COOKS GLOBAL FOODS LTD.

ANNUAL REPORT
YEAR ENDED 31st March 2014

Contents

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Company number:	2089337
Year of incorporation:	2008
Registered office:	Level 5, 3 City Road Auckland 1010
Nature of business:	Food & beverage industry
Directors:	Norah Kathleen Barlow John Stuart Deeks Lewis Andrew Deeks Michael George Rae Hutcheson Graeme Keith Jackson Andrew Malcom Kerslake
Solicitors:	Duncan Cotterill Wellington
Bankers:	ANZ Bank, Auckland
Auditors:	DFK Oswin Griffiths Carlton Auckland
Share registry:	Link Market Services Limited Auckland

Directors'report

The directors of Cooks Global Foods Limited are pleased to present to shareholders the Annual Report and financial statements for Cooks Global Foods Limited and its controlled entities (together the "Group") for the year ended 31 March 2014.

The directors are responsible for presenting 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 2014 and their financial performance and cash flows for the year ended on that date.

The directors consider that the 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 financial statements with the Financial Reporting Act 1993.

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.

- The acquisition of Esquires global IP and international brand rights excluding Canada, Australia and New Zealand (by way of acquisition of Franchise Development Limited)
- The acquisition of Esquires Coffee (UK) Limited and Esquires Coffee Houses Ireland Limited
- The acquisition of the business and assets of Progressive Processors, Scarborough Fair and Design Environments

Financial Results and Company Transformation

Cooks Global Foods Limited has reported an audited operating net loss after tax of $2.8 million for the year ended 31 March 2014 compared with a pre-transformation operating net profit of $1.2 million for the year ended 31 March 2013. Total operating revenue for the year was $4.4 million.

The Company has undergone a significant transformation during the year. It acquired Franchise Development Limited, the operating companies Esquires Coffee (UK) Limited and Esquires Coffee Houses Ireland Limited, and the business and assets of Progressive Processors. The businesses were paid for through a combination of cash and shares and at the same time all term debt within Cooks was converted to equity.

The transactions were detailed in the Notice of Meeting and listing profile and were unanimously approved at a Meeting of Shareholders held in Auckland on 1 October 2013. As a result, most of the revenues reported for the 2014 financial year relate to the period 1 October 2013 to 31 March 2014 while the significant set-up and restructuring costs were incurred in the full 12 months ended 31 March 2014.

Subsequent to completing the above transactions, Cooks acquired the business and assets of Scarborough Fair and Design Environments. This was followed by the signing of a separate Master Franchise Agreement in Kuwait as well as Master Franchise Agreements in Oman and Qatar.

The Board has determined that no dividend will be paid.

Donations & Audit Fees

The Group made no donations during the past year. Amounts paid to DFK Oswin Griffiths Carlton for audit and other services are shown in note 22 of the 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 financial statements set out in pages 5-48, of Cooks Global Foods Limited and subsidiaries for the period 1 April 2013 to 31 March 2014.

The Board of Directors of Cooks Global Foods Limited authorised these financial statements for issue on 25 July 2014.

On behalf of the Board

G. K. Jackson

Keith Jackson
Executive Chairman

Norah Barlow
Independent Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	Group 2014 $'000	Parent 2014 $'000	Parent 2013 $'000
Revenue	6	4,439	-	-
Other income		49	1,001	1,501
Costs of material		(1,779)	-	-
Depreciation	9	(171)	-	-
Property related costs	10	(616)	(74)	-
Capital raising costs		(304)	(304)	-
Acquisition costs charged to expenses	4	(653)	(653)	-
Other expenses	17	(3,724)	(1,074)	(261)
Operating profit		**(2,759)**	**(1,104)**	**1,240**
Finance costs	20	(86)	(86)	(78)
Profit before income tax		**(2,845)**	**(1,190)**	**1,162**
Income tax expense	21	-	-	-
Profit for the year		**(2,845)**	**(1,190)**	**1,162**
Total comprehensive income/(loss) for the period from Continuing operations		**(2,845)**	**(1,190)**	**1,162**

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

Statement of Changes in Equity

For the year ended 31 March 2014

Parent 2013	**Notes**	**Share Capital $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 April 2012		**5,493**	**(10,810)**	**(5,317)**
Total comprehensive income		-	1,162	1,162
Issue of ordinary shares		494	-	494
Balance at 31 March 2013		**5,987**	**(9,648)**	**(3,661)**

Parent 2014	**Notes**	**Share Capital $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 April 2013		**5,987**	**(9,648)**	**(3,661)**
Issue of ordinary shares	16	23,191	-	23,191
Profit for the year		-	(1,190)	(1,190)
Balance at 31 March 2014		**29,178**	**(10,838)**	**18,340**

Group 2014	**Notes**	**Share Capital $'000**	**Retained earnings $'000**	**Total equity* $'000**
Balance at 1 April 2013		**5,987**	**(9,648)**	**(3,661)**
Issue of ordinary shares	16	23,191	-	23,191
Profit for the year		-	(2,845)	(2,845)
Balance at 31 March 2014		**29,178**	**(12,493)**	**16,685**

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

**100% attributable to owners of parent*

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	Group 2014 $'000	Parent 2014 $'000	Parent 2013 $'000
Assets				
Current				
Inventories	13	298	-	-
Trade and other receivables	14	567	4,274	1,569
Other short-term assets	14	931	3,441	-
Current tax assets		176	72	-
Cash and cash equivalents	15	1,683	-	259
Current assets		3,655	7,787	1,828
Non-current				
Goodwill	7.1	17,838	-	-
Trademarks and Intellectual Property	7.2	1,333	-	-
Fixed Assets	9	945	12	-
Investments	30	305	14,241	-
Deferred tax assets	12	122	-	-
Other long-term financial assets	11	356	15	-
Non-current assets		20,899	14,268	-
Total assets		**24,554**	**22,055**	**1,828**
Liabilities				
Current				
Trade and other payables	18	1,425	391	286
Borrowings	11.2,15	1,390	1,383	5,203
Current tax liabilities		147	-	-
Other liabilities	19	3,477	1,941	-
Current liabilities		6,439	3,715	5,489

	Notes	Group 2014 $'000	Parent 2014 $'000	Parent 2013 $'000
Non-current				
Other liabilities	19	1,430	-	-
Non-current liabilities		1,430	-	-
Total liabilities		(7,869)	(3,715)	(5,489)
Net Assets		**16,685**	**18,340**	**(3,661)**
Equity				
Share capital	16	29,178	29,178	5,987
Retained earnings		(12,493)	(10,838)	(9,648)
Total equity		**16,685**	**18,340**	**(3,661)**

Director

Director

This statement should be read in conjunction with the notes to the financial statements
The financial statements were approved for issue for and on behalf of the Board as at 25 July 2014

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	Group 2014 $'000	Parent 2014 $'000	Parent 2013 $'000
Operating activities				
Receipts from customers		3,809	-	-
Payments to suppliers and employees		(4,379)	(2,260)	(163)
Net cash from operating activities	**23**	**(570)**	**(2,260)**	**(163)**
Investing activities				
Purchase of property, plant and equipment	4	(447)	(447)	-
Purchase of other intangible assets		-	-	(1,242)
Acquisition of subsidiaries, net of cash	4	(2,127)	(2,127)	-
Net cash used in investing activities		**(2,574)**	**(2,574)**	**(1,242)**
Financing activities				
Proceeds from borrowings		1,250	1,250	1,606
Repayment of loans		(15)	-	(361)
Proceeds from issue of share capital		2,293	2,293	494
Capital raising costs		(264)	(264)	-
Interest paid		(86)	(86)	(78)
Net cash from / (used in) financing activities		**3,178**	**3,193**	**1,661**
Net change in cash and cash equivalents		34	(1,641)	256
Cash and cash equivalents, beginning of year		259	259	3
Cash and cash equivalents, end of year	15	**293**	**(1,382)**	**259**
Represented by:				
Cash at bank and on hand		1,683	-	259
Overdraft balances		(1,390)	(1,382)	-

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

Notes to the consolidated financial statements

For the year ended 31 March 2014

1. Nature of operations

Cooks Global Foods Limited and subsidiaries' (the Group) principal activity is the food and beverage industry.

2. General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of New Zealand GAAP, the Companies Act 1993, New Zealand Accounting Standards and other authoritative pronouncements of the External Reporting Board (XRB).

