible asset - reacquired rights		-	1,391
Trademarks and Intellectual Property		-	193
Property, plant and equipment		-	570
Assets classified as held-for-sale		**-**	6,301
Trade and other payables	17	-	(1,487)
Current tax liabilities		-	(7)
Other liabilities		-	(195)
Liabilities classified as held-for-sale		**-**	(1,689)
Net assets classified as held-for-sale		**-**	4,612

	30-Sep 2017 $'000
Details of the de-recognition of subsidiary	
Consideration received or receivable:	
Investment in associate	**3,366**
Total disposal consideration	**3,366**
Carrying amount of net assets de-recognised	**(4,036)**
Loss on de-recognition of subsidiary before income tax	**(670)**
Income tax expense	**-**
Loss on de-recognition of subsidiary after income tax	**(670)**
Other comprehensive income	
Exchange differences on translation of discontinued operations	**(416)**
Loss on de-recognition of subsidiary after income tax	**(1,086)**

Notes to the Consolidated Financial Statements

Carrying amounts of assets and liabilities as at 30 September 2017 (date of sale) were:

	30-Sep 2017 $'000
Effect on the financial position of the Group	
Inventories	587
Trade and other receivables	384
Other short-term assets	3,024
Cash and cash equivalents	192
Goodwill	673
Intangible asset - reacquired rights	1,391
Trademarks and Intellectual Property	193
Property, plant and equipment	570
Fair value adjustment	
Total assets	**7,014**
Trade and other payables	(2,641)
Current tax liabilities	(53)
Other liabilities	(284)
Non controlling interests	
Total liabilities	**(2,978)**
Net assets de-recognised	**4,036**

13.3. Summary of discontinued operations

	31 March 2018		
	Progressive Processors $'000	China Operation $'000	Total $'000
Assets classified as held for sale	-	-	-
Liabilities classified as held for sale	-	-	-
Net profit/(loss) from discontinued operations	**69**	**(2,312)**	**(2,243)**

	31 March 2017		
	Progressive Processors $'000	China Operation $'000	Total $'000
Assets classified as held for sale	194	6,301	6,495
Liabilities classified as held for sale	-	(1,689)	(1,689)
Net loss from discontinued operations	(1,251)	(7,376)	(8,627)

Notes to the Consolidated Financial Statements

14. Interests in other entities

14.1. Interests in subsidiaries, joint ventures and other holdings

	Country	% Holding 2018	2017	Principal activity
Scarborough Fair Foods Pty Limited	Australia	**100**	100	Beverage Products
Esquires Coffee Canada Limited	Canada	**100**	100	Food and beverage
Esquires Coffee International Inc	Canada	**100**	100	IP Holding Company
CGF Franchise Development (Canada) Limited	Canada	**100**	-	Master Franchisor
Beijing Esquires Management Co. Limited	China	**100**	100	Food and beverage
Hunan Esquires Food and Beverage Management Co Limited	China	**-**	51	Food and beverage
Shandong Esquires Management Co Limited	China	**10**	10	Food and beverage
Shanghai Niuxin Management Company Limited	China	**100**	-	Holding Company
Shanghai Yinshi Food and Beverage Management Company Limited	China	**100**	-	Food and beverage
Bishops Café Limited	England	**100**	100	Food and beverage
Esquires Coffee UK Limited	England	**100**	100	Food and beverage
Esquires Franchising (UK) Limited	England	**100**	100	Holding Company
Esquires HQ (UK) Limited	England	**100**	100	Holding Company
Esquires Real Estate (UK) Limited	England	**100**	100	Store Lease Holding
Cooks Coffee Café Limited	Ireland	**100**	100	Store Lease Holding
Cooks Coffee Houses Ireland Limited	Ireland	**100**	100	Store Lease Holding
Cooks Coffee Houses Limited	Ireland	**100**	100	Store Lease Holding
Cooks Coffee Ireland Limited	Ireland	**100**	100	Store Lease Holding
ECH Franchise Development (Europe) Limited	Ireland	**100**	-	Master Franchisor
ECH Franchise Development (Romania) Limited	Ireland	**100**	-	Holding Company
Esquires Coffee Houses Ireland Limited	Ireland	**100**	100	Food and beverage
CGF Employee Share Trust Limited	NZ	**100**	100	Nominee Services
Cooks Supply Group Limited	NZ	**100**	100	Holding Company
Crux Products Limited	NZ	**50**	50	Export
Esquires Bahrain Limited	NZ	**100**	100	Master Licence Agreement
Esquires Canada IP Limited	NZ	**100**	100	IP Holding Company
Esquires China Limited	NZ	**100**	100	Holding Company
Esquires Coffee China Limited	NZ	**100**	100	IP Holding Company
Esquires Coffee India Limited	NZ	**100**	100	Holding Company
Esquires Coffee Malaysia IP Holdings Limited	NZ	**100**	100	IP Holding Company
Esquires Fiji Limited	NZ	**100**	100	Master Licence Agreement
Esquires Global IP Holdings Limited	NZ	**100**	100	IP Holding Company
Esquires India Limited	NZ	**100**	100	Master Licence Agreement
Esquires Iraq IP Holdings Limited	NZ	**100**	100	IP Holding Company
Esquires Jordan Limited	NZ	**100**	100	Master Licence Agreement
Esquires Kuwait Limited	NZ	**100**	100	Master Licence Agreement
Esquires Malaysia Limited	NZ	**100**	100	Master Licence Agreement
Esquires Middle East & Africa IP Holdings Limited	NZ	**100**	100	IP Holding Company
Esquires Northern Cyprus Limited	NZ	**100**	100	IP Holding Company
Esquires Office Limited	NZ	**100**	100	Office Lease Holding
Esquires Oman Limited	NZ	**100**	100	Master Licence Agreement
Esquires Pakistan Limited	NZ	**100**	100	Master Licence Agreement
Esquires Portugal Limited	NZ	**100**	100	Master Licence Agreement
Esquires Qatar Limited	NZ	**100**	100	Master Licence Agreement
Esquires Saudi Arabia Limited	NZ	**100**	100	Master Licence Agreement
Esquires Turkey Limited	NZ	**100**	100	Master Licence Agreement
Esquires U.A.E. Limited	NZ	**100**	100	Master Licence Agreement
Esquires UK 1 Limited	NZ	**100**	100	Master Licence Agreement
Franchise Development Limited	NZ	**100**	100	Master Franchisor
Franchise Holdings NZ Limited	NZ	**100**	100	Holding Company
LSD Global Limited	NZ	**100**	100	IP Holding Company
Cooks Supply No 2 Limited	NZ	**100**	100	Fresh Produce
Scarborough Fair Limited	NZ	**100**	100	Beverage Products
CGF Franchise Development (US) Limited	USA	**100**	-	Master Franchisor

Notes to the Consolidated Financial Statements

14.2. Interests in associate

Set out below, the associate of the Group as at 31 March 2018 which, in the opinion of the directors, is material to the Group. The entity below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also it's principle place of business. The proportion of ownership interest reflects the voting rights currently held in the entity, however an assessment of control of the entity has determined the Group has in substance a minority stake in the entity of 21% (refer Note 13.2). These will align once final company structural formalities are completed in China.

