



COOKS FOOD GROUP LIMITED

ANNUAL REPORT
YEAR ENDED 31st MARCH 2013

COOKS FOOD GROUP LIMITED
FOR THE PERIOD ENDED 31st MARCH 2013

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COOKS FOOD GROUP LIMITED
AS AT 31st MARCH 2013

DIRECTORY

Company number:	2089337
Year of incorporation:	2008
Registered office and Address for service:	Level 5, 57 Symonds Street Auckland 1010
Principal activity	Food & beverage investment
Directors	Graeme Keith Jackson (Chairman) Diana Elizabeth Miller Graeme William Rothwell <i>Appointed 27 August 2012</i> Sarah Jane Kennedy <i>Resigned 27 August 2012</i>
Bankers	ASB Bank, Auckland ANZ Bank, Auckland
Solicitors	Duncan Cotterill Wellington. Rogers & Rutherford Auckland.
Auditors	DFK Carlton Newmarket, Auckland
Share registry	Link Market Services Limited Auckland



Cooks Food Group Limited
Report for 12 months to 31st March 2013

Overview

The financial year ended 31st March 2013 has been one where Cooks has made major progress towards transforming the company. The enclosed financial statements are audited.

In a post balance date announcement Cooks has advised on 6th June 2013 the following to the NZX:

COOKS ENTERS TRANSFORMATIONAL SHARE PURCHASE AGREEMENT

Overview

Cooks Food Group (Cooks) has entered a conditional sale and purchase agreement to acquire a group of companies owning the intellectual property and master franchising rights to Esquires Coffee Houses worldwide, other than in Canada, New Zealand and Australia.

Cooks is also in advanced negotiations to acquire a New Zealand based food processing business and certain offshore retail businesses.

All agreements are, or will be subject to, approval by Cooks shareholders under the Companies Act 1993, the NZAX Listing Rules and the Takeovers Code.

The transactions are transformational for Cooks having been a listed shell company for the past few years. In recognition of this transformation, Cooks intends to change its name to Cooks Global Foods if the transactions are approved.

Funding

Cooks chairman Keith Jackson says the company has also reached agreement, subject to shareholder approval, to raise more than \$4.0m in cash from qualified investors to subscribe for shares. These subscriptions will fund the cash components of the purchase price for the intended acquisitions and provide working capital for the new group. New debt facilities have also been conditionally agreed with Cooks' bankers.

Post-completion of the transactions Cooks also intends to look at undertaking a share purchase plan offer to give existing shareholders an opportunity to participate in the future of the company.

The Transactions

Cooks has entered a conditional sale and purchase agreement to acquire the shares of the New Zealand company Franchise Development Ltd (FDL).

FDL is owned by New Zealand coffee entrepreneurs Stuart and Lewis Deeks, who developed and sold the Esquires Coffee Houses business in New Zealand and Australia to ASX listed Retail Food Group in 2012. FDL and its subsidiaries hold the master franchisee rights for Esquires Coffee Houses to many parts of the world including Asia, the Pacific islands, the Middle East and North Africa.

In connection with the transaction with Cooks, and through a \$1.3 million secured advance from Cooks, FDL has acquired the Canadian company Esquires Coffee International, Inc., the owner and master franchisor of the global intellectual property rights to Esquires Coffee



Houses excluding New Zealand, Australia and Canada. This includes franchisor rights with the Esquires master franchisee's operating in Ireland and the United Kingdom respectively.

The purchase of FDL will be funded through an issue of shares in Cooks to an entity controlled by Stuart and Lewis Deeks and a cash payment of \$300,000. The Agreement also provides for a future issue of shares to Stuart and Lewis Deeks if there is group over-performance. If approved, Stuart and Lewis Deeks will become the largest shareholders of Cooks with a holding of over 50%. The shares issued at completion will be subject to escrow restrictions.

Next Steps

Cooks is presently in negotiations to acquire further businesses. Subject to reaching contract on these proposed acquisitions, further details are intended to be announced to the market shortly. These acquisitions are also proposed to be predominantly funded through share issues by Cooks with those issued shares also subject to escrow restrictions, aligning the interests of the vendors with those of Cooks shareholders.

Following the conclusion of these negotiations, a listing profile will be completed for the new group and shareholder approval sought to undertake all of the transactions. Subject to Takeovers Panel and NZX approvals, Simmons Corporate Finance has been appointed to act as the independent adviser in relation to the transactions.

Mr Jackson says that the new business plans are to pursue a global growth strategy based on an integrated retail and supply chain business aligned with Esquires Coffee Houses internationally.

Further details of the transactions and the further acquisitions under negotiation will be announced in the coming weeks.