For the purposes of complying with NZ GAAP, the Group is a for-profit entity. Compliance with New Zealand Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Cooks Global Foods Limited is a for-profit entity for the purpose of preparing the financial statements.

Cooks Global Foods Limited is the Group's ultimate parent company, is incorporated and domiciled in New Zealand and is listed on the NZAX 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.

The information in the consolidated financial statements is presented in New Zealand dollars which is the functional currency of the ultimate parent company.

The consolidated financial statements for the year ended 31 March 2014 (including comparatives) were approved and authorised for issue by the board of directors on 25 July 2014.

3. Summary of accounting policies

3.1 Overall considerations

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

The consolidated financial statements have been prepared using the measurement bases specified by New Zealand Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2 New and revised standards that are effective for annual periods beginning on or after 1 April 2013

A number of new and revised standards are effective for annual periods beginning on or after 1 April 2013. Information on these new standards is presented below.

NZ IFRS 10 Consolidated Financial Statements

NZ IFRS 10 supersedes NZ IAS 27 *Consolidated and Separate Financial Statements* (NZ IAS 27) and NZ SIC 12 *Consolidation - Special Purpose Entities*.

NZ IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with NZ IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

3.3 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 March 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 March with the exception of Lighthouse Ventures Pty Limited that has a reporting date of 30 June.

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 financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries 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.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3.4 Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

3.5 Investments in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

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 associates and joint ventures are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

3.6 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars (NZD), which is also the functional currency of the parent company.

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), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's 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 currency of the entities in the Group has 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 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. Sales of asparagus and kiwifruit products are often on consignment. For sales of tea, coffee and hot chocolate products usually transfer occurs when the product is received at the customers warehouse; however, for international shipments transfer usually occurs upon loading the goods onto the relevant carrier at the port.

Royalty income

Royalty income, which is generally earned based upon a percentage of sales or a fixed amount per product sold, is recognized on an accrual basis.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

3.8 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in ‘finance costs’ (see Note 20).

3.10 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 3.4 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 3.13 for a description of impairment testing procedures.

3.11 Other intangible assets

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Brand names acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see Note 3.4).

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. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.13. The following useful lives are applied:

- Software: 3-5 years
- Trademarks: 15-20 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing as described in Note 3.13.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

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.

3.12 Property, plant and equipment

IT equipment and other equipment

IT equipment and other equipment (comprising fittings and furniture) 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 it to be capable of operating in the manner intended by the Group’s management.

IT equipment and other 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 buildings, IT equipment and other equipment. The following useful lives are applied:

- IT equipment: 2-5 years
- Other equipment: 3-12 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.

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.

3.13 Impairment testing of goodwill, other intangible assets and property, plant and equipment

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.

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. 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.

3.14 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.15 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.

3.16 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 Inland Revenue Department (IRD) 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 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 subsidiaries 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 (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.17 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.

3.18 Equity, reserves and dividend payments

Share capital represents the fair value of shares 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 financial statements of the Group's foreign entities into NZD (see Note 3.6)

Retained earnings include all current and prior period retained profits.

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 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through defined benefit plans as well as various defined contribution plans.

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.

3.20 Provisions, contingent liabilities and contingent assets

Provisions for warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

3.21 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, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.22 Rounding of Amounts

Amounts in the financial statements have been rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

3.23 Significant management judgement in applying accounting policies and estimation uncertainty

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

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

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 3.16).

Control assessment

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 3.13).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 3.4). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

4. Acquisitions

4.1 Acquisition of Franchise Development Limited

On the settlement date of 15 October 2013, the Group acquired 100% of the shares of Franchise Development Limited, an Auckland based group of companies owning the intellectual property and master franchise rights to Esquires Coffee Houses worldwide, other than in Canada, Australia and New Zealand.

The consideration for the purchase of 100% of the shares of Franchise Development Limited comprised:

- The cash payment of $300,000;
- The issue of 136,348,909 fully paid ordinary shares in Cooks Global Foods Limited at an issue price of 10 cents per share.

Under the terms of the relevant Sale and Purchase Agreement, $100,000 of the cash consideration paid was reinvested into Cooks Global Foods Limited by the purchase of 1,000,000 ordinary shares issued at 10 cents per share.

The Agreement also guarantees a minimum holding by the vendor in the ordinary shares of Cooks Global Foods Limited of 50.1% following the completion of acquisitions (as agreed by the shareholders at the Annual General Meeting held on 1 October 2013) and certain related share transactions. Should the shareholding level fall below 50.1% due to any subsequently issued shares in connection with the agreed acquisitions, an Earn Out clause is triggered and sufficient shares will be issued to maintain the vendor's shareholding at 50.1%.

Under a Deed of Escrow, it was agreed between the vendor and Cooks Global Foods Limited that 90% of the shares issued as part consideration for this acquisition (122,714,019 shares) are to be held in escrow. Half of this number (61,357,010 shares) will be released from the Escrow and become freely transferable in the same manner as all other ordinary shares of the company one year from the date of acquisition, that is, 15 October 2014. The other half will be released from all encumbrances two years from the date of acquisition, that is, 15 October 2015.

The commencement date with respect to the trading activity of the company within the Group was backdated to 1 April 2013.

	$ 000
Recognised amounts of identified net assets:	
Other (current) Receivables	37
Fixed Assets	34
Trademarks and IP	106
	177
Goodwill on Acquisition (Note 7.1)	13,757
Cash Flow Effect:	
Consideration settled in cash	300
Net cash outflow on acquisition	300
Acquisition costs charged to expenses	261
Net cash paid relating to the acquisition	561

Acquisition related costs amounting to $435,734 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss.

Goodwill is primarily related to key personnel of Franchise Development Limited, the trademarks and intellectual property obtained, and the global master franchise rights for the Esquire Coffee House brand (excluding Australia, New Zealand and Canada).
Franchise Development Limited had a trading loss of $870k within the Group for the year ended 31 March 2014.

4.2 Acquisition of Esquires Coffee (UK) Limited

On the settlement date of 15 October 2013, the Group acquired 100% of the shares of Esquires Coffee (UK) Limited, a company registered in the United Kingdom and holding the master franchise of Esquire Coffee Houses in Great Britain. While most of its operations relate to franchised Esquire Coffee Houses in the region, the company currently owns and operates a small number of stores.

The consideration for the purchase of 100% of the shares of Esquires Coffee (UK) Limited comprised:

- A cash payment of £283,866 (NZ$544,535) on completion of the transaction (15/10/13) – including the payment of Agreement related costs;
- A cash payment of £240,000 (NZ$467,298) paid in early April 2014;
- A cash payment of £200,000 (estimated NZ$384,246) on 31/03/15;
- A cash payment of £200,000 (estimated NZ$384,246) on 31/03/16;
- The issue of 2,442,002 fully paid ordinary shares in Cooks Global Foods Limited at an issue price of 15 cents per share. Half these shares were issued on completion of the transaction (15/10/13) and the other half on 31/03/14;
- The further issue of £200,000 of fully paid ordinary shares in Cooks Global Foods Limited provisional on a key employee still being with the company on 31/03/14 (which was satisfied). This equated to 2,755,219 shares at a deemed issue price of 13.5 cents per share.

Under the terms of the relevant Sale and Purchase Agreement, the vendor may elect to take any or all of the cash payments instead as an issue of ordinary shares in Cooks Global Foods Limited at an issue price of 15 cents per share and based on a fixed exchange rate of NZ$=£0.546. To date the vendor has elected to take payments in cash.

Under a Deed of Escrow, it was agreed between the vendor and Cooks Global Foods Limited that 90% of the first tranche of 1,221,001 shares issued on 15/10/13 as part consideration for this acquisition are to be held in escrow, that is, 1,098,901 shares. Half of this number (549,451 shares) will be released from the Escrow and become freely transferable in the same manner as all other ordinary shares of the company one year from the date of acquisition, that is, 15 October 2014. The other half will be released from all encumbrances two years from the date of acquisition, that is, 15 October 2015.

The remaining 10% of the first tranche of shares and any other shares issued as part of the Sales and Purchase Agreement are not subject to any escrow restrictions.