Name of entity	Place of business/country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2018 %	2017 %			2018 $'000	2017 $'000
Shanghai Yinshi Food and Beverage Management Company Limited	China	100.00%	-%	Associate	Equity method	**3,087**	-

Shanghai Yinshi Food and Beverage Management Company Limited (Yinshi) was established as the new entity to own 100% of the Group's former subsidiary's shares, Beijing Esquires Management Limited (See Note 13.2). The new entity now controls the Master Franchise for the Esquires Coffee brand in China, Hong Kong, Macau and Taiwan and will drive the development of branded coffee houses across the Greater China region.

Cooks Global Foods Limited (Cooks) has significant influence over the associate based on consideration of a number of factors including its seat on the board of Yinshi, its participation in policy-making processes including involvement in decisions relating to dividends or other distributions, and Cooks continuing to hold the legal rights to the brand in the Greater China region. The Group has determined that while it may have protective rights it does not have control over the investee, and consequently does not control the investee. The table below provides summarised financial information for the associate that is material to the Group. The information disclosed reflects the substance of the financial position of the associate and not Cooks' share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method.

Shanghai Yinshi Food and Beverage Management Company Limited	**31-Mar 2018**
Summarised statement of comprehensive income	**$'000**
Revenue	**1,225**
Loss from continuing operations	**(2,554)**
Other comprehensive income	**-**
Total comprehensive income	**(1,329)**
Dividends received from associates	**-**

Notes to the Consolidated Financial Statements

Shanghai Yinshi Food and Beverage Management Company Limited	31-Mar 2018
Summarised balance sheet	**$'000**
Total current assets	3,528
Non-current assets	2,781
Total current liabilities	(1,787)
Non-current liabilities	(1,815)
Net assets	**2,707**
Reconciliation to carrying amounts	
Opening net assets 1 October 2017	4,036
Loss for the period 1 October 2017 to 31 March 2018	(1,329)
Other comprehensive income	-
Closing net assets	**2,707**
Investment in associate at cost	3,366
Aggregate amount of the groups share of net loss	(279)
Carrying amount of investment in associate	**3,087**
Included in the carrying amount of the investment is goodwill arising at acquisition of:	2,520

As explained in Note 3.20, China Business, a capital injection of 46.7 million Yuan will be provided by the new partners. It is not currently accounted for in the calculation of net assets for the entity given that final formalities associated with the transaction have not yet completed and the capital has not been contributed.

15. Intangible Assets

The Group acquired goodwill, trademarks and intellectual property through business acquisitions.

15.1. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Gross carrying amount		
Balance 1 April	-	4,716
Impairment charge for the year	-	(4,043)
Transfer to assets classified as held-for-sale	-	(673)
Carrying amount at 31 March	-	-

As at 31 March 2017, the carrying value of our China business was assessed for impairment. The value of the China business held for sale at that date was determined based on the terms of the transaction entered into with a third-party Chinese-based investment entity and the value at which they had assessed their proposed 70% holding. The fair value so determined, less costs of disposal, was lower than the carrying value of the China business and as a result, we recognised in the consolidated statement of profit or loss and other comprehensive income a $4 million impairment loss against the asset classified as held for sale.

Goodwill is allocated as follows:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Carrying amount		
Esquires China	-	673
Transfer to assets classified as held-for-sale	-	(673)
	-	-

15.2. Other intangible assets

	Trademarks $'000	Global IP Rights $'000	Re-acquired Rights $'000	Total $'000
Cost				
Balance at 1 April 2016	442	1,481	3,227	5,150
Transfer to assets held-for-sale	(380)	-	(1,465)	(1,845)
Balance at 31 March 2017	62	1,481	1,762	3,305
Balance at 1 April 2017	**62**	**1,481**	**1,762**	**3,305**
Additions	**24**	**-**	**-**	**24**
Balance at 31 March 2018	**86**	**1,481**	**1,762**	**3,329**
Accumulated amortisation				
Balance at 1 April 2016	(84)	-	(207)	(291)
Amortisation charge for the year	(115)	-	(125)	(240)
Transfer to assets held-for-sale	187	-	74	261
Balance at 31 March 2017	(12)	-	(258)	(270)
Balance at 1 April 2017	**(12)**	**-**	**(258)**	**(270)**
Amortisation charge for the year	**(23)**	**-**	**(88)**	**(111)**
Balance at 31 March 2018	**(35)**	**-**	**(346)**	**(381)**
Carrying amounts				
At 1 April 2016	358	1,481	3,020	4,859
At 31 March 2017	50	1,481	1,504	3,035
At 31 March 2018	**51**	**1,481**	**1,416**	**2,948**

Management assessed the recoverable amounts of the Group's Global IP Rights and Reacquired Rights assets using fair value less costs to sell and 'value in use' calculations to assess for any impairment.

For Esquires Global Intellectual Property Rights, data from comparable recent franchise chain sales, converted to a per store average value, were used as a measure of recoverable value for branded franchised outlets. Based on this work the recoverable amount for intellectual property or trademarks was assessed by management to be above its existing carrying value with no impairment required.

Reacquired Rights were tested for impairment using discounted cash flow projections based on management approved forecasts for a maximum 10-year period matching the term of existing franchise agreements. Key assumptions in the models were: annual growth in total network sales of up to 25% (2017: 30%); exchange rates of 0.61 (2017:0.63) (NZD/EURO) and 0.54 (2017: 0.55) (NZD/GBP); and a discount rate of up to 20% (2017: 20%) per annum. Based on this work the recoverable amount for reacquired rights was assessed by management to be above its existing carrying value with no impairment required.

16. Property, plant and equipment

	Furniture & Fittings $'000	Plant & Equipment $'000	Computers & Software $'000	Motor Vehicles $'000	Work in progress $'000	Total $'000
Cost						
Balance at 1 April 2016	382	1,146	174	51	62	1,815
Additions	1	771	44	4	13	833
Transfer to Assets held-for-sale	(252)	(792)	(5)	(30)	-	(1,079)
Disposals	(59)	(877)	(10)	(25)	-	(971)
Balance at 31 March 2017	72	248	203	-	75	598
Balance at 1 April 2017	**72**	**248**	**203**	**-**	**75**	**598**
Additions	**196**	**17**	**93**	**4**	**-**	**310**
Disposals	**-**	**-**	**(3)**	**-**	**(75)**	**(78)**
Balance at 31 March 2018	**268**	**265**	**293**	**4**	**-**	**830**
Accumulated depreciation						
Balance at 1 April 2016	(170)	(71)	(65)	(33)	-	(339)
Depreciation	(12)	(455)	(25)	(4)	(4)	(500)
Disposals	28	-	(51)	11	-	(12)
Transfer to Assets held-for-sale	118	364	1	26	-	509
Balance at 31 March 2017	(36)	(162)	(140)	-	(4)	(342)
Balance at 1 April 2017	**(36)**	**(162)**	**(140)**	**-**	**(4)**	**(342)**
Depreciation	**(75)**	**(11)**	**(47)**	**-**	**-**	**(133)**
Disposals	**-**	**-**	**-**	**-**	**4**	**4**
Balance at 31 March 2018	**(111)**	**(173)**	**(187)**	**-**	**-**	**(471)**
Carrying amounts						
At 1 April 2016	212	1,075	109	18	62	1,476
At 31 March 2017	36	86	63	-	71	256
At 31 March 2018	**157**	**92**	**106**	**4**	**-**	**359**

Leased assets

Computers and software includes the following amounts where the Group is a lessee under a finance lease (refer to note 18 for further details):

	31-Mar 2018 $'000	31-Mar 2017 $'000
Leased equipment		
Cost	**50**	45
Accumulated depreciation	**(40)**	(31)
Net carrying amount	**10**	14

17. Trade and other payables

Trade and other payables recognised are all short-term and consist of the following:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Current		
- Trade payables	**2,436**	1,448
- Other payables	**2,168**	2,384
	4,604	3,832

The carrying values of trade payables are considered to be a reasonable approximation of fair value.