The company is delighted with the proposed transaction that will see it holding the global master franchise for the Esquires Coffee House chain (excluding New Zealand, Australia and Canada). There are 58 operating coffee houses in the system that is part of the transaction with 29 in the UK, 5 in Ireland, 11 in China, 10 in Saudi Arabia, 2 in UAE and 1 in Bahrain. Other listed franchise businesses are the Mad Butcher with 36 stores in New Zealand and Burger Fuel with 44 stores. Given this comparison the group believes it is well positioned to provide shareholders with an exciting opportunity to be part of a New Zealand owned global business that can compete successfully internationally in the rapidly growing coffee sector.

Cooks is delighted to be joined by Stuart and Lewis Deeks who will become the new major shareholders in the business. Stuart and Lewis started the Esquires Coffee House chain in New Zealand and grew the system to 49 stores before selling the business in 2011. They held the Master Franchise rights for much of the globe and have been responsible for establishing the systems in the Middle East and China and will be the driving force to develop the Esquires Coffee House System globally.

With their knowledge of the industry and proven track record we are confident that we have the right people to lead the company and to profitably grow the business internationally.

As described in the release above the company will acquire complimentary businesses that will assist the objective of minimising costs through the supply chain.



Dividends

No dividend is recommended in respect of the financial year ended 31 March 2013.

Director and Employee Remuneration

The directors received no fees or remuneration from the company during the year (2012 nil).

The company had no employees during the year so no employee remuneration was paid (2012 nil).

Directors' Interests in Transactions

Significant advances have been made in the past to the company by a number of entities which are related to a director. These advances were made on normal commercial terms.

During the year some of these advances were repaid – principal only. Also during the year, pursuant to an agreement, all interest charged on these advances and subsequently capitalised were reversed.

It is intended that the remaining advances to the company will be converted to ordinary shares in the near future as part of the completion process.

During the year the company loaned \$200,000 to an associated company, Dairyland Products Limited (2012 \$100,000). Directors Keith Jackson and Graeme Rothwell are also the directors of this associate company.

Share Dealings by Directors

During the year there has been no acquisition or disposal of shares in the company by Directors:

Other Information

- The company holds 8,491,667 shares (42.46%) shares in Dairyland Products Limited, a company formed to undertake investments in the dairy industry. As at the date of the report this company has not made any investments although it does hold both building and resource consents to enable the establishment of a Whole Milk Powder factory on a site in Tokoroa. If any investment is made by Dairyland Products then new equity will be introduced which will dilute Cooks shareholding in Dairyland. There has been no revaluation of assets during the period and these shares are valued \$87 in the accounts.
- There have been no changes in accounting policies during the period.
- The formal steps in the approval process to obtain shareholder approval for the transactions referred to above are underway and it is the intention of the Directors to combine the Annual General Meeting with the Extra Ordinary General meeting that is being called to seek shareholder approvals as outlined above.



Summary

Cooks is now firmly on a pathway to transforming the business to becoming an integrated global coffee chain with an efficient supply chain. The Esquires Coffee House chain internationally has 58 operational stores globally as at 6th June 2013 and the company plans to grow this footprint aggressively in the future.

The Board believes that this change in strategic direction will provide significant value to shareholders in the medium to long term.


G. K. Jackson, Chairman
25th July 2013

STATEMENT OF COMPREHENSIVE INCOME

	Note	2013 (\$000s)	2012 (\$000s)
CONTINUING OPERATIONS			
Other operating income	3	1,501	122
Other operating costs	3	(261)	(39)
Operating profit/(loss)		1,240	83
Finance costs	3	(78)	(691)
Net profit/(loss) before tax		1,162	(608)
Income tax expense		-	-
Profit/ (loss) for the year from continuing operations		1,162	(608)
DISCONTINUED OPERATIONS			
Factory expenses	3	-	(1)
Other operating costs	3	-	17
Operating profit/(loss)		-	16
Net profit/(loss) before tax		-	16
Income tax expense		-	-
Profit for the year from discontinued operations		-	16
Total profit/(loss) and comprehensive income/ (loss)		1,162	(592)
<i>Earnings per share</i>			
Basic earnings per ordinary share		4.32	(2.30) cents
Diluted earnings per ordinary share		4.32	(2.30) cents

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

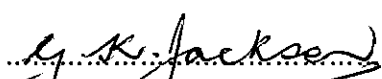
	Share capital (\$000s)	Retained earnings (\$000s)	Total equity (\$000s)
Opening equity 1 April 2011	5,493	(10,218)	(4,725)
Comprehensive income/(loss)	-	(592)	(592)
Equity at 31 March 2012	5,493	(10,810)	(5,317)
Comprehensive income/(loss)	-	1,162	1,162
Issue of ordinary shares	494	-	494
Equity at 31 March 2013	5,987	(9,648)	(3,661)