	$ 000
Recognised amounts of identified net assets:	
Trade & Other Receivables	854
Deferred Tax Asset	122
Stock	50
Cash & Cash Equivalents	137
Total Current Assets	1,163
Fixed Assets	522
Total Non-Current Assets	522

Trade & Other Payables	397
Accruals & Other Liabilities	602
Total Current Liabilities	999
Term Liabilities	750
Total Non-Current Liabilities	750
Goodwill on Acquisition (Note 7.1)	2,585
Cash Flow Effect:	
Consideration settled in cash (to date)	545
Cash & Cash Equivalents acquired	(137)
Net cash outflow on acquisition	408
Acquisition costs charged to expenses	52
Net cash paid (to date) relating to the acquisition	460

Acquisition related costs amounting to $88,314 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss.

As at the acquisition date, the directors believed the fair value of trade and other receivables would be fully collectible in cash. As part of the Sale and Purchase Agreement there was a warranty provision relating the opening working capital balances and their fair values. Any variations in the realised cash value of these assets and liabilities may be claimed against remaining amounts owed to the vendor in respect of the acquisition.

Goodwill is primarily related to the acquisition of the master franchise rights for Esquire Coffee Houses in Great Britain and the potential to significantly grow and develop future earnings capabilities.

Esquires Coffee (UK) Limited had a trading loss of $317k within the Group for the year ended 31 March 2014.

4.3 Acquisition of Esquires Coffee Houses Ireland Limited

On the settlement date of 15 October 2013, the Group acquired 100% of the shares of Esquires Coffee Houses Ireland Limited, a company registered in Ireland and holding the master franchise of Esquire Coffee Houses in that country and Northern Ireland.

The consideration for the purchase of 100% of the shares of Esquires Coffee Houses Ireland Limited comprised:

- A cash payment of €210,000 (NZ$447,244) on completion of the transaction (15/10/13) – including Agreement related costs;
- The issue of 1,020,148 fully paid ordinary shares in Cooks Global Foods Limited at an issue price of 15 cents per share. Half these shares were issued on completion of the transaction (15/10/13) and the other half on 31/03/14;
- An Earn Out right whereby further shares will be issued at 15 cents per share based on earnings before interest, tax, depreciation and amortisation (EBITDA) performance of the company following acquisition and applying an EBITDA multiple of 4 times that figure. The Earn Out is payable relating to the period commencing 3 years following the completion of the acquisition (15/10/16) and ending 5 years following the completion (15/10/18), although under certain circumstances it could be extended for a further 2 years (15/10/20). The Earn

Out entitlement is contingent on a key employee remaining in the employ of the company for a minimum of 3 years following the completion of the acquisition.

As part of the Sale and Purchase Agreement, it was agreed to issue 173,425 shares in Cooks Global Foods Limited at 15 cents per share in the name of a key employee as an incentive for that employee to sign to a new company employment agreement.

Under a Deed of Escrow, it was agreed between the vendor and Cooks Global Foods Limited that 90% of the first tranche of 510,074 shares issued on 15/10/13 as part consideration for this acquisition are to be held in escrow, that is, 459,068 shares. Half of this number (229,534 shares) will be released from the Escrow and become freely transferable in the same manner as all other ordinary shares of the company one year from the date of acquisition, that is, 15 October 2014. The other half will be released from all encumbrances two years from the date of acquisition, that is, 15 October 2015.

The remaining 10% of the first tranche of shares and any other shares issued as part of the Sales and Purchase Agreement are not subject to any escrow restrictions.

	$ 000
Recognised amounts of identified net assets:	
Bank Overdraft	37
Other Liabilities	1
Total Current Liabilities	38
Goodwill on Acquisition (Note 7.1)	638
Cash Flow Effect:	
Consideration settled in cash (to date)	447
Cash & Cash Equivalents acquired	37
Net cash outflow on acquisition	484
Acquisition costs charged to expenses	29
Net cash paid (to date) relating to the acquisition	513

Acquisition related costs amounting to $51,868 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss.

Goodwill is primarily related to the acquisition of the master franchise rights for Esquire Coffee Houses in Ireland and Northern Ireland and the potential to significantly grow and develop future earnings capabilities.

Esquires Coffee Houses Ireland Limited had a trading loss of $214k within the Group for the year ended 31 March 2014.

4.4 Acquisition of the net assets of Progressive Processors Limited

On the settlement date of 15 October 2013, the Group acquired the business and net assets of Progressive Processors Limited and certain land leases of Agri Developments Limited. Progressive Processors grows, supplies and processes a number of fresh fruits and vegetables, including asparagus, kiwifruit, pumpkin, squash and various other organic products. As part of the deal the vendor subsequently relinquished its company name, and a Group subsidiary company was renamed as Progressive Processors Limited within which the acquired business operates.

The acquisition of the business was made to rebuild the Group's position within the food industry in New Zealand and provide opportunity in the future for vertical integration with other businesses within the Group.

The consideration for the purchase of the net assets and business of Progressive Processors comprised:

- The issue of 2,500,000 fully paid ordinary shares in Cooks Global Foods Limited at an issue price of 10 cents per share issued on completion of the transaction (15/10/13);
- An issue of shares in Cooks Global Foods Limited at 10 cents per share based on an Earn Out of the amount (whichever is the higher) equal to 3.5 times the audited net profit after tax (NPAT) of the Progressive business either for the year ended 31 March 2016; or the average over the years ended 31 March 2014, 2015 and 2016. Should the latter option be chosen, a share issue will occur in the first and second years based on 20% of the Earn Out amount for each year, with a full wash-up occurring in the final year.

Under a Deed of Escrow, it was agreed between the vendor and Cooks Global Foods Limited that 90% of the first tranche of 2,500,000 shares issued on 15/10/13 as part consideration for this acquisition are to be held in escrow, that is, 2,250,000 shares. Half of this number (1,125,000 shares) will be released from the Escrow and become freely transferable in the same manner as all other ordinary shares of the company one year from the date of acquisition, that is, 15 October 2014. The other half will be released from all encumbrances two years from the date of acquisition, that is, 15 October 2015.

The remaining 10% of the first tranche of shares and any other shares issued as part of the Sales and Purchase Agreement are not subject to any escrow restrictions.

	$ 000
Recognised amounts of identified net assets:	
Trade & Other Receivables	126
Stock	134
Total Current Assets	260
Fixed Assets	513
Total Non-Current Assets	513
Bank Overdraft & Loans	76
Trade & Other Payables	209
Total Current Liabilities	285
Goodwill on Acquisition (Note 7.1)	12
Cash Flow Effect:	
Consideration settled in cash	0
Cash & Cash Equivalents acquired	76
Net cash outflow on acquisition	76
Acquisition costs charged to expenses	12
Net cash paid relating to the acquisition	88

Acquisition related costs amounting to $12,211 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss.

As at the acquisition date, the directors believed the fair value of trade and other receivables would be fully collectible in cash.

Goodwill is primarily related to key personnel of the Progressive Processors business and its client base which is both domestic and overseas.

Progressive Processors Limited had a trading loss of $159k within the Group for the year ended 31 March 2014.

4.5 Acquisition of the net assets of Lighthouse Ventures LP

On the settlement date of 17 October 2013, the Group acquired the business and net assets of Lighthouse Ventures LP Limited operating under the trading name of Scarborough Fair. The New Zealand business is a fair trade and organic tea, coffee and chocolate brand. Included within the net assets acquired as part of the transaction were the shares in the Australian supply company, Lighthouse Ventures Pty Limited (now Scarborough Fair Food Pty Limited).

The acquisition of the business is part of a strategy to rebuild the Group's position within the food industry in New Zealand and provide opportunity in the future for vertical integration with other businesses within the Group.

The consideration for the purchase of the net assets and business of Lighthouse Ventures LP Limited, now operating in the Group company, Scarborough Fair Limited, comprised:

- A cash payment of $250,000 on completion of the transaction (17/10/13);
- The issue of 2,887,500 fully paid ordinary shares in Cooks Global Foods Limited at an issue price of 20 cents per share issued on completion of the transaction (17/10/13);
- The option to buy 10,000,000 ordinary shares in Cooks Global Foods Limited at 17.5 cents per share exercisable by the vendor within 18 months of completion of the transaction (17/10/13);
- A Working Capital adjustment payment of $121,162.58 as determined and paid shortly after completion of the transaction.