18. Borrowings and other liabilities

	Current 2018 $'000	Non-Current 2018 $'000	Current 2017 $'000	Non-Current 2017 $'000
Finance loans (a)	**982**	**361**	1,432	250
Related party loans (b)	**1,725**	**-**	2,488	-
Hire Purchase	**8**		15	
Owing for business acquisitions	**-**	**-**	153	-
CVA Creditors (UK) (c)	**22**	**-**	182	-
Contingent earn-out for acquisition of net assets of Esquires Coffee Houses Ireland (d)	**-**	**1,588**	-	1,249
	2,737	**1,949**	4,270	1,499

(a) Finance loans represent advances from various lenders. Interest rates payable on the loans vary from 9% to 13% (2017: 9% to 20%). Finance loans include a redeemable convertible note of $250,000, that expires on 9 December 2019. Interest is payable quarterly at 9% (2017: 9%). On maturity this note can be redeemed in cash or converted to ordinary shares.

(b) At 31 March 2018, related party loans represent the Nikau Trust. Interest on the loan varies from 8.25% to 10% and is payable monthly. At 31 March 2017, related party loans represent advances from the Group's shareholders, Jiajiayue Holding Group (JJY) and YunNan Metropolitan Construction Investment Group Co. Limited (YMCI). The loans are interest free and repayable or convertible within 12 months. See Note 23 and 30.

Notes to the Consolidated Financial Statements

(c) Prior to the acquisition of Esquires Coffee (UK) Limited the business entered into company voluntary arrangement (CVA). As a result, the business has an obligation to repay the creditors that existed at the date it entered into CVA over a period of five years.

(d) The Contingent Earn out for the acquisition of net assets of Esquires Coffee Houses Ireland (ECHI) is based upon the amount equal to 4 times the average EBITDA of the ECHI business either for the three financial years prior to the earn-out payment date or the financial year immediately prior to the earn-out payment date. The earn-out payment date can be triggered by formal notification from the vendor any time up to October 2020.

Summary of cash and non-cash changes to borrowings and other liabilities, per the movements in the Consolidated Statement of Cash Flows:

	31 Mar 2017 Net Debt	Cash flows included in: Financing activities	Investing activities	Operating activities	Non-cash changes Conversion to Shares	Foreign exchange movement	Fair value changes	31 Mar 2018 Net Debt
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Short-term borrowings and other liabilities	**4,270**	**1,063**	**(137)**	**(168)**	**(2,388)**	**(8)**	**105**	**2,737**
Long-term borrowings and other liabilities	**1,499**	**-**	**-**	**-**	**-**	**-**	**450**	**1,949**
Bank overdraft	**1,826**	**(675)**		**29**				**1,180**
Total movement	**7,595**	**388**	**(137)**	**(139)**	**(2,388)**	**(8)**	**555**	**5,866**

Movements on Consolidated Statement of Cash Flows	
Proceeds from borrowings	**1,650**
Repayment of borrowings	**(1,262)**
	388

	31-Mar 2018 $'000	31-Mar 2017 $'000
Currency borrowings and contingent consideration are denominated in:		
NZD	**3,076**	4,185
GBP	**22**	335
EUR	**1,588**	1,249
	4,686	5,769

	31-Mar 2018 $'000	31-Mar 2017 $'000
Interest rates payable		
Related party loans	10.00%	11.25%
Financing loans	9% to 13%	9% to 20%
Hire purchase	1% to 10%	1% to 10%

Hire purchase borrowings are secured over the underlying assets financed, all other borrowings are unsecured. The Group has no available undrawn facilities. At year end there were no lending covenants in place.

All facilities expiring within one year are subject to a review by the lenders. Refer Note 4.

Fair value
The fair value of current borrowings approximates to the fair value and the impact of discounting is not significant.
The fair value of the contingent consideration has been determined based upon future expected earnings based upon Board of Directors approved forecasts and are within level 3 of the fair value hierarchy. The inputs into this calculation and the movement in the fair values are shown above. See Note 29 for fair value estimation.

19. Equity

19.1.Share Capital

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. All shares are equally eligible to receive dividends and the repayment of capital.

Movements of share capital	**2018**	**2017**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	416,595,863	412,666,151
Ordinary shares issued	73,022,583	3,929,712
Ordinary shares bought back on-market and cancelled	(109,198)	-
Total ordinary shares authorised at 31 March	489,509,248	416,595,863

Movements of share capital	**2018**	**2017**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	**37,875**	36,372
Ordinary shares issued less share issue expenses	**4,650**	503
Ordinary shares bought back on-market and cancelled	**(8)**	-
Ordinary shares to be issued	**170**	1,000
Total ordinary shares authorised at 31 March	**42,687**	37,875

At 31 March 2018, $1,301,773 of the ordinary share capital is unpaid (2017: $1,622,622). During the year ended 31 March 2016, the company issued 74,312,500 shares of which 35,156,250 shares were issued to Jiajiayue Investment Holding Co. Limited (JJY) and 35,156,250 shares were issued to Cooks Investment Holdings Limited (CIHL). Keith Jackson has entered into an underwrite agreement with CIHL for any unsubscribed shares in this investment vehicle. As at 31 March 2018 $1,301,773 (2017: $1,622,622) was owing to CGF under the terms of this agreement.

During the year ended 31 March 2018, the company issued 73,022,583 (2017: 3,929,712) shares and cancelled 109,198 (2017: nil) shares.

During the year the company purchased and cancelled 109,198 ordinary shares on-market in order to reduce the company's holders of small share parcels. The buy-back and cancellation was approved by shareholders at last year's annual shareholders meeting. The shares were acquired at an average price of $0.0707 per share, with prices ranging from $0.060 to $0.076. The total cost of $7,724 was deducted from share capital.

On 1 December 2017, HMFIC Investments Limited advanced $170,000 to the company and will be converted to 2,189,525 ordinary shares on or before 30 June 2018. See Note 23.

19.2. Loss per share

The calculation of basic loss per share for the year ended 31 March 2018 was based on the weighted average number of ordinary shares on issue. The calculation of diluted earnings per share for the year ended 31 March 2018 was based on the weighted average number of ordinary shares.

	Group 2018 $	**Group 2017 $**
Weighted average ordinary shares issued	**470,790,428**	412,666,151
Weighted average potentially dilutive options issued	**-**	-
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(0.79)**	(2.85)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(0.34)**	(0.85)

19.3. Share based payments

The Group has share based payment plans available for employees and contractors as part of their short-term remuneration packages and for franchisees as part of an incentive program to promote store sales growth. A transaction will be classified as a share based payment where the Group receives services from employees or contractors, or royalty payments from franchisees and pays for these in shares.