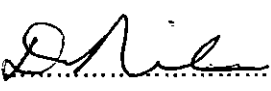
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STATEMENT OF FINANCIAL POSITION

	Note	2013 (\$000s)	2012 (\$000s)
Assets			
<i>Current assets</i>			
Cash & cash equivalents	9	259	3
Receivables, prepayments & other assets	8	1,569	120
Total current assets		1,828	123
Total assets		1,828	123
Liabilities			
<i>Current liabilities</i>			
Payables & other liabilities	10	286	183
Loans & borrowings	11	5,203	5,257
Total current liabilities		5,489	5,440
Total liabilities		5,489	5,440
Net Assets/(Liabilities)		(3,661)	(5,317)
Deficit in Equity	6	(3,661)	(5,317)

Signed for and on behalf of the Board


Chairman
Date 25 July 2013


Director
Date 25 July 2013

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

	Note	2013 (\$000s)	2012 (\$000s)
Operating activities			
<i>Cash was applied to</i>			
Suppliers		(162)	(20)
Interest		(78)	(98)
Rent		(1)	-
		(241)	(118)
Net cash out flows from operating activities	2	(241)	(118)
Investing activities			
<i>Cash was applied to</i>			
Purchase of business assets		(1,242)	-
Net cash out flows from investing activities		(1,242)	-
Financing activities			
<i>Cash was provided from</i>			
Issue of shares		494	-
Loans & borrowings		1,606	366
		2,100	366
<i>Cash was applied to</i>			
Repayment of Borrowings		(361)	(250)
		(361)	(250)
Net cash in flows from financing activities		1,739	116
Net increase(decrease) in cash held		256	(2)
Cash & cash equivalents at beginning of year		3	5
Cash & cash equivalents at end of year		259	3

The accompanying notes form an integral part of these financial statements

COOKS FOOD GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(1.1) Reporting entity

Cooks Food Group Ltd (the "Company"), is a profit-oriented company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is an issuer for the purposes of the Financial Reporting Act 1993 and the financial statements have been prepared in accordance with the Financial Reporting Act 1993.

The financial statements of the Company as at and for the year ended 31 March 2013 comprise the separate financial statements of the Company and its associate.

The principal activity of the Company is the investment in food and beverage businesses.

The financial statements were authorised for issue by the Board of Directors on 26th July 2013.

(1.2) Statement of compliance

These audited financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards ("IFRS").

(1.3) Basis of preparation

The financial statements have been presented in New Zealand currency, which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

The financial statements have been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(1.4) Use of estimates and judgments

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates, and assumptions that affect the application of company policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

(1.5) Specific accounting policies

The accounting policies set out below have been applied consistently by Company to all periods presented in these financial statements.

(a) Property, plant and equipment

Acquired assets are recorded at cost at the date of their purchase and the value of other directly attributable costs to bring the assets to the location and condition necessary for their intended purpose. Depreciation of fixed assets is calculated on a straight line basis at rates that will write off the cost of the assets, less their residual values, over the estimated useful lives as follows:

	Depreciation Rate
Computer Equipment & software	40 - 60%

The directors review the carrying value of fixed assets annually and any permanent diminution in value is written off when deemed to have occurred.

Gains or losses on disposal are calculated as the difference between the sale price and the carrying value and are recognised in the statement of comprehensive income.

(b) Intangible assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is tested annually for impairment.

(c) Leases

Operating Leases

The company leases certain plant and equipment and land and buildings

Leases are classified as operating leases when the lessor retains substantially all of the risks and benefits of ownership of the underlying asset. Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

The underlying asset is not recognised on the balance sheet.

(d) Impairment

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. The recoverable amount of the Company's receivables with short duration is not discounted.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of other assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment of goodwill is not subsequently reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Foreign Currencies

Transactions in foreign currencies are converted at the spot rate at the transaction date.

At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are recognised in the statement of comprehensive income.

(f) Receivables and payables

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impairment losses, ie doubtful debts.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first – in first – out principle, and includes expenditure incurred in acquiring the inventories and bringing them in to their existing location and condition.

(h) Income tax

The income tax expense charged to the income statement includes both the current year's provision and the income tax effect of:

- taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated; and
- deductible temporary differences to the extent that it is probable that they will be utilised.

(h) Income tax (continued)

Temporary differences arising from transactions, other than business combinations, affecting neither accounting profit nor taxable profit are ignored.

Tax effect accounting is applied on a comprehensive basis to all temporary differences using the liability method. A deferred tax asset is only recognised to the extent that it is probable there will be future taxable profit to utilise the temporary differences.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) Goods and services tax

The income statement and the statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(j) Cash flows

For the purpose of the cash flow statement, cash includes cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

(k) Employee entitlements

Liabilities for short-term employee benefits are expected to be settled within 12 months of the year end and represent present obligations resulting from employees' services provided up to the reporting date. These amounts, including wages, salaries and annual leave, are recorded undiscounted and are based on expected remuneration rates at reporting date.