	$ 000
Recognised amounts of identified net assets:	
Trade & Other Receivables	104
Stock	101
Total Current Assets	205
Trade & Other Payables	80
Total Current Liabilities	80
Goodwill on Acquisition (Note 7.1)	823
Cash Flow Effect:	
Consideration settled in cash	371
Cash & Cash Equivalents acquired	0
Net cash outflow on acquisition	371
Acquisition costs charged to expenses	13
Net cash paid relating to the acquisition	384

Acquisition related costs amounting to $58,038 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss.

As at the acquisition date, the directors believed the fair value of trade and other receivables would be fully collectible in cash.

Goodwill is primarily related to the Scarborough Fair brand, business contracts, intellectual property rights and all customer and supplier relationships with the business.

Scarborough Fair Limited had a consolidated trading loss of $94k within the Group for the year ended 31 March 2014.

4.6 Acquisition of the net assets of Design Environments (Auckland) Limited

On the settlement date of 20 January 2014, the Group acquired the business and net assets of Design Environments (Auckland) Limited a retail design company.

The acquisition of the business is to enable the Group to meet the design needs for its projected growth. Design and brand management now exist in-house enabling efficiencies in supporting the Groups client base. The business has a long standing relationship with the Group, having designed interiors for the coffee chain for the last decade.

The consideration for the purchase of the net assets and business of Design Environments (Auckland) Limited, now operating in the Group company, Franchise Development Limited, comprised:

- A cash payment of $47,692.30 on 4 April 2014.

	$ 000
Recognised amounts of identified net assets:	
Fixed Assets	27
Total Non-Current Assets	27
Accruals & Other Liabilities	2
Total Current Liabilities	2
Goodwill on Acquisition (Note 7.1)	23
Cash Flow Effect:	
Consideration settled in cash	0
Cash & Cash Equivalents acquired	0
Net cash outflow on acquisition	0
Acquisition costs charged to expenses	6
Net cash paid relating to the acquisition	6

Acquisition related costs amounting to $6,297 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss.

Goodwill is primarily related to intellectual property rights and key personnel.

The Design Environments business now operates within Franchise Development Limited which had a consolidated trading loss of $870k within the Group for the year ended 31 March 2014.

5. Interests in subsidiaries

5.1 Composition of the Group

Principal subsidiaries	Country	% Holding	Principal activity
Franchise Development Limited	NZ	100	Master Franchisor
Cooks Supply Group Limited	NZ	100	Holding Company
Progressive Processors Limited	NZ	100	Fresh Produce
Scarborough Fair Limited	NZ	100	Beverage Products
Esquires Global IP Holdings Limited	NZ	100	IP Holding Company
Esquires Office Limited	NZ	100	Office Lease Holding
LSD Global Limited	NZ	100	IP Holding Company
Franchise Management NZ Limited	NZ	100	Name protection
Esquires NZ Franchise Holdings Limited	NZ	100	Name protection
Esquires Coffee China Limited	NZ	100	IP Holding Company
Esquires Coffee Malaysia IP Holdings Limited	NZ	100	IP Holding Company
Esquires Middle East & Africa IP Holdings Limited	NZ	100	IP Holding Company
Esquires Iraq IP Holdings Limited	NZ	100	IP Holding Company
Esquires Middle East Limited	NZ	100	Name protection
Esquires EP and Bahrain Limited	NZ	100	Name protection
Esquires Port Denarau Marina Limited	NZ	100	Name protection
Franchise Holdings NZ Limited	NZ	100	Holding Company
Esquires New Zealand Limited	NZ	100	Master Licence Agreement
Esquires Bahrain Limited	NZ	100	Master Licence Agreement
Esquires Middle East & Africa Limited	NZ	100	Master Licence Agreement
Esquires Saudi Arabia Limited	NZ	100	Master Licence Agreement
Esquires U.A.E. Limited	NZ	100	Master Licence Agreement
Esquires Turkey Limited	NZ	100	Master Licence Agreement
Esquires Egypt Limited	NZ	100	Name protection
Esquires Fiji Limited	NZ	100	Master Licence Agreement
Esquires India Limited	NZ	100	Master Licence Agreement
Esquires Malaysia Limited	NZ	100	Master Licence Agreement
Esquires Coffee UK Limited	England	100	Food and beverage
Esquires Coffee Houses Ireland Limited	Ireland	100	Food and beverage

Principal subsidiaries	Country	% Holding	Principal activity
Esquires Coffee International Inc	Canada	100	IP Holding Company
Cooks Coffee House Limited	Ireland	100	Store Lease Holding
Cooks Coffee Ireland Limited	Ireland	100	Store Lease Holding
Cooks Coffee House Ireland Limited	Ireland	100	Store Lease Holding
Cooks Coffee Café Limited	Ireland	100	Store Lease Holding
Cooks Food & Beverage Limited	Ireland	100	Store Lease Holding
Esquires Oman Limited	NZ	100	Master Licence Agreement
Esquires Coffee Houses LLC	UAE	100	Name protection
Esquires Kuwait Limited	NZ	100	Master Licence Agreement
Esquires Qatar Limited	NZ	100	Master Licence Agreement
Esquires Asia Limited	NZ	100	Name protection
Esquires UK 1 Limited	NZ	100	Master Licence Agreement
Esquires Indonesia Limited	NZ	100	Name protection
Bishops Café Limited	England	100	Food and beverage

6. Revenue

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

	2014 $'000	2013 $'000
Sale of Beverage product	984	-
Sale of Kiwifruit and Asparagus produce	709	-
Sale of goods	**1,693**	**-**
Royalties	1,108	-
Owned Coffee House revenue	1,085	-
Fees and other revenue	553	1,501
Rendering of services	**2,746**	**1,501**
Group revenue	**4,439**	**1,501**

7. Intangible Assets

The Group acquired goodwill, trademarks and intellectual property through business acquisitions during the year. Cost of the acquisitions was based on the Directors' assessment of market value. Since acquisition, the Directors have been pursuing growth and development strategies for each business. It is the assessment of the Directors that the growth strategies will, over time, increase the value of the Group's intangible assets and that there has been no impairment to these assets since acquisition of the businesses to which they relate.

7.1 Goodwill

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

	2014	2013
	$'000	$'000
Gross carrying amount		
Balance 1 April	–	–
Arising from business acquisitions	17,838	–
Carrying amount at 31 March	**17,838**	–

7.2 Other intangible assets

	2014	2013
	$'000	$'000
Trademarks and Intellectual Property		
Gross carrying amount		
Balance at 1 April	-	-
Arising from business acquisitions	1,333	-
Balance at 31 March	**1,333**	**-**

8. Going Concern

The financial report has been prepared on a going concern basis. The Directors are confident that planned fundraising will ensure the company has sufficient funds available for at least 12 months to meet financial obligations as they fall due.

Since balance date, the directors have raised in excess of $2 million from the issue of fully paid ordinary shares to private investors and to existing shareholders under the share purchase plan.

9. Property, plant and equipment

	Furniture & Fittings	Plant & Equipment	Computers & Software	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance 1 April 2013	-	-	-	-	-
Additions	5	7	-	-	12
Acquisition through business combination	882	705	80	43	1,710
Balance 31 March 2014	887	712	80	43	1,722
Accumulated Depreciation and impairment					
Balance 1 April 2013	-	-	-	-	-
Acquisition through business combination	(367)	(159)	(56)	(24)	(606)
Depreciation	(115)	(44)	(8)	(4)	(171)
Balance 31 March 2014	(482)	(203)	(64)	(28)	(777)
Net Book Value 31 March 2014	**405**	**509**	**16**	**15**	**945**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

There were no other material contractual commitments to acquire property, plant and equipment at 31 March 2014 (2013: None).

10. Leases

10.1 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.

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 2014	1,907	6,714	5,565	14,186
31 March 2013	-	-	-	-

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 $326k representing the minimum lease payments.

The rental contracts have non-cancellable terms ranging from 2 months up to 20 years.

10.2 Operating leases with Sub Lessees

In the United Kingdom and Ireland, the Group holds the head lease over the rental properties of a large number of 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 relating exclusively to these sub leases (and included in the numbers in 10.1 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 2014	1,267	4,635	4,665	10,567
31 March 2013	-	-	-	-

11. Financial assets and liabilities

11.1 Categories of financial assets and liabilities

Note 3.14 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Note	Loans and receivables
		$'000
31 March 2014		
Financial assets		
Other Long-term financial assets		356
Trade and other receivables	14	567
Cash and cash equivalents	15	1,683
		2,606
Financial liabilities		
Current borrowings		1,390
Trade and other payables	19	1,425
		2,815

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 28.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 28.