Entitlement for share based payments is determined at the end of the financial year on the following basis:

- For employees or contractors: based on a three tier system of classification; a minimum period of service and full time equivalence; and performance criteria.
- For franchisees: based on pre-determined minimum performance and operating levels; and regional management discretion.

Board approval is required for all share based payments.

Employee and contractor share based payments initially take the form of a grant which vests in one year’s time on condition they remain employed or contracted by the company on the vesting date otherwise the grant lapses.

Franchisee share based payments are made within one year of the grant but not subject to any further conditions.

The Share price of the grant is determined at the time based on either the share price of the most recent significant capital raising or an approximation to the 200 day moving average share price.

Any share based payments associated with company or asset acquisitions are excluded from this policy and the terms and conditions of such will be determined by the relevant Sale and Purchase Agreement which is approved by the Board.

	31-Mar-2018		31-Mar-2017	
	Number of shares	$'000	Number of shares	$'000
Shares granted during the year	-	-	3,554,730	455
Shares vested and issued during the year	-	-	(3,554,730)	(455)
	-	-	-	-

20. Leases

20.1. Operating leases as Head Lessee

The Group leases an office and production building in New Zealand under an operating lease. In the United Kingdom and Ireland, the Group leases an office and is the head lessee on operating leases relating to both owned and franchised stores.

At 31 March 2018, the operating leases with respect to China have not been included in amounts disclosed below, having de-recognised the Group's investment in the subsidiary, see Note 13.2, however, the amounts at 31 March 2017 include the operating leases with respect to China.

The future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
31 March 2018	**2,901**	**9,574**	**11,616**	**24,091**
31 March 2017	3,727	10,864	10,537	25,128

The nominal lease payments is considered a reasonable approximation of present value.

Lease expense for the Group (excluding payments made on leases that are sub leased to franchisees and paid by the franchisees) during the period amounted to $295,000 (2017: $294,000) representing the minimum lease payments.

The rental contracts have non-cancellable terms ranging from 2 months up to 17 years.

20.2. Operating leases with Sub Lessees

In the United Kingdom and Ireland, the Group holds the head lease over the rental properties of many its franchisees. The franchisees hold a sub-lease, are guarantors to the agreement and pay the monthly rental costs associated with the property.

The future minimum lease payments and income receivable relating exclusively to these sub leases (and included in the numbers in the note above) are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
31 March 2018	**2,626**	**8,870**	**10,560**	**22,056**
31 March 2017	3,541	10,415	10,530	24,486

	Minimum lease income due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
31 March 2018	**2,626**	**8,870**	**10,560**	**22,056**
31 March 2017	3,541	10,415	10,530	24,486

The nominal lease payments are considered a reasonable approximation of present value.

21. Auditor remuneration

The Auditor of the Group is BDO.

	31-Mar 2018 $'000	31-Mar 2017 $'000
Audit of financial statements		
- Statutory Audit	**111**	101
- Overseas network firms	**63**	64
- Other auditors (Moore Stephens & PwC)	**-**	18
Remuneration from audit of financial statements	**174**	183

22. Reconciliation of cash flows from operating activities

	Notes	31-Mar 2018 $'000	31-Mar 2017 $'000
Loss after tax		**(3,862)**	(12,179)
Add non-cash items:			
Deferred tax		**-**	(29)
Depreciation and amortisation		**495**	740
Impairment of goodwill		**-**	4,043
Share of losses of associate		**279**	-
Impairment of other assets		**-**	174
Provision for doubtful debt		**-**	75
Losses from discontinued operations		**609**	-
Add/(Less) movements in assets/liabilities:			
Inventories		**73**	601
Trade and other receivables		**(251)**	545
Other short-term assets		**(93)**	2,782
Trade and other payables		**1,333**	(1,723)
Other liabilities		**(7)**	4,603
Assets classified as held-for-sale		**-**	(6,495)
Liabilities classified as held-for-sale		**-**	1,689
Net cash flow applied to operating activities		**(1,424)**	(5,174)

23. Related party transactions

The Group's related parties include the directors and senior management personnel of the Group and any associated parties as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Keith Jackson is a director of Cooks Investment Holdings Limited, Dairyland Products Limited, Jackson & Associates Limited and Tasman Capital Limited, Weihai Station Limited and a trustee of Nikau Trust.

Andrew Kerslake is a director of ADG Investments Limited and HMFIC Investments Limited.

Mike Hutcheson is a director of Image Centre Limited and Lighthouse Ventures Holdings Limited.

Peihuan Wang is a director of Jiajiayue Holding Group Limited and Weihai Station Limited.

Tony McVerry is a director of Esquires Coffee Houses Ireland Limited.

Craig Brown is the Group's CFO and a director of most of the Group's subsidiary companies.

Doug Williamson is a director of a number of the Group's UK subsidiary companies.

Number of shares held by directors and senior management personnel or their associates:

	31-Mar 2018	**31-Mar 2017**
Jiajiayue Holding Group	**148,203,944**	103,330,704
Yunnan Metropolitan Construction Investment Group Co Ltd	**100,719,640**	77,577,227
Cooks Investment Holdings Limited	**47,823,091**	53,700,683
ADG Investments Limited	**42,199,758**	42,199,758
Keith & Patricia Jackson & PM Picot	**37,173,719**	37,173,719
Shu Xin Zhang & Jian Ming Zhou	**7,095,225**	7,027,100
Peter James Kirton	**5,005,723**	5,005,723
Neil Butler	**2,500,000**	2,500,000
Tasman Capital Limited	**2,362,780**	2,362,780
CGF Employee Share Trust	**562,486**	2,000,000
Maretha McVerry	**573,687**	1,240,093
Lighthouse Ventures Holdings Limited	**455,533**	455,533
Mike Hutcheson	**367,671**	367,671
Craig Bruce Brown & Annette Ruth Brown	**125,625**	24,500

Notes to the Consolidated Financial Statements

23.1.Transactions with related parties

The following transactions occurred with related parties during the year:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Purchases of goods and services		
Purchase of management services	**373**	283
Property rental agreement with related party	**221**	221
Purchase of other services	**398**	299
Interest paid to related party	**81**	58
Other transactions		
Subscriptions for new ordinary shares	**5,592**	1,623
Funding loans advanced	**1,625**	2,506
Subscriptions for ordinary shares to be issued	**170**	1,000

The above values are exclusive of GST or VAT if any.

23.2.Balances outstanding with related parties

	31-Mar 2018 $'000	31-Mar 2017 $'000
Oustanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	**333**	356
Other related parties	**1,768**	1,464
Loans to related party (1)		
Beginning of the year	**1,623**	3,133
Subscriptions for new ordinary shares	**(321)**	(1,510)
End of year	**1,302**	1,623
Loans from related party		
Beginning of the year	**2,564**	1,667
Loans advanced	**1,737**	897
Subscriptions for new ordinary shares	**(2,576)**	-
Interest charged	**81**	58
Interest paid	**(81)**	(58)
End of year	**1,725**	2,564

The above values are inclusive of GST or VAT if any.