(l) Financial instruments

Financial instruments include cash and cash equivalents, bank overdrafts, trade and other receivables, investments in and loans to others, trade creditors and other payables, and borrowings. In addition, the Company is party to financial instruments to meet financing needs.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through income, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available for sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities designated as being measured at fair value through profit or loss. All gains or losses recognised on financial liabilities whether measured at amortised cost or fair value are reported in the profit or loss for the period.

COOKS FOOD GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

(l) Financial instruments (continued)

Instruments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the statement of comprehensive income when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(m) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue. Redeemable preference shares are shown as a liability.

(n) Borrowings

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method.

(o) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options.

(p) Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

A segment is reported if either revenue, profit or assets represent more than 10% of combined operating segment totals.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration receivable. Revenue on sales of goods is recognised when they are delivered and ready for use by the customer.

(r) Associate companies

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 per cent of the voting power of another entity.

Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new and amended New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations since 1 April 2012.

Early adoption of Standards, Interpretations and modifications

The Company has adopted the following new accounting policies:

- NZ IAS 12 Income Taxes;
- NZ IFRIC 14 Prepayments of a Minimum Funding Requirement.

The adoption of these standards does not have a material effect on these financial statements.

The Directors have not adopted and are yet to assess the impact of the following new and amended standards on the Company's financial statements which are effective for periods beginning on or after 1 January 2013:

- NZ IFRS 10 Consolidated financial statements; NZ IFRS 11 Joint arrangements; NZ IFRS 12 Disclosure of interests in other entities; NZ IFRS 13 Fair value measurement.
- The annual improvements to NZ IFRS resulting from the 2009-2011 cycle.

The Directors have not adopted and are yet to assess the impact of the changes resulting from the following new and amended standards on the Company's financial statements:

- NZ IAS 32 Financial instruments: presentation, which will be effective for accounting periods beginning on or after 1 January 2014.
- NZ IFRS 9 Financial Instruments, which will replace NZ IAS 39 effective for accounting periods beginning on or after 1 January 2015.

2. RECONCILIATION OF OPERATING CASH FLOWS

	2013 (\$000s)	2012 (\$000s)
Net profit/(loss) after tax	1,162	(592)
Interest capitalised/(reversed) to Loans	(1,500)	581
<i>Changes in working capital items</i>		
(Decrease)/increase in trade payables & accruals	103	(7)
(Increase)/decrease in receivables	(6)	(100)
Net cash from operating activities	(241)	(118)

3. REVENUE AND EXPENSES

	2013 (\$000s)	2012 (\$000s)
<i>Revenue</i>		
Gain on Sale of Investments	-	100
Sundry Income	1,501	22
Total revenue	1,501	122
<i>Operating expenses</i>		
Lease/rental costs	2	7
Legal fees	75	2
Listing fees	14	12
Audit fees - auditing the financial statements	13	12
Commission	130	-
Directors fees	-	-
Interest expenses - loans & borrowings	78	679
Other operating expenses	27	2
Total operating expenses	339	714

Sundry income includes a reversal of interest previously capitalised to loans.

No employees earned in excess of \$100,000 during the financial year ended 31 March 2013.

4. EARNINGS PER SHARE

	2013	2012
Profit attributable to ordinary shareholders		
Net profit/(loss) after tax (\$000)	1,162	(592)
Net profit/(loss) after tax continuing operations (\$000)	1,162	(608)
Issued number of ordinary shares	27,576,623	22,088,875
Basic earnings continuing operations - cents per share	4.32	(2.30)
Diluted earnings continuing operations - cents per share	4.32	(2.30)

Earnings per ordinary share is based on the weighted average number of ordinary shares on issue during the year, and on the operating surplus after tax attributable to shareholders after deducting any provision for preference share dividends.

5. INCOME TAX

	2013 (\$000s)	2012 (\$000s)
Accounting profit/(loss) before income tax	1,162	(592)
At the statutory income tax rate of 28%	325	(166)
Add/(deduct) taxation effect of permanent differences	19	(34)
Add/(deduct) prior period adjustment	-	38
Recognition of previously unrecognised tax losses	(344)	-
Total tax losses not recognised	-	162
Income tax expense reported in income statement	-	-

The company has New Zealand tax losses available to carry forward subject to shareholder continuity as required by New Zealand tax legislation.

The company has not recognised the tax benefits resulting from losses and temporary differences in these accounts. Unrecognised tax benefits carried forward amount to \$756,782 (2012 \$1,101,310).