11.2 Loans and Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At amortised cost				
Other bank borrowings	1,390	-	-	-
Debentures (secured)	-	1,078	-	-
Advances – related party (unsecured)	-	1,847	-	-
Advances – convertible loans (unsecured)	-	1,500	-	-
Redeemable preference shares	-	778	-	-
	1,390	**5,203**	**-**	**-**

All borrowings are denominated in NZD.

11.3 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

12. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	1 April 2013	Recognised in other compre-hensive income	Recognised in business combination	Recognised in profit and loss	31 March 2014
	$'000	$'000	$'000	$'000	$'000
Current assets					
Deferred Tax Assets	-	-	122	-	122

The deferred tax asset represents tax losses accumulated by Esquires Coffee UK Limited prior to its acquisition. Other tax losses and tax credits within the Group have not been recognised in the statement of financial position. There are no material timing differences within the group.

13. Inventories

Inventories consist of the following:

	2014 $'000	2013 $'000
Raw materials and consumables	150	-
Finished goods	148	-
	298	**-**

Raw material inventories include ingredients for beverages (coffee, powders, syrups, smoothie mixes); green and gold kiwifruit, feijoas and asparagus. Finished goods included ready to sell beverages and food. In 2014, total Cost of Sales amounting to $1,779,000 (2013, nil) was included in profit and loss as an expense.

14. Trade and other receivables

Trade and other receivables consist of the following:

	2014	2013
	$'000	$'000
Advance to Franchise Development Limited	-	1,142
Sundry Receivables	567	412
Trade receivables and prepayments	**567**	**1,547**
Financial assets		
Prepayments	462	15
Loans and other advances	469	-
Non financial assets	**931**	**22**
	1,498	**1,569**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

15. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2014	2013
	$'000	$'000
Cash at bank and in hand:		
NZD	1,319	259
AUD	2	-
GBP	172	-
USD	190	-
Cash and cash equivalents	**1,683**	**259**
Bank Overdraft EURO (Current Liability)	(9)	-
Bank Overdraft NZD (Current Liability)	(1,381)	-
Net Cash and cash equivalents	**293**	**259**

16. Equity

16.1 Share Capital

The share capital of Cooks Global Foods Limited consists only of fully paid 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.

Composition of share capital	**2014**	**2013**
Number of Shares issued and fully paid:	**No of Shares**	**No of Shares**
Ordinary shares opening balance	27,576,623	22,088,875
Redeemable preference shares	-	6,154,427
Ordinary shares issued	217,339,386	5,487,748
Total ordinary shares authorised at 31 March	**244,916,009**	**27,576,623**
Total redeemable preference shares at 31 March	**-**	**6,154,427**

Composition of share capital	**2014**	**2013**
Value of Shares issued and fully paid:	**$'000**	**$'000**
Ordinary shares opening balance	5,987	5,493
Redeemable preference shares	-	778
Ordinary shares issued	23,191	494
Total ordinary shares authorised at 31 March	**29,178**	**5,987**
Total redeemable preference shares at 31 March	**-**	**778**

At the annual general meeting of Cooks Global Foods Limited on 1 October 2013 it was agreed:

- All related party loans owed to Keith Jackson, a director and substantial shareholder, would be converted to 20,293,933 ordinary shares in the company. Under a Deed of Escrow, 90% of these shares issued on 15th October 2013 would be held in escrow, that is, 18,264,540 shares. Half of this number (9,132,270 shares) will be released from the escrow and become freely transferable in the same manner as all other ordinary shares of the company one year from the original date of issue, that is, 15 October 2014. The other half will be released from all encumbrances two years from the original date of issue, that is, 15 October 2015.
- Convertible preference shares owed to Tasman Capital Limited, a related party to Mr Jackson, would be converted to 500,000 ordinary shares in the company. An escrow agreement applies to 90% of these shares, that is, 450,000 shares. Half of this number will be released from escrow on 15 October 2014 and the other half on 15 October 2015.
- All other convertible preference shares would be converted to 7,398,304 ordinary shares in the company.

On 31 March 2014, the directors received funds of $1.25million that have been treated as Convertible Loans. These loans were received from one party in accordance with an Investment Agreement relating to a Subscription for Shares. The agreement is conditional on the company obtaining all necessary approvals for the issue of the subscription shares. Once that approval is obtained and the monies received, the company is obliged to then arrange the allotment of shares and make any necessary announcements to the market. Shares were duly issued in April at 12.5 cents per share.

As at 31 March 2014, the following shares are subject to Escrow arrangements:

No of Escrow Shares	Date of Release
61,357,010	15/10/14
61,357,010	15/10/15
549,451	15/10/14
549,451	15/10/15
229,534	15/10/14
229,534	15/10/15
1,125,000	15/10/14
1,125,000	15/10/15
12,689,891	7/11/14
12,689,891	7/11/15
9,132,270	7/11/14
9,132,270	7/11/15
202,500	7/11/14
202,500	7/11/15
170,571,312	

16.2 Share Options

Under the sale and purchase agreement for one of the acquisitions, there is provision for an option to buy 10,000,000 ordinary shares in Cooks Global Foods Limited at an exercise price of 17.5 cents per share. This is exercisable by the vendor on or before 17 April 2015.

17. Employee remuneration

Expenses recognised for employee benefits are analysed below:

Employee benefits expense	2014	2013
	$'000	$'000
Wages, salaries	1,066	-
Holiday Pay	20	-
Pensions	58	-
Employee benefits expense	**1,144**	**-**

Included in these remuneration figures, as part of the terms of the Sale and Purchase Agreement for the Esquires Ireland business, was a payment by way of the issue of 173,425 shares in Cooks Global Foods Limited at an issue price of 15 cents each. This was an inducement to a key employee of the business to commit to signing a new employment contract with the acquired company.

There is one employee who earned over $100,000 for the year ($180,000).

Three Directors are employed under management contracts: two earned $180,000 each for the year, and the other earned $435,000 for the year which included $255,000 paid by share issue in lieu of cash.

Non-Executive Directors were paid fees of $50,000 during the year.

18. Trade and other payables

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

	2014	2013
	$'000	$'000
Current		
- Trade payables	1,425	250
- Other payables	-	36
Total trade and other payables	**1,425**	**286**

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

19. Other liabilities

Other liabilities consist of the following:

	Current	Non-Current	
	2014	**2014**	**2013**
	$'000	**$'000**	**$'000**
Convertible Loan	1,250	-	-
Accruals	219	-	-
Other liabilities	260	-	-
Hire Purchase (UK)	29	4	-
Owing for acquisition Esquires Coffee Ireland Limited	77	-	-
Owing for acquisition of Esquires Coffee UK Limited	1,407	384	-
Owing for the acquisition of assets of Design Environments	50	-	-
CVA Creditors (UK)	185	792	-
Contingent earn-out for acquisition of net assets of Progressive Processors	-	250	-
Other liabilities	**3,477**	**1,430**	**-**

The Convertible Loan of $1,250k was converted to ordinary shares in early April 2014.

20. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2014	2013
	$'000	$'000
Finance charges	4	-
Convertible preference shares interest expense	39	78
Interest on bank and other borrowings	43	-
	86	**78**

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.

The effective interest rate on the convertible preference shares was 12.5%. The Company no longer has convertible preference shares, these having all been converted to ordinary shares in the Company as part of the capital restructuring approved by the shareholders at the Annual General Meeting on 1 October 2013.

Interest income	**2014**	**2013**
	$'000	**$'000**
Interest income from cash and cash equivalents	5	-
	5	**-**

21. Income tax expense

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:

	2014	2013
	$'000	**$'000**
Profit before tax	(2,845)	1,162
Domestic tax rate for Cooks Global Foods Limited	28%	28%
Expected tax expense	**(797)**	**325**
Adjustment for tax-rate differences in foreign jurisdictions	36	-
Adjustment for non-deductible expenses:		
Relating to goodwill impairment	-	-
Other non-deductible expenses	261	19
Actual tax expense (income)	**(500)**	**344**
Tax expense comprises:		
Current tax expense (income)	(500)	344
Deferred tax expense (income):		
- Origination and reversal of temporary differences	-	-
- Tax Losses not recognised	500	-
- Utilisation of unused tax losses	-	(344)
Tax expense	**-**	**-**

The Group had unrecognised tax benefits carried forward in the prior year of $757k which were lost during the year with the change in shareholding in October 2013 and loss of continuity.