(1) Keith Jackson has entered into an underwrite agreement with CIHL for any unsubscribed shares in this investment vehicle. As at 31 March 2018 $1,301,773 (2017: $1,622,622) was owing to CGF under the terms of this agreement. Refer to Note 11.

23.3.Transactions with directors and senior management personnel

Key management of the Group are the executive members of Cooks Global Foods Limited's Board of Directors and senior management. Directors and senior management personnel payments (exclusive of GST if any) made during the year includes the following expenses:

	31-Mar 2018 $'000	31-Mar 2017 $'000
Directors fees	**82**	80
Salaries, wages and contractor payments	**1,282**	1,201
Share based payments	**-**	20
	1,364	1,301

24. Segment reporting

Management currently identifies the Groups product and service lines in various geographical locations as its operating segments.

The Esquires franchising & retail segment, receives two main income streams: Retail Sales from owned stores (UK and China) and Royalties from and Product Sales to Franchisees (UK, Ireland, Middle East and China). The supply segment represents the supply of tea/coffee/beverages and fresh produce.

Segment information for the reporting period is as follows:

			Continuing operations			
31 March 2018	**Global**	**UK**	**Ireland**	**Supply**	**Corporate**	**Total**
Global operational splits	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**1,937**	**2,964**	**989**	**838**	**-**	**6,728**
Other income	**-**	**36**	**-**	**-**	**1**	**37**
Cost of inventories sold	**(205)**	**(192)**	**-**	**(672)**	**-**	**(1,069)**
Depreciation and amortisation	**(35)**	**(162)**	**(35)**	**(1)**	**(11)**	**(244)**
Impairment of intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
Other expenses	**(1,264)**	**(2,452)**	**(762)**	**(464)**	**(1,401)**	**(6,343)**
Operating (loss)/profit	**433**	**194**	**192**	**(299)**	**(1,411)**	**(891)**
Non-current assets						
Intangible assets	**69**	**901**	**498**	**-**	**1,480**	**2,948**
Property, plant and equipment	**27**	**285**	**25**	**3**	**19**	**359**

Notes to the Consolidated Financial Statements

Global operational splits	Discontinued operations China $'000 30-Sep-2017	Supply $'000 14-Apr-2017	Total $'000
Revenue	**1,746**	**46**	**1,792**
Other income	**270**	**45**	**315**
Cost of inventories sold	**(804)**	**(11)**	**(815)**
Other expenses	**(2,429)**	**(11)**	**(2,440)**
Operating (loss)/profit	**(1,217)**	**69**	**(1,148)**
Loss on sale of the subsidiary after income tax	**(1,086)**	**-**	**(1,086)**
	(2,303)	**69**	**(2,234)**
Non-current assets			
Intangible assets	**2,137**	**-**	**2,137**
Property, plant and equipment	**570**	**-**	**570**

31 March 2017 Global operational splits	Global $'000	UK $'000	Continuing operations Ireland $'000	Supply $'000	Corporate $'000	Total $'000
Revenue	2,489	1,543	668	640	-	5,340
Other income	-	112	-	-	26	138
Cost of inventories sold	(511)	(170)	-	(569)	-	(1,250)
Depreciation and amortisation	(33)	(86)	(31)	-	(16)	(166)
Impairment of intangible assets	-	-	-	-	-	-
Other expenses	(1,718)	(2,129)	(673)	(312)	(2,202)	(7,034)
Operating (loss)/profit	227	(730)	(36)	(241)	(2,192)	(2,972)
Non-current assets						
Intangible assets	68	957	529	-	1,481	3,035
Property, plant and equipment	94	122	14	2	24	256

31 March 2017 Global operational splits	Discontinued operations China $'000	Supply $'000	Total $'000
Revenue	4,745	447	5,192
Other income	319	-	319
Cost of inventories sold	(1,680)	(542)	(2,222)
Depreciation and amortisation	(425)	(149)	(574)
Impairment of goodwill	(4,043)	-	(4,043)
Other expenses	(6,276)	(1,007)	(7,283)
Operating (loss)	(7,360)	(1,251)	(8,611)
Non-current assets			
Intangible assets	2,257	-	2,257
Property, plant and equipment	570	194	764

25. Contingencies

Contingent Liabilities

There are no contingent liabilities as at 31 March 2018 (2017: $nil).

26. Capital commitments

There were no capital commitments as at 31 March 2018 (2017: $nil).

27. Financial risk management

Due to the broad range of the Group's activities, there is exposure to a variety of financial risks:

• Market risk (including currency risk and interest rate risk);
• Credit risk; and
• Liquidity risk

The Group's risk management programme focuses on minimising the potential adverse effects of these risks. The Group's business is primarily denominated in foreign currencies. The Group holds New Zealand dollars and other currencies to settle transactions in the normal course of business.

27.1. Market risk

Foreign Currency Risk
The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. The majority of the Group's product, manufacturing and logistics costs are settled in NZD. Though the NZD remains the main currency for corporate funding and Group reporting, it will continue to diminish as a proportion of total Group as product sales outstrip growth in the New Zealand market. A significant amount of the Group's transactions are carried out other than in New Zealand Dollars. Exposures to currency exchange rates arise from the Group's overseas company holdings (Australia, Canada, China, Ireland and United Kingdom), and foreign currency denominated income for New Zealand domiciled companies (royalties, store openings, design and other franchise fees, product sales). These are primarily denominated in Australian dollars (AUD), Canadian Dollars (CAD), Chinese Yuan (YUAN), European currency (EURO), Pound Sterling (GBP) and US dollars (USD).

The below tables show the impact on pre-tax loss for the year, if the major currencies that the Group transacts in weaken/strengthen by 10% to the NZD, with other variables held constant. The impact would mainly result in foreign exchange gains or losses on the conversion of cash, receivables and payables. The same movement on equity would be expected. 10% was chosen as a reasonable sensitivity given the historically volatile markets for foreign exchange.

Notes to the Consolidated Financial Statements

NZ$000s	Carrying amount at 31 March 2018	NZD +10% Profit/Equity	NZD -10% Profit/Equity	Carrying amount at 31 March 2017	NZD +10% Profit/Equity	NZD -10% Profit/Equity
AUD cash	**7**	**1**	**(1)**	18	2	(2)
AUD accounts receivable	**44**	**4**	**(5)**	33	3	(4)
AUD accounts payable	**(32)**	**3**	**(4)**	(29)	3	(3)
Total AUD		**8**	**(10)**		8	(9)
CAD cash	**1**	**-**	**-**	-	-	-
CAD accounts receivable	**33**	**3**	**(4)**	21	2	(2)
CAD accounts payable	**(63)**	**6**	**(7)**	(53)	5	(6)
Total CAD		**9**	**(11)**		7	(8)
EURO cash	**176**	**16**	**(19)**	30	3	(3)
EURO accounts receivable	**265**	**24**	**(29)**	65	6	(7)
EURO accounts payable	**(95)**	**9**	**(11)**	(48)	4	(5)
Total EURO		**49**	**(59)**		13	(15)
GBP cash	**465**	**42**	**(52)**	108	10	(12)
GBP accounts receivable	**676**	**61**	**(75)**	323	29	(36)
GBP accounts payable	**(954)**	**87**	**(106)**	(784)	71	(87)
Total GBP		**190**	**(233)**		110	(135)
YUAN cash	**193**	**6**	**(7)**	186	17	(21)
YUAN accounts receivable	**302**	**27**	**(34)**	189	17	(21)
YUAN accounts payable	**1,847**	**168**	**(205)**	(1,522)	(138)	169
Total YUAN		**201**	**(246)**		(104)	127