6.SHARE CAPITAL

	Number	2013 (\$000s)
Shares on issue		
Ordinary shares	27,576,623	5,987
Redeemable preference shares	6,154,427	778
		6,765
Deduct redeemable preference shares reclassified as liabilities		(778)
		5,987
	Number	2012 (\$000s)
Shares on issue		
Ordinary shares	22,088,875	5,493
Redeemable preference shares	4,975,508	672
		6,165
Deduct redeemable preference shares reclassified as liabilities		(672)
		5,493

The Company's capital is managed with the objective of maintaining adequate working capital so that all obligations can be met on time. At balance date, the company's equity was negative as a result of prior period impairment writedowns to intangible assets.

The company has received financial support from Keith Jackson, a director and substantial shareholder. Mr Jackson has undertaken to provide continuing financial support for the next 12 months.

In March 2013, the directors received funds that have been treated as Convertible Loans. The loans were received from two parties. New shares will be issued when the loans convert to ordinary shares as part of an arrangement to acquire a group of companies owning the intellectual property and master franchising rights to Esquires Coffee Houses worldwide, other than in Canada, New Zealand and Australia.

The maturity date for the redeemable preference shares has been further extended to coincide with date of the Extra Ordinary Shareholders Meeting.

Redeemable preference shares receive interest at 12.5% pa.

7. PROPERTY, PLANT & EQUIPMENT

Substantially all of the fixed assets of the business were sold in May 2009 as part of the disposal the company's trading activities. The company retains some computer equipment now fully depreciated.

8. RECEIVABLES & PREPAYMENTS	2013	2012
<i>Current assets</i>	(\$000s)	(\$000s)
Prepayments	15	15
GST refundable	7	-
Secured Advance to Franchise Development Limited	1,142	-
Deposit Paid for Esquires Coffee International	84	-
Sundry receivables	321	105
	1,569	120

Sundry receivables include a deposit of \$15,361 for the Australasian rights to secure a retail franchise.

In the event that this opportunity is not proceeded with, the directors anticipate the deposit will be refunded.

As part of a major transformational transaction initiated by the company prior to year end, a secured advance was made to Franchise Development Ltd (FDL) of \$1.142 million to facilitate the acquisition of Esquires Coffee International (ECI). ECI is a Canadian company which holds the global master franchisor rights to Esquires Coffee Houses excluding those in New Zealand, Australia and Canada.

On the 20th March 2013 an amount of \$83,837 was paid as a deposit for the purchase of the intellectual property of Esquires Coffee International. Acquisition of ECI has ultimately occurred within Franchise Development Ltd by means of a secured advance from Cooks Food Group Limited.

The advance to FDL was funded by a convertible loan of \$1.3m of which a portion is intended as a repayment to the company for the Esquires deposit paid. The residual amount of the convertible loan, subject to shareholder approval, is anticipated to be converted to ordinary shares before 28 September 2013. Until such time that the loan is fully converted or repaid, the Convertible Loan Agreement places certain restrictions on the company's ability to enter into transactions of a capital nature.

9. CASH AND CASH EQUIVALENTS

Included as Cash Equivalents are trust monies relating to the Esquires transaction of \$157,438. These funds were either utilised to extinguish associated liabilities facilitating the transaction or were returned to the company on 2 April 2013.

10. PAYABLES	2013	2012
<i>Notes</i>	(\$000s)	(\$000s)
Trade payables	250	153
GST payable	-	10
PAYE & sundry creditors	36	20
	286	183

11. LOANS & BORROWINGS	2013	2012
<i>Notes</i>	(\$000s)	(\$000s)
Debentures - related party (secured) 14	1,078	1,791
Advances - related party (unsecured) 14	1,847	2,794
Advances - convertible loans (unsecured) 11	1,500	-
Redeemable preference shares 6	778	672
	5,203	5,257

11. LOANS & BORROWINGS (Continued)

Repayable as follows:

	Less than 1 year	Between 1-2 years
Debentures - related party (secured)	1,078	-
Advances - related party (unsecured)	1,847	-
Advances - convertible loan (unsecured)	1,500	-
Redeemable preference shares	778	-
	5,203	-

Secured advances are secured by general security agreements over the company's assets and undertakings.

Only the Redeemable preference shares now bear an interest rate (12.5% pa).

12. DISCONTINUED ACTIVITIES

The cash flow effect of discontinued activities is as follows:

	2013 (\$000s)	2012 (\$000s)
Operating cash flows	(1)	(2)
Investing cash flows	-	-
Financing cash flows	-	-
Total cash flows for discontinued operations	(1)	(2)

Cooks Food Group Limited divested itself of its food production business and associated assets in May 2009. The directors' search for new investment opportunities has resulted in the Esquires franchise purchase on 5th April 2013 by Franchise Development Limited.