The Group has not recognised the tax benefits arising this year from losses and temporary differences in these accounts, with the exception of a Tax Benefit of $122k recognised in Esquires Coffee UK Limited prior to the acquisition of that company and relating to tax losses accumulated in prior years.

Available New Zealand imputation tax credits are nil (2003: nil).

22. Auditor remuneration

	2014	2013
	$'000	$'000
Audit of financial statements		
- Auditors of Cooks Global Foods Limited – DFK Oswin Griffiths Carlton	75	13
- Overseas DFK network firms	26	-
Remuneration from audit and review of financial statements	101	13

23. Reconciliation of cash flows from operating activities

	Group	Parent	Parent
	2014	2014	2013
	$'000	$'000	$'000
Cash flows from operating activities			
Profit/(Loss) for the period	(2,845)	(1,190)	1,162
Adjustments for:			
Depreciation	194	-	-
Capital raising cost included in financing	264	264	-
Interest cost included in financing	86	86	78
Management fees paid by share issue	326	300	-
Capitalised interest	-	-	(1,500)
Net changes in working capital:			
Change in inventories	(298)	-	-
Change in trade and other receivables	(560)	(1,032)	(6)
Change in other assets	(658)	(72)	-
Change in trade and other payables	1,175	3	103
Change in other current liabilities	591	-	-
Net adjustment for opening balances of acquisitions during the year	1,087		-
Net cash from operating activities	**(638)**	**(1,641)**	**(163)**

In October 2013, the Group acquired Franchise Development Limited, Esquires Coffee UK Limited and Esquires Coffee Ireland Limited, and the net assets of Scarborough Fair Limited and Progressive Processors Limited. In January 2014 the Group acquired the net assets of Design Environments (Auckland) Limited. (See Note 4)

24. Related party transactions

The Group's related parties include the directors and key 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. Outstanding balances are usually settled in cash.

Keith Jackson is a director of Dairyland Products Limited, Jackson & Associates Limited and Tasman Capital Limited, and a trustee of Nikau Trust

Stuart Deeks and Lewis Deeks are directors of Franchise Management Services Limited (previously DSL Management Limited)

Andrew Kerslake and Graeme Lee are directors of ADG Investments Limited

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

Norah Barlow is a director of Merseyside Limited

Peter Kirton, a director of Esquires Coffee (UK) Limited, has sons who own marketing companies Cosmic Design and Studio Hato

Shares held by directors and key management personnel or their associates:

	2014	**2013**
Keith & Patricia Jackson	36,253,719	13,496,453
Jackson & Associates Limited	600,000	-
Tasman Capital Limited	2,612,780	1,041,000
Franchise Management Services Limited	137,348,909	-
ADG Investments Limited	28,199,758	-
Lighthouse Ventures Holdings Limited	2,877,500	-
Peter Kirton	5,005,723	-

24.1 Transactions with associates

The value of transactions with associates during the year were:

	000's	**Nature of Relationship**
Image Centre Limited	28	Creative Service Provider
Franchise Management Services Limited	426	Management services
Jackson & Associates	213	Management services
Merseyside Limited	12	Directors fees
Cosmic Design	8	Marketing services (UK)
Studio Hato	5	Marketing services (UK)

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

Nikau Trust was issued with 2,633,333 shares in lieu of payment for management services rendered by Keith Jackson.

24.2 Transactions with directors and key management personnel

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

Name	Nature of Payments	000's
Lewis Deeks	Reimbursement of travel related expenses	24
Stuart Deeks	Reimbursement of travel related expenses	72
Mike Hutcheson	Directors fees	23
Andrew Kerslake	Directors fees	23

25. Segment reporting

Management currently identifies the Groups products and service lines as its operating segments. This is the first year of segment reporting.

The Esquires Coffee House segment, receives two main income streams: Retail Sales from owned stores (UK and Ireland) and Royalties from and Product Sales to Franchisees (UK, Ireland, Middle East, China).

Segment information for the reporting period is as follows:

31 March 2014	SUPPLY	SUPPLY	ESQUIRES	COOKS	Total
	Tea/Coffee/ Beverages	Fresh produce	Coffee Houses	Mgmt Services & IP	
	$'000	$'000	$'000	$'000	$'000
Revenue					
From external customers	272	709	3,458	-	4,439
Operating Expenses					
Cost of materials	(223)	(504)	(1,052)	-	(1,779)
Depreciation	-	(26)	(145)	-	(171)
Other expenses	(98)	(250)	(2,800)	(2,186)	(5,334)
Net profit/(loss)	**(49)**	**(71)**	**(539)**	**(2,186)**	**(2,845)**
Total Assets	**1,169**	**683**	**5,953**	**16,749**	**24,554**
Total Liabilities	**164**	**404**	**3,587**	**3,714**	**7,869**

26. Contingent liabilities

At balance date, the following legal matters were in progress:

- A claim for lost rental income by a landlord against Esquires Coffee (UK) Limited following the closure of a franchised coffee house. Given the background with respect to the landlord's subsequent sale of the property and his failure to respond or register under the CVA, the directors consider that the claim is weak and that no further action is expected.
- A claim of approximately £100k for breach of contract relating to an office photocopier, also pertaining to the UK business. The claim has been rejected by the Group and is regarded by the directors as frivolous.
- In Ireland, Esquires Coffee Ireland Limited, is currently taking legal action against a franchisee to enforce the conditions of the franchise agreement. Further legal costs could eventuate depending on how the claim proceeds.

As a condition of the Sale and Purchase Agreement for Esquires Coffee Houses Ireland Limited, there is provision for an earn out payment by way of an issue of ordinary shares in Cooks Global Foods Limited. The earn out is based on a multiple of EBITDA, could apply to a period ending as late as 2020 if extended, and is contingent on a key employee remaining with the business for a specified period of time. Given the uncertainties in determining the quantum of such an earn out at this stage, no figures have currently been provided in these accounts for this contingency.

There were no other contingent liabilities as at 31 March 2014 (2013: $nil)

27. Capital commitments

There were no capital commitments as at 31 March 2014 (2013: $nil)

28. Financial instruments

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

28.2 Liquidity risk

Liquidity risk represents the company's ability to meet its financial obligations on time. During the period, which was an exceptional one due to the number of business acquisitions that occurred predominantly in October 2013, the company generated sufficient cash flows from its operating activities and the utilisation of cash reserves to make timely payments.

Liquidity forecast

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

	12 months or less	Between 1-2 years	Between 2-5 years
	$'000	$'000	$'000
Opening balance	292	11,071	16,518
Operating cash flows	(235)	8,570	58,278
Investing cash flows paid	(20,435)	(3,470)	(1,112)
Financing cash flows received	31,449	347	780
Closing balance	11,071	16,518	74,464

The Directors have forecast liquidity for a five year period. The forecast is based on the business plan and directors estimates. Actual results may vary from these projections and the variance could be material.

Foreign currency sensitivity

A significant amount of the Group's transactions are carried out in other than New Zealand Dollars. Exposures to currency exchange rates arise from the Group's overseas company holdings (United Kingdom, Ireland and Australia), and foreign currency denominated income for New Zealand domiciled companies (royalties, store openings, regional franchises, product sales). These are primarily denominated in US dollars (USD), Pound Sterling (GBP), European currency (EURO) and Australian dollars (AUD).

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into NZD at the closing rate:

	Overseas Companies Profit for the year				Overseas Companies Equity			
	GBP	EURO	AUD	TOTAL	GBP	EURO	AUD	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 March 2014	(317)	(214)	3	(528)	(382)	(252)	47	(587)
31 March 2013	–	–	–	–	–	–	–	–

The NZD conversion of foreign currency income earned by New Zealand companies amounted to $1,675k for the year, using the appropriate monthly exchange rate. This figure includes conversions from USD, GBP, AUD and EURO.