Interest Rate Risk

The Group currently has an overdraft facility and had cash deposits in various currencies at balance sheet date as follows:

	31 March 2018		31 March 2017	
	Local currency $'000	NZD Equivalent $'000	Local currency $'000	NZD Equivalent $'000
Cash bank and in hand:				
NZD	**26**	**26**	26	26
AUD	**7**	**7**	17	18
EUR	**103**	**176**	20	30
GBP	**238**	**465**	61	108
USD	**29**	**40**	-	-
Cash and cash equivalents		**714**		182
Bank overdraft NZD (Current liability)	**(1,180)**	**(1,180)**	(1,826)	(1,826)
Short term financing	**(982)**	**(982)**	(1,432)	(1,432)
		(1,448)		(3,076)

Notes to the Consolidated Financial Statements

The impact of a 1% increase / decrease in interest rates over a one-year period on the closing net cash balance would result in an increase / decrease in consolidated pre-tax profit and equity of $35,340 (2017: $33,260). 1% was chosen as a reasonable sensitivity given changeable interest rate markets.

27.2.Credit Risk

Credit risk is managed on a Group basis. The Group generally trades with customers and banking counterparties who are well established. Receivables balances are managed by and reported regularly to senior management according to the Company's credit management policies and procedures. The amount outstanding at balance sheet date represents the maximum exposure to credit risk.

During the year ended 31 March 2016 the company issued 35,156,250 shares to Cooks Investment Holdings Limited (CIHL), a company controlled by Keith Jackson. Refer Notes 19 and 23. The sum of $1,301,773 is owing at 31 March 2018 (2017: $1,622,622). In the opinion of the Directors there is minimal credit risk associated with the amount owing by CIHL.

Cash and cash equivalents of the Group are deposited with a number of trading banks in New Zealand and overseas: $26,000 is deposited with a NZ trading bank (2017: $26,000), $465,000 (2017: $153,000) with a British trading bank and $176,000 (2017: $30,000) with an Irish trading bank. The Group uses banks with credit ratings of AA – BB.

27.3. Liquidity Risk

The Group maintains regular forecasts of liquidity based on expected cash flows. The table below analyses the Group's financial liabilities into relevant groups based on the remaining period at the reporting date to the end of the contractual date. The amounts disclosed are the contractual undiscounted cash flows.

At 31 March 2018	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
Bank overdraft	**1,180**	**-**	**-**	**-**
Trade payables	**2,436**	**-**	**-**	**-**
Other payables	**2,168**	**-**	**-**	**-**
Short term finance loan	**982**	**361**	**-**	**-**
Related party loan	**1,725**	**-**	**-**	**-**
Hire Purchase	**8**	**-**	**-**	**-**
CVA Creditors (UK)	**22**	**-**	**-**	**-**
Owing for acquisition Esquires Coffee Ireland Limited	**-**	**-**	**1,588**	**-**
	8,521	**361**	**1,588**	**-**

Notes to the Consolidated Financial Statements

At 31 March 2017	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Bank overdraft	1,826	-	-	-
Trade payables	1,448	-	-	-
Other payables	2,384	-	-	-
Short term finance loan	1,432	250	-	-
Related party loan	2,488	-	-	-
Hire Purchase	15	-	-	-
CVA Creditors (UK)	182	-	-	-
Owing for acquisition Esquires Coffee Ireland Limited	-	-	1,249	-
	9,775	250	1,249	-

For further details in relation to the liquidity risk refer to Note 4.

27.4. Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure. The Group currently monitors capital on the basis of cash requirements and, in order to maintain or adjust the capital structure, generally issues new shares to investors through share issues. The Group and the Company have not been subject to any externally imposed capital requirements during the period. The Group is currently in need of additional capital injections to be able to execute its strategy, for further details of this refer to Note 4.

Notes to the Consolidated Financial Statements

28. Financial instruments by category

2018

	Loans and receivables $'000	Total $'000
Assets as per consolidated statement of financial position		
Trade and other receivables	2,760	2,760
Cash and cash equivalents	714	714
Total	3,474	3,474

	Liabilities at fair value through profit or loss $'000	Other financial liabilities at amortised cost $'000	Total $'000
Liabilities as per consolidated statement of financial position			
Trade payables	-	2,436	2,436
Other payables	-	2,168	2,168
Bank overdraft	-	1,180	1,180
Contingent consideration	1,588	-	1,588
Borrowings and other liabilities	-	3,098	3,098
Total	1,588	8,882	10,470

2017

	Loans and receivables $'000	Total $'000
Assets as per consolidated statement of financial position		
Trade and other receivables	2,579	2,579
Cash and cash equivalents	182	182
Total	2,761	2,761

	Liabilities at fair value through profit or loss $'000	Other financial liabilities at amortised cost $'000	Total $'000
Liabilities as per consolidated statement of financial position			
Trade payables	-	1,448	1,448
Other payables	-	2,384	2,384
Bank overdraft	-	1,826	1,826
Contingent consideration	1,249	-	1,249
Borrowings and other liabilities	-	4,520	4,520
Total	1,249	10,178	11,427

29. Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

31 March 2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets per the statement of financial position	-	-	-	-
Liabilities per the statement of financial position				
Owing for acquisition Esquires Coffee Ireland Limited	**-**	**-**	**1,588**	**1,588**
	-	**-**	**1,588**	**1,588**

31 March 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets per the statement of financial position	-	-	-	-
Liabilities per the statement of financial position				
Owing for acquisition Esquires Coffee Ireland Limited	-	-	1,249	1,249
	-	**-**	1,249	1,249

Fair value for the liability owing for the acquisition of Esquires Coffee Houses Ireland Limited has been assessed using Level 3 valuation methods. The value of the Earn Out provision to date was based on an estimation of the future financial performance of the Irish business assuming the Earn Out provision extends to its maximum term. Key assumptions in determining the likely Earn Out payment were: annual growth in total network sales of 20% (2017: 25%) and exchange rate of 0.61 (2017:0.63) (NZD/EURO) and an annual inflation rate of 0% (2017:1%).

Movement in fair value estimation	**31-Mar 2018 $'000**	**31-Mar 2017 $'000**
Owing for acquisition Esquires Coffee Ireland Limited		
Opening balance	**1,249**	995
Amount expensed during the current year	**253**	398
Fair value adjustment	**86**	(144)
Closing balance	**1,588**	1,249

30. Post-reporting date events

Nikau Trust, a vehicle associated with Keith Jackson, has advanced short term funds of $150k to the company subsequent to Balance date on normal commercial terms.

Notes to the Consolidated Financial Statements

Subsequent to the year end, the Group has confirmed a repayment plan to pay off the ANZ Flexi loan facility of $775,000 (Refer Note 10).

There have been no other events subsequent to reporting date which have a material effect on these consolidated financial statements.