13. COMMITMENTS & CONTINGENCIES

There were no capital commitments as at 31st March 2013 (2012 - \$Nil)

There were no contingent liabilities as at 31st March 2013 (2012 - \$Nil)

14. RELATED PARTY TRANSACTIONS

The company repaid a number of related party advances during the year - principal only.

These advances were made on normal commercial terms. During the year, pursuant to an agreement, all interest charged on these advances and subsequently capitalised was written off. The remaining advances are to be converted to ordinary shares in the near future.

Entity	Relationship	Nature of transaction	Closing balance 31st March 2013 (\$000s)	Closing balance 31st March 2012 (\$000s)
Nikau Trust	Related to Director	Advance	1,743	2,613
Independent Cheese Investments	Related to Director	Advance	79	122
Last Tree Standing	Related to Director	Advance	1,078	1,791
Independent Dairy Producers	Related to Director	Advance	25	59

The Directors received no fees from the Company during the year (2012 - Nil).

The Company advanced \$200,000 to an associate company (2012 - \$100,000). The loans are unsecured but are guaranteed by Nikau Trust, a party related to a Director.

There were no other material related party transactions during the period.

15. SEGMENT INFORMATION

For the period ended 31st March 2013 the Company operated in one geographic segment - New Zealand and one industry segment - food production.

16. SIGNIFICANT EVENTS AFTER BALANCE DATE

In a post balance date announcement on 6th June 2013, the company announced the following:

The company has entered a conditional sale and purchase agreement to acquire the shares of FDL. The purchase will be funded by an issue of shares and a cash payment of \$300,000. If the acquisition is approved by shareholders, the two principal owners of FDL will have a share holding of over 50% in the company. The agreement also provides for the issue of further shares in the future to the new majority shareholders based on company performance criteria. All shares issued under this agreement will be subject to escrow restrictions.

The company is in advanced negotiations to acquire a New Zealand based food processing business and certain offshore retail businesses.

The company has reached agreement, subject to shareholder approval, to raise more than \$4m in cash from qualified investors by way of share subscription.

Following completion of the contemplated transactions, the company will consider undertaking a share purchase plan offer to give existing shareholders further opportunity to participate in the future of the company.

These plans confirm the company's intention to pursue a global growth strategy based on an integrated retail and supply chain business aligned with Esquires Coffee Houses internationally.

On 8th July 2013, the company announced the following:

Cooks Food Group has entered two conditional sale and purchase agreements to acquire the Great Britain master franchise and Ireland master franchise of Esquires Coffee Houses.

There are no further events subsequent to balance date which materially affect the financial statements as at 31 March 2013.

17. OPERATING LEASE COMMITMENTS

There were no operating lease commitments at 31 March 2013 (2012 - \$nil).

18. GOING CONCERN

The Company had negative equity at the end of the financial year.

The validity of the going concern assumption on which the financial report is prepared depends on the continuing financial support of entities affiliated with Mr GK Jackson, a director and substantial shareholder. Mr Jackson has pledged to provide continuing support for the next 12 months and will not demand repayment of any loans while the company has negative equity.

19. JUDGMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation.

The effects of judgment and estimation on these financial statements are not considered to be significant since the majority of the assets and liabilities were realised in a prior year.

20. NET TANGIBLE ASSETS

Net tangible assets per share at balance date was -13.61 cents (2012: -24.07 cents)

21. INVESTMENT IN ASSOCIATE

The Company has a 42.5% investment in an associate company, Dairyland Products Limited. Dairyland Products Limited does not trade. It had a balance date of 31 March which changed to 31 July for the 2011/2012 financial year. The most recent financial statements are for the 16 month period ended 31 July 2012.

	Jul 2012	Mar 2011
	(\$000s)	(\$000s)
<i>Results:</i>		
Share of profit/(loss) before tax	(2)	(7)
Tax	-	-
Share of operating surplus	(2)	(7)
Shares at cost	-	-
<i>Details</i>		
Assets	261	116
Liabilities	(425)	(230)
Revenue	46	30
Loss	(4)	(16)
Carrying amount	-	-

Dairyland Products Limited was incorporated in New Zealand.

The shares of Dairyland Products Limited are unlisted.

The companys unrecognised share of accumulated losses in the associate company is -\$11k (2012 -\$10k)

22. FINANCIAL INSTRUMENTS

22.1 Credit risk

To the extent that the Company has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and receivables.

The Company manages its exposure to credit risk to minimise losses from bad debts.

The company performs credit evaluations on all customers requiring credit and generally does not require collateral. The company continuously monitors the credit quality of the bank which is a counter party to its financial instruments and does not anticipate non-performance.

Maximum exposures to credit risk at balance date are the carrying amounts of financial assets. The maximum exposures are net of any recognised impairment losses. No collateral is held.