If the NZD had strengthened against the USD by 2.25% (2013: 2.25%), the GBP by 7.7% (2013: 7.7%), the EURO by 6.5% (2013: 6.5%) and the AUD by 1.3% (2013: 1.3%) respectively then this would have had the following impact:

	Overseas Companies Profit for the year				**Overseas Companies Equity**			
	GBP	**EURO**	**AUD**	**TOTAL**	**GBP**	**EURO**	**AUD**	**TOTAL**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
31 March 2014	(278)	(194)	4	(468)	(336)	(228)	55	(509)
31 March 2013	–	–	–	–	–	–	–	–

The NZD conversion of foreign currency income (USD, GBP, AUD and EURO) earned by New Zealand companies would have amounted to $1,573k for the year using this exchange rate scenario (if the rates had increased by the same percentage as prior year).

If the NZD had weakened against the USD by -2.25% (2013: 2.25%), the GBP by -7.7% (2013: 7.7%), the EURO by -6.5% (2013: 6.5%) and the AUD by -1.3% (2013: 1.3%) respectively then this would have had the following impact:

	Overseas Companies Profit for the year				**Overseas Companies Equity**			
	GBP	**EURO**	**AUD**	**TOTAL**	**GBP**	**EURO**	**AUD**	**TOTAL**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
31 March 2014	(324)	(318)	4	(638)	(392)	(260)	56	(596)
31 March 2013	–	–	–	–	–	–	–	–

The NZD conversion of foreign currency income (USD, GBP, AUD and EURO) earned by New Zealand companies would have amounted to $1,718k for the year using this exchange rate scenario (if the rates had decreased by the same percentage as prior year).

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

28.3 Interest rate risk

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency 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.

29. Fair value measurement

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 and payables*

  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.

30. Investment in Associate

The Company has a 45% investment in an associate company, Dairyland Products Limited.

Dairyland Products Limited does not trade. It has a balance date of 31 July. The most recent available financial statements are for the 8 month period ended 31 March 2014.

	Mar 2014	Jul 2013
	$'000	**$'000**
Results:		
Share of loss before tax	(27)	(8)
Tax	-	-
Share of operating deficit	(27)	(8)
Shares at cost (carrying value)	305	-
Key financial figures:		
Assets	1,583	251
Liabilities	(1,625)	(433)
Revenue	6	-
Operating Loss	(59)	(19)

Dairyland Products Limited was incorporated in New Zealand and its shares are unlisted.

The Company's unrecognised share of accumulated losses in the associate company is -$47k (2013 -$20k).

The carrying value of the parent company's investment is considered to be a reasonable approximation of fair value at 3.4 cents per share. The most recent sale of shares in Dairyland Products Limited were at 60 cents per share. The associate company has also recently purchased a block of land for development and is currently undertaking a major capital raising program.

31. Parent entity information

Information relating to Cooks Global Foods Limited ('the parent entity').

The parent entity has capital commitments of $nil (2013: $Nil). The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

32. Post-reporting date events

In April 2014 the Group acquired the Esquires Canadian intellectual property rights from the original Esquires franchisor who founded the business in 1993. The arrangement means that Cooks licenses back to Esquires Canada the right to use the IP for nine existing Esquires Coffee House stores in British Columbia and also for the purpose of an existing provincial licencee for Alberta. (2013: Nil)

Excluding the Convertible Loan of $1,250,000 received on 31 March 2014 and converted to shares in April, a total of $925,150 of capital funds have been raised post balance date up to 7th July 2014 from the Share Purchase Plan and from private placements.

dfk oswin griffiths carlton
LEADING CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS

PARTNERS
David S. Griffiths CA ACIS
Navin C Patel BCA CA
Mukesh K Parshottam BCA CA
Shane Browning MBA CA
CA (Australia) CPA (USA)
Sanjay Kumar B Com CA
Michael McNab B Com CA
Paul Collins B Com CA
Barry Graham CA CMANZ

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COOKS GLOBAL FOODS LIMITED

Report on the financial report

We have audited the consolidated financial statements of Cooks Global Foods Limited and subsidiaries on pages 5 to 48, which comprise the balance sheet of Cooks Global Foods Limited and the consolidated balance sheet as at 31 March 2014, the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and which gives a true and fair view of the matters to which they relate 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.

Auditor's responsibilities

It is our responsibility to express an independent opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that gives a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors, we provided tax services to the Company. We have no other relationship with or interests in Cooks Global Foods Limited.

Opinion

In our opinion, the consolidated financial statements on pages 5 to 48:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Cooks Global Foods Limited and the group as at 31 March 2014 and the financial performance and cash flows of the group for the year ended on that date.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COOKS GLOBAL FOODS LIMITED (continued)

Emphasis of matter

Going concern

We draw attention to note 8 in the financial statements which states:

"The financial report has been prepared on a going concern basis. The Directors are confident that planned fundraising will ensure that the company has sufficient funds available for at least 12 months to meet financial obligations as they fall due."

The financial statements do not include any adjustments that may be necessary if the planned fundraising is not successful. The auditor's report is not qualified in respect of this matter.

Intangible assets

We draw attention to note 7 in the financial statements which states:

"It is the assessment of the Directors that the growth strategies will, over time, increase the value of the Group's intangible assets and that there has been no impairment to these assets since acquisition of the businesses to which they relate."

The financial statements do not include any adjustments that may be necessary if the growth strategies are not successful. The auditor's report is not qualified in respect of this matter.

Report on other legal and regulatory requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Cooks Food Group Limited as far as appears from our examination of those records.

DFK Oswin Griffiths Carlton

DFK OSWIN GRIFFITHS CARLTON
Chartered Accountants
AUCKLAND

25 July 2014

STATUTORY INFORMATION AND CORPORATE GOVERNANCE

Directors Relevant Interests in Company Securities as at 31 March 2014

Substantial Security Holder	Shares Held
DSL Management Limited[1]	137,348,909
ADG Investments Limited[2]	32,199,758
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot[3]	37,023,719
Total Number of Shares on Issue:	**244,916,009**

1 Lewis Deeks and Stuart Deeks are directors of DSL Management
2 Graeme Lee and Andrew Kerslake are directors and beneficial shareholders of ADG Investments Limited
3 As Trustee for the Nikau Trust

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 2014:

Director	Dealings
Mr. Graeme Keith Jackson, Mrs Patricia Frances Jackson and Mr. Philip Mack Picot as trustees of the Nikau Trust	• Mr. Graeme Keith Jackson consolidated the Company shares held by himself and his related entities into a single holding in his family trust (The Nikau Trust) in which he is a trustee. • 20,293,933 ordinary shares were issued by the Company at an issue price of $0.15 per share • 1,800,000 ordinary shares were issued by the Company at an issue price of $0.10 per share • 833,333 ordinary shares were issued by the Company at an issue price of $0.09 per share
Tasman Capital Limited[1]	• 500,000 ordinary shares were issued by the Company at an issue price of $0.10 per share
DSL Management Limited	• 137,348,909 ordinary shares in the Company were issued to DSL Management Limited at an issue price of $0.10
ADG Investments Limited	• 46,199,759 ordinary shares in the Company were issued at an issue price of $0.125 per share • 24,199,758 shares in the Company were issued at an issue price of $0.083 per share

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1 Mr. Graeme Keith Jackson is a director and shareholder of Tasman Capital 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 directorships held by CGF Directors:

Graeme Keith Jackson	Norah Barlow
• Arana Holdings Limited • Cooks Supply Limited • Cotterill & Rouse Limited • Dairy Farm Investments (Brucknell) Limited • Dairy Farm Investments (Management) Limited • Dairy Farm Investments (Ruawhata) Limited • Dairy Farm Investments Limited • Dairyland Products Limited • DFI (Brucknell) Limited • DFI Management Limited • Esquires Canada IP Limited • Franchise Development Limited • Himitangi Farms Limited • IDP (Mainland) Limited • IDP (Mainland) Limited • Independent Dairy Producers Limited • Jackson & Associates Limited • Katie Investments Limited • Last Tree Standing Limited • New Zealand Global Dairy Limited • Progressive Processors Limited • Scarborough Fair Limited • Science in Sport Asia Pacific Limited • South Waikato Farms Limited • Sportstec (UK) Limited	• Cigna Life Insurance New Zealand Limited • Ingenia Communities Group • Lifemark • Merseyside Limited • National Advisory Council on the Employment of Women • Netball Central • Sai Limited • Summerset Group Holdings Limited • Vigital Monitoring Limited