STATUTORY INFORMATION AND CORPORATE GOVERNANCE

Directors Relevant Interests in Company Securities as at 31 March 2018

Substantial Security Holder	Shares Held
ADG Investments Limited1[1]	42,199,758
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot	37,173,719
Mike Hutcheson	367,671
Zhe Hui[2]	745,106
Total Number of Shares Held:	**80,486,254**

1 Graeme Lee and Andrew Kerslake are directors and beneficial shareholders of ADG Investments Limited.
2 Zhe Hui is the beneficial holder of 745,106 ordinary shares in the Company currently held by Cooks Investment Holdings Limited.

Director Dealings in Company Securities

There have been the following transactions in respect of Cooks Global Foods Limited (**CGF** or **Company**) securities by directors of the Company (**Directors**) in the 12 months ending 31 March 2018:

Director	Dealings
Mr. Zhe Hui	• Mr. Hui is the beneficial holder of 745,106 ordinary shares in the Company currently held by Cooks Investment Holdings Limited.

Interests Register

CGF has D&O insurance which ensures that generally, Directors and officers will incur no monetary loss as a result of actions undertaken by them. CGF has entered into an indemnity in favour of its Directors for the purposes of Section 162 of the Companies Act 1993.

Use of Company Information

The Board received no notices from Directors wishing to use Company information received in their capacity as Directors which would not have been ordinarily available.

Other Director Interests

Other directorship appointments during the financial year ended 31 March 2018 held by CGF Directors:

Graeme Keith Jackson	
Arana Holdings Limited	Esquires Middle East & Africa IP Holdings Limited
CFG Employee Share Trust Limited	Esquires Northern Cyprus Limited
Cooks Global Foods Limited	Esquires NZ Franchise Holdings Limited
Cooks Investment Holdings Limited	Esquires Office Limited
Cooks Supply Limited	Esquires Oman Limited
Cotterill & Rouse Limited	Esquires Pakistan Limited
Crux Products Limited	Esquires Port Denarau Marina Limited
Dairy Farm Investments (Ruawhata) Limited	Esquires Portugal Limited
Dairy Farm Investments Limited	Esquires Qatar Limited
Esquires Asia Limited	Esquires Romania Limited
Esquires Bahrain Limited	Esquires Saudi Arabia Limited
Esquires Canada IP Limited	Esquires Supply No 2 Limited
Esquires China Limited	Esquires Turkey Limited
Esquires Coffee China Limited	Esquires U.A.E. Limited
Esquires Coffee India Limited	Esquires UK 1 Limited
Esquires Coffee Malaysia IP Holdings Limited	Franchise Development Limited
Esquires Coffee Supply Limited	Franchise Holdings NZ Limited
Esquires Egypt Limited	Franchise Management NZ Limited
Esquires EP & Bahrain Limited	Jackson & Associates Limited
Esquires Fiji Limited	Last Tree Standing Limited
Esquires Global IP Holdings Limited	LSD Global Limited
Esquires India Limited	Nikau Trust
Esquires Indonesia Limited	Resnik Corporation Limited
Esquires Iraq IP Holdings Limited	Scarborough Fair Limited
Esquires Jordan Limited	Science in Sport Asia Pacific Limited
Esquires Kuwait Limited	Tasman Capital Limited
Esquires Malaysia Limited	TRS Investments Limited
	Weihai Station Limited

Michael George Rae Hutcheson	
2 Life Limited	Lighthouse Ventures Limited
Boston Digital Limited	Lonely Cow Wines Holdings Limited
Cooks Global Foods Limited	On Digital Limited
Eunoia Holdings Limited	RayeBlumenthal Trust
Hotfoot Retail Services Limited	Scarborough Fair Limited
Ice Capital Partners Limited	Tangible MediaLimited
Image Centre Holdings Limited	The Lighthouse Ideas Company Limited
Image Centre Publishing Limited	Tradewinds Investment Trust
Lighthouse Ideas Limited	

Andrew Malcolm Kerslake	
Accident and Medical Centre Three Kings Limited	Milten Properties Limited
ADG Investments Limited	Norwood Ventures Limited
Cooks Global Foods Limited	RMW Holdings Limited
HAGZ Holdings Limited	Simple Properties Limited
HMFIC Investments Limited	Simply Fresh (2007) Limited
Jaqan Limited	The Car Fair Company Limited
Kestral Limited	Wairoa Trust
Malcolm Lansley Investments Limited	

Peihuan Wang	
Cooks Global Foods Limited	Shandong Jialianduo Industry Limited
Crux Products Limited	Shandong Shangyue Department Store Limited
Jiajiayue Group Limited. (China)	Shandong Shibale Supermarket Limited
Jiajiayue Holding Group Limited (CHINA)	Spar China Group LTD.
Shandong Esquires Management Limited	Weihai Jiajiayue Real Estate Development Limited
Shandong Jiajiayue Logistics Limited	Weihai Station Limited
Shandong Jiajiayue Supermarket Limited	

Zhe Hui
Cooks Global Foods Limited
Yunnan Hiageng Hotel Management Co., Ltd

Spread of Quoted Security Holders as at 5 June 2018:

RANGE	SHAREHOLDERS		SHARES	
	NUMBER	%	NUMBER	%
1-1,000	270	45.69	268,611	0.05
1,001-5,000	61	10.32	160,091	0.03
5,001-10,000	20	3.38	159,177	0.03
10,001-50,000	106	17.94	3,055,594	0.62
50,001-100,000	30	5.08	2,156,901	0.44
100,001 and over	104	17.60	483,708,874	98.83
TOTAL	**591**	**100.01**	**489,509,248**	**100.00**

20 Largest Holdings of Equity Securities
As at 5 June 2018:

Rank	Investor Name	Total Units	% Issued Capital
1	Jiajiayue Holding Group Limited	148,203,944	30.28
2	Yunnan Metropolitan Construction Investment Group CO LTD	100,719,640	20.58
3	Cooks Investment Holdings Limited	47,823,091	9.77
4	ADG Investments Limited	42,199,758	8.62
5	Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	37,173,719	5.79
6	Suhua He	13,915,182	2.84
7	Shuxin Zhang	7,095,225	1.45
8	Graham Maxwell Drury & Gloria Kaye Drury & Srhb 2006 Trustee Company Ltd	6,451,135	1.32
9	PKB Trustees Limited	6,397,876	1.31
10	Peter James Kirton	5,005,723	1.02
11	Jonathan Mervis	4,521,477	0.92
12	Emma Jane Waite	3,275,333	0.67
13	Real Action Group Limited	3,251,334	0.66
14	Ruby Cove Holdings Limited	3,225,568	0.66
15	Lewis Andrew Deeks & Wendy May Stanley & Pompallier Investment Management Limited	2,960,000	0.60
16	Just Cabins Limited	2,533,723	0.52
17	Neil Robert Butler & Kim Maree Green & Oac Trustees Limited	2,500,000	0.51
18	Tasman Capital Limited	2,362,780	0.48
19	DSL Management Limited	2,040,000	0.42
20	Wilson Foods Limited	2,000,000	0.41
		443,655,508	**88.83**

SUBSTANTIAL PRODUCT HOLDERS

The following information is provided in compliance with section 293 of the Financial Markets Conduct Act 2013 and is stated as at 20 June 2018. The total number of voting financial products of Cooks Global Foods Limited at that date was 489,509,248 and ordinary shares are the only such product on issue.