Concentrations of credit risk

At balance date, 100% of the company's cash was with one bank. The company deals only with banks having at least an A credit rating. Receivable includes loans totalling \$300,000 to an associated company. These loans are guaranteed by a related party, Nikau Trust.

The Company does not have any other significant concentrations of credit risk.

22.2 Liquidity risk

Liquidity risk represents the company's ability to meet its financial obligations on time. During the period, the company did not generate sufficient cash flows from its operating activities to make timely payments. It does however enjoy the financial support of a major shareholder. The company no longer has a bank overdraft facility.

Liquidity forecast

Management supervises liquidity by monitoring short-term and long-term cash flows.

	12 months or less \$000	Between 1-2 years \$000	Between 2-5 years \$000
Opening balance	102	2,064	2,974
Operating cash flows	421	1,706	2,207
Investing cash flows Received	4,598	-	-
Net Investment / Loans to third parties	(3,057)	(796)	(1,797)
Repayment of debt	-	-	-
New borrowing	-	-	-
Dividends and other financing cash flows	-	-	-
Closing balance	2,064	2,974	3,384

The Directors have forecast liquidity for a five year period based on the announcement made on 6th June 2013 in relation to the nature and structure of the business going forward. The projected equity has been raised subject to shareholder approval of the Franchise Developments Ltd proposed transaction.

Advances from related parties will be capitalised and converted to equity as part of the major transaction.

22.3 Currency risk

The company currently has no exposure to foreign exchange risk. All trading activities are denominated in NZ currency.

22.4 Interest rate risk

The company has exposure to interest rate risk to the extent that it borrows for a fixed term at fixed rates. The company's policy is that interest rates on borrowings are fixed for the duration of the loan.

There were no interest rate contracts outstanding at balance date.

22. FINANCIAL INSTRUMENTS (continued)

22.4 Interest rate risk (continued)

Repricing analysis

The following table identifies the periods in which financial instruments that are subject to interest rate risk reprice.

	Effective Interest rate	Total \$000	6 months or less \$000	Between 6-12 months \$000
Liabilities				
Bank loans	n/a	-	-	-
Convertible Preference Shares	12.5%	778	778	-

By managing interest rate risk, the company aims to moderate the impact of short-term fluctuations in interest rates. Over longer periods, changes in rates will have an impact on profit. Given that the only interest rate exposure to the company now relates to fixed interest convertible preference shares, changes in market interest rates are not anticipated to have an impact on the profit of the company.

- The company has mitigated interest rate risk by way of related party advances no longer being charged interest. It is expected that these advances will be converted to ordinary shares before 31 March 2014.

22.5 Fair values

The estimated fair values of financial instruments are considered to be the same as the carrying values.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Bank balances, receivables, payables and bank balances

The carrying value is the fair value for each of these classes of financial instrument.

Term liabilities

The fair value of the Company's term liabilities are estimated based on the current market rates available to the Company for items of a similar nature and maturity.

STATUTORY INFORMATION

Directors Relevant Interests in Company Securities as at 31 March 2013

Ordinary Shares

Graeme Keith Jackson	13,496,453
Diana Elizabeth Christian	2,001,000
Graeme William Rothwell	763,200

The above shares are those held by Graeme Keith Jackson, Nikau Trust and Katie investments.

Convertible Preference Shares

Graeme Keith Jackson	480,000
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Convertible preference shares (CPS) can convert to Ordinary Shares at 12.5 cents per share. Note that the proposal to shareholders at the EGM will recommend that CPS shares convert at 10 cents and this will result in the above CPS shares held by Graeme Keith Jackson to be 600,000 Ordinary Shares if approved.

Director Dealings in Company Securities

There have been no transactions in respect of Cooks Food Group Limited securities by directors in the 12 months ending 31 March 2013.

Use of Company Information

The Board of Directors 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

<p>GK Jackson is a director of:</p> <ul style="list-style-type: none">• Katie Investments Limited• Sportstec Limited• Jackson & Associates Limited• Last Tree Standing Limited• Cotterill & Rouse Limited• Independent Dairy Producers Limited• TML Equities Limited• TRS Investments Limited• Dairy Farm Investments Limited• Dairy Farm Investments (Management) Limited• IDP (Mainland) Limited• Tasman Capital Limited• DFI Management Limited	<p>GW Rothwell is a Director of</p> <ul style="list-style-type: none">• Tasman Capital Ltd• Toppo Marketing Ltd• Loop South Pacific Ltd• Shag Rock Properties Ltd
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<ul style="list-style-type: none"> • Dairy Farm Investments (Ruawhata) Limited • Dairy Farm Investments (Brucknell) Limited • Dairyland Products Limited • DFI (Brucknell) Limited • Arana Holdings Limited • Sportstec (UK) Limited 	
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Remuneration of Directors

No directors fees were paid by the Company during the 12 month financial period ended 31st March 2013.