• Sportstec Limited • Tasman Capital Limited • TML Equities Limited • TRS Investments Limited	
Lewis Deeks	**Stuart Deeks**
• DSL Management Limited • Esquires Asia Limited • Esquires Bahrain Limited • Esquires Canada IP Limited • Esquires Coffee China Limited • Esquires Coffee India Limited • Esquires Coffee International Management Limited • Esquires Coffee Malaysia IP Holdings Limited • Esquires Egypt Limited • Esquires EP Bahrain Limited • Esquires Fiji Limited • Esquires Global IP Holdings Limited • Esquires India Limited • Esquires Indonesia Limited • Esquires IRAQ IP Holdings Limited • Esquires Kuwait Limited • Esquires Malaysia Limited • Esquires Middle East & Africa IP Holdings Limited • Esquires Middle East & Africa Limited • Esquires New Zealand Limited • Esquires NZ Franchise Holdings Limited • Esquires Office Limited • Esquires Oman Limited • Esquires Port Denarau Marina Limited • Esquires Qatar Limited • Esquires Saudi Arabia Limited • Esquires Store Development Limited • Esquires Turkey Limited • Esquires U.A.E. Limited • Esquires UK 1 Limited • Franchise Development Limited • Franchise Holdings NZ Limited • Franchise Management NZ Limited • Franchise Management Services Limited • Lewen Enterprises Limited	• DSL Management Limited • Esquires Asia Limited • Esquires Bahrain Limited • Esquires Canada IP Limited • Esquires Coffee China Limited • Esquires Coffee India Limited • Esquires Coffee International Management Limited • Esquires Coffee Malaysia IP Holdings Limited • Esquires Egypt Limited • Esquires EP & Bahrain Limited • Esquires Fiji Limited • Esquires Global IP Holdings Limited • Esquires India Limited • Esquires Indonesia Limited • Esquires IRAQ IP Holdings Limited • Esquires Kuwait Limited • Esquires Malaysia Limited • Esquires Middle East & Africa IP Holdings Limited • Esquires Middle East & Africa Limited • Esquires New Zealand Limited • Esquires NZ Franchise Holdings Limited • Esquires Office Limited • Esquires Oman Limited • Esquires Port Denarau Marina Limited • Esquires Qatar Limited • Esquires Saudi Arabia Limited • Esquires Store Development Limited • Esquires Turkey Limited • Esquires U.A.E. Limited • Esquires UK 1 Limited • Franchise Development Limited • Franchise Holdings NZ Limited • Franchise Management NZ Limited • Franchise Management Services Limited • LSD Global Limited

• LSD Global Limited	
Andrew Kerslake	**Mike Hutchinson**
• Malcolm Lansley Investments Limited • Jaqan Limited • Kestral Limited • The Car Fair Company Limited • Milten Properties Limited • Accident and Medical Three Kings Limited • RMW Holdings Limited • Simply Fresh (2007) Limited • Simple Properties Limited • Hagz Holdings Limited • E-Waste Capital Limited • ADG Investments Limited • HMFIC Investments Limited • Norwood Ventures Limited • Wairoa Trust	• Eunoia Holdings Limited • Hotfoot Retail Services Limited • Ice Capital Investments Limited • Ice Capital Partnership Limited • Image Centre Holdings Limited • Image Centre Limited • Lighthouse Ventures GP Limited • Lighthouse Ventures Limited • Lonely Cow Wines Holdings Limited • Scarborough Fair Limited • Tangible Media Limited • The Lighthouse Ideas Company Limited

Spread of Quoted Security Holders as at 19 July 2014

	SHAREHOLDERS		**SHARES**	
RANGE	**NUMBER**	**%**	**NUMBER**	**%**
1 to 1,000	336	67.2	335,600	0.13
1,001 to 5,000	62	12.4	143,390	0.06
5,001 to 10,000	20	4.0	162,017	0.06
10,001 to 100,000	36	7.2	1,239,511	0.48
100,000 and Over	46	9.2	257,521,785	99.28
TOTAL	**448**	**100**	**259,402,303**	**100**

20 Largest Holdings of Equity Securities

As at 19 July 2014:

	Investor Name	Total Units	% Issued Capital
1	DSL Management Limited	137,348,909	51.48
2	ADG Investments Limited	42,199,758	15.82
3	Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	37,173,719	13.93
4	Peter James Kirton	5,005,723	1.88
5	Shuxin Zhang	4,000,000	1.50
6	Emma Jane Waite	3,275,333	1.23
7	Real Action Group Limited	3,248,334	1.22
8	Just Cabins Limited	2,653,847	0.99
9	Neil Robert Butler & Kin Maree Green & OAC Trustees Limited	2,500,000	0.94
10	Tasman Capital Limited	2,362,780	0.89
11	General Contracting & Franchising Company LLC	2,222,222	0.83
12	Diana Elizabeth Christian & Sonya Marie Vujnovich	1,999,990	0.75
13	Michael Bruce Guthrie	1,897,152	0.71
14	Gerard Hall	1,600,000	0.60
15	Maretha McVerry	1,240,093	0.46
16	Trinity Portfolio Limited	1,000,000	0.37
17	Graeme William Rothwell & Eve Elizabeth Rothwell & Hibiscus Independent Trustees 2009 Limited	788,200	0.30
18	Peter Gerald Gilbert	770,000	0.29
19	Angee Investments Limited	708,304	0.27
20	Fergal McGovern	585,629	0.22

SUBSTANTIAL SECURITY HOLDERS

The following information is provided in compliance with section 35F of the Securities Markets Act 1988 and is stated as at 19 July 2014. The total number of voting securities of Cooks Global Food Limited at that date was 266,823,411. The persons below are substantial security holders in accordance with section 21 of the Securities Market Act 1988:

Holder Name	Number Ordinary Shares held	% Issued Capital
DSL Management Limited	137,348,909	51.48
ADG Investments Limited	42,199,758	15.82
Graeme Keith Jackson, Patricia Frances Jackson and Phillip Mack Picot	37,173,719	13.93
Total Ordinary Shares on Issue:	**266,823,411**	**100**

EMPLOYEE REMUNERATION

During the accounting period, one 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	Employees
180,000 – 189,999	1

DIRECTOR REMUNERATION AND OTHER BENEFITS

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

Name	Directors' Fees	Executive Salary	Shares in Lieu of Cash
Andrew Malcolm Kerslake	19,999.98	-	--
Mike Hutcheson	19,999.98	-	-
Norah Barlow	10,000.00	-	-
Graham Lee*	-	-	-
Lewis Deeks	-	180,000.00	-
John Stuart Deeks	-	180,000.00	-
Graeme Keith Jackson	-	180,000.00	255,000**

*Graham Lee was appointed to the Board effective 12 May 2014
** Granted at an issue price of $0.09 per share and approved by shareholders on 1 October 2013, as payment for services rendered to the Company in the three year period from October 2010 until October 2013

Donations
No donations were made in the 12 month financial period ended 31 March 2014.

CORPORATE GOVERNANCE STATEMENT

ETHICAL STANDARDS

Cooks Global Foods 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.

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 seven Directors including the Chairman & Chief Executive Officer, Keith Jackson. Graeme Lee was appointed a Director in June 2014.

The Board met 9 times during the year on a formal basis. Two subcommittees, being the Audit and Remuneration Committees, were held outside these meetings on a regular basis as when 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.

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.

Directors

Name	Status	Current/Resigned	Sub- committee membership	Attendance*
Keith Jackson	*Chairman & CEO Executive*	Appointed 18/8/2008	-	9
Stuart Deeks	*Executive*	Appointed 3/10/13	-	4
Lewis Deeks	*Executive*	Appointed 3/10/13	-	7
Andrew Kerslake	*Non-Executive*	Appointed 3/10/13	Audit & Risk	9
Mike Hutchinson	*Non-Executive* *Independent*	Appointed 3/10/13	Remuneration	9
Norah Barlow	*Non-Executive*	Appointed 1/01/14	Audit & Risk	6

	Independent			
Diana Millar	*Non-Executive* *Independent*	Resigned 02/10/13	-	2
Graeme Rothwell	*Non-Executive* *Independent*	Resigned 02/10/13	-	2

*For the period July 2013 until July 2014

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.

www.cooksglobalfoods.com