Holder Name	Number Ordinary Shares held	Disclosure date
Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	87,359,590	27 April 2018
Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	89,171,590	10 April 2018
Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	89,171,590	6 March 2018

Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	93,238,248	21 December 2017
Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	93,070,714	11 October 2017
Jiajiayue Holding Group Limited	148,203,944	11 July 2017
Jiajiayue Holding Group Limited	148,203,944	30 June 2017
Yunnan Metropolitan Construction Investment Group Ltd	100,719,640	30 June 2017

EMPLOYEE REMUNERATION

During the accounting period, the following number of CGF's employees/independent contractors (not being a director) received remuneration and other benefits in that person's capacity as employee/independent contractor of CGF, the value of which exceeded $100,000 per annum:

Remuneration ranges For CGF Group:	Number of employees 2018	Number of employees 2017
130,000 – 139,999	**-**	1
140,000 – 149,999	**2**	2
160,000 – 169,999	**1**	-
180,000 – 189,999	**-**	1
190,000 – 199,999	**1**	-
280,000 – 289,999	**1**	-

DIRECTOR REMUNERATION AND OTHER BENEFITS

During the accounting period, the Directors of the Company received the following remuneration:

Name	Directors' Fees	Executive Salary	Share based payments
Andrew Malcolm Kerslake	40,000	-	-
Mike Hutcheson	40,000	-	-
Graeme Keith Jackson	-	180,000	-
Zhe Hui	-	-	-
Peihuan Wang	-	-	-

Donations

No donations were made in the 12 month financial period ended 31 March 2018.

CORPORATE GOVERNANCE STATEMENT

ETHICAL STANDARDS

The Board Charter, Code of Ethics and Code of Conduct establish the standards of ethical behaviour expected of Directors and staff. The Board expects Directors, management and staff to personally subscribe to these values and use them as a guide to making decisions. The Audit and Risk Committee has responsibility for monitoring compliance with internal processes, including compliance with the Code of Ethics.

Directors are expected to ensure the potential for conflicts of interests is minimised by restricting involvement in other businesses or in private capacities that could lead to a conflict. In considering matters affecting the Company, Directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict is disclosed, the Director takes no further part in receipt of information or participation in discussions on that matter. The Board maintains an interests' register and it is reviewed at each board meeting.

Directors, officers, employees and contractors are restricted in their trading of Cooks Global Foods securities and must comply with the Financial Products Trading Policy and Guidelines which is available on the Website.

Should any member of staff have concerns regarding practices that may be in conflict with the Code of Conduct they are able to raise the matter with the Chief Executive (CEO) or Chair, as appropriate, on a confidential basis. Directors would raise any concerns regarding compliance with the Code of Ethics with the Chair. The Chair of the Board and the Chair of the Audit and Risk Committee note there have been no financial matters raised in this respect in the 2018 financial year.

ROLE OF THE BOARD

The Board of Directors of the Company is elected by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives. The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.

The Board is responsible for guiding the corporate strategy and direction of the Company and has overall responsibility for decision making. The Board has delegated responsibility for implementing the Board's strategy and for managing the operations of the Company to the Chairman.

BOARD COMPOSITION AND PERFORMANCE

The Board currently comprises of five Directors including the Chairman & Chief Executive Officer, Keith Jackson.

The Board met once during the year on a formal basis. One subcommittee, being the Audit and Finance Committee, was held outside these meetings on a regular basis as required.

The Chairman's role includes managing the Board; ensuring the Board is well informed and effective; implementing the Company's present strategy; and ensuring effective communication with shareholders.

The Company does not have a formal Director training programme at present.

DIVERSITY

Cooks recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. Cooks endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of our shareholders and customers. To this end, the Board is committed to fostering a culture that embraces diversity.

The Board also has the responsibility of monitoring and promoting the diversity of staff and associated corporate culture, including requiring that recruitment and selection processes at all levels are appropriately structured so that a diverse range of candidates are considered and to avoid conscious and unconscious biases that might discriminate against certain candidates.

The gender balance of the Group's Directors, officers and all employees was as follows:

	As at 31 March 2018			As at 31 March 2017		
	Directors	Officers	Employees	Directors	Officers	Employees
Female	-	-	15	-	-	15
Male	5	1	15	5	1	15
Total	**5**	**1**	**30**	**5**	**1**	**30**

At 31 March 2018, the Group's Directors, officers and all employees 15 nationalities are represented.

REPORTING AND DISCLOSURE

The Board monitors:

- available cash in the Company to ensure there are sufficient funds available to satisfy debts as they fall due; and
- the continued support of the Company's principal creditors, to ensure their continued support of the Company and continued intention to not call up amounts owing to them.

The Board is committed to keeping the market and its shareholders informed of all material information relating to the Company through meeting the obligations imposed under the Listing Rules and relevant legislation such as the Financial Markets Conduct Act 2013.

Cooks' seeks to make disclosures in a timely and balanced way to ensure transparency in the market and equality of information for investors. The Company also recognises the benefits of providing other releases that broaden the market's knowledge of the Company's business and financial performance and seeks, where appropriate, to use communications that achieve this objective. The Website is a key channel for the distribution of Cooks' information and is updated after documents are disclosed on the NZX.

The Chair of the Board and the CEO are responsible for the day to day management of ensuring these obligations are met. The Board will review compliance with the continuous disclosure obligations at every board meeting

Directors

Name	Status	Current/Resigned	Sub- committee membership	Attendance*
Keith Jackson	*Chairman & CEO Executive*	Appointed 18/8/08	Audit & Finance	7
Andrew Kerslake	*Non-Executive*	Appointed 3/10/13	Audit & Finance	7
Mike Hutchenson	*Non-Executive Independent*	Appointed 3/10/13	Audit & Finance	6
Peihuan Wang	*Non-Executive Independent*	Appointed 29/4/16	-	1
Zei Hui	*Non-Executive Independent*	Appointed 29/4/16	-	1

RISK MANAGEMENT

The Board reviews practices in relation to identification and management of significant business risk areas and regulatory compliance in the context of the Company's prevailing business strategy.

Under its constitution, the Company may obtain directors' and officers' liability insurance to cover directors acting on behalf of the Company.

SHAREHOLDER RELATIONS

The Company aims to ensure that shareholders are informed of all major developments affecting the Company affairs. Information is communicated to shareholders in the Annual Report, Interim Report, and regular NZX announcements, including major share transactions, acquisitions, store expansion and new franchises and any personnel changes of significance.

STAKEHOLDER INTERESTS

The Board is cognisant of stakeholder interests as they develop and considers policies to deal with different stakeholders accordingly. The Company will maintain public information as described in these policies to give stakeholders access to relevant information.

Directory

Company number:	2089337
Year of incorporation:	2008
Registered office:	Level 5, 3 City Road Auckland 1010
Nature of business:	Food & beverage industry
Directors:	Michael George Rae Hutcheson Graeme Keith Jackson Andrew Malcolm Kerslake Zhe Hui Peihuan Wang
Solicitors:	Duncan Cotterill Wellington
Bankers:	ANZ Bank, Auckland
Auditors:	BDO Auckland Auckland
Share registry:	Link Market Services Limited Auckland