Gender Diversity of Directors

One third of the Directors are female

Employee Remuneration

No employees or former employees of the Company received remuneration and other benefits from the Company that exceeded \$100,000 during the 12 month financial period ended 31st March 2013:

Spread of Quoted Security Holders as at 19th July 2013

	SHAREHOLDERS		SHARES	
	NUMBER	%	NUMBER	%
1 to 1,000	346	77.23%	346,600	1.26%
1,001 to 5,000	57	12.72%	132,210	0.48%
5,001 to 10,000	12	2.68%	100,666	0.37%
10,001 to 100,000	17	3.79%	455,691	1.65%
100,000 and Over	16	3.57%	26,541,456	96.25%
TOTAL	448	100.00%	27,576,623	100.00%

Top 20 Shareholders as at 19th July 2013

SHAREHOLDER	NO. OF SHARES	% OF ISSUED SHARES
Graeme Keith Jackson, Patricia Frances Jackson & Phillip Mack Picot - Trustees	7,788,953	28.24%
Graeme Keith Jackson	5,537,500	20.08%
Real Action Group	2,743,874	9.95%
Emma Jane Waite (Trustee for Futuro Family Trust)	2,743,874	9.95%
Diana Elizabeth Christian & Sonia Marie Vujnovich - Trustees	2,001,000	7.26%
Michael Bruce Guthrie	1,897,152	6.88%
Tasman Capital Limited	1,041,000	3.77%
Graeme William Rothwell and Eve Elizabeth Rothwell	763,200	2.77%
Donald Frederick Hattaway & Brian Robert Everett - Trustees	538,500	1.95%
Lynda Patricia Smyth	347,409	1.26%
Anthony Philip Kember and Penelope Merthyr Kember	286,818	1.04%
Tasman Portfolio	276,518	1.01%
Robin Collis	250,000	0.91%
Katie Investments Limited	170,000	0.62%
Donald Grant Cowie & Judith Margaret Cowie - Trustees	154,668	0.56%
3 J's Limited	65,000	0.24%
David Keith Boyd	60,000	0.22%
Aorere Resources	40,000	0.15%
Christopher Douglas Kennings	31,000	0.11%
Stephen Robin Heighway	29,982	0.11%

Donations

No donations were made in the 12 month financial period ended 31st March 2013.

Substantial Security Holder Disclosure

According to notices given under the Securities Markets Act 1988 the following persons were substantial security holders of Cooks Food Group Limited as at 19th July 2012:

Name	Shares Held
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot; Graeme Keith Jackson & Katie Investments	13,496,453
Diana Elizabeth Christian and Sonya Marie Vujnovich	2,001,000
Graeme William Rothwell, Elizabeth Rothwell	763,200
Total Number of Shares on Issue:	27,576,623

Graeme Keith Jackson is a Director of Tasman Capital which holds 1,041,000 shares and has family who own 4,000 shares in their own right.

Corporate Governance Policies For the year ended 31 March 2013

ETHICAL STANDARDS

Cooks Food Group Limited (the **Company**) expects its directors to act legally, ethically and with integrity in a manner consistent with the Company's policies, guiding principles and values.

The Company presently has no operating business or employees and, as is discussed in this Annual Report, is actively working on a transaction to acquire businesses and employees. On the conclusion of those transactions the Company intends to refine its policies and put measures in place to assist with achieving this expectation as to ethical standards.

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, 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 to the Chairman responsibility for implementing the Board's strategy and for managing the operations of the Company.

BOARD COMPOSITION AND PERFORMANCE

The Board currently comprises of three directors including the Chairman.

The Board meets once every six weeks on a formal scheduled basis, and more frequently in order to prioritise and respond to issues as they arise. Board meetings are frequently held by conference call to reduce travel costs.

The Chairman of the Board is Keith Jackson. 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 at present have a formal Director training programme.

BOARD COMMITTEES

In light of the Company not having an operating business and a relatively small board of three directors, the Board has not delegated its responsibilities to any Board committees. Matters usually addressed by committee's (such as audit, remuneration or nomination) are instead dealt with by the full Board subject to the presence of any directors interest in a matter arising for determination.

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.

- 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 must ensure that the Company makes all disclosures required at law in its Annual Report.

DIRECTOR REMUNERATION

Directors do not receive remuneration from the Company.

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. It is intended to develop regular updates and reporting to shareholders as the acquisition of an operating business is realised.

STAKEHOLDER INTERESTS

The Company does not currently have any employees or material creditors other than its Chairman. The Company's stakeholders are accordingly limited at present but will develop over time as the Company's business strategy is realised.

The Board will remain cognisant of stakeholder interests as they develop and consider 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.