NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

(CGF) : Cooks Global Foods Limited
Results announcement
(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at 29 June 2020

Results for announcement to the market		
Name of issuer	Cooks Global Foods Limited	
Reporting Period	12 months to 31 March 2020	
Previous Reporting Period	12 months to 31 March 2019	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$4,001	1.7%
Total Revenue	$7,164	20.7%
Net profit/(loss) from continuing operations	$(3,259)	13.2%
Total net profit/(loss)	$(4,566)	4.9%
Interim/Final Dividend		
Amount per Quoted Equity Security	It is not proposed to pay a dividend.	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$(0.0166)	$(0.0124)
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to attached commentary.	
Authority for this announcement		
Name of person authorised to make this announcement	Keith Jackson	
Contact person for this announcement	Keith Jackson	
Contact phone number	021 702 509	
Contact email address	Keith.jackson@cooksglobalfoods.com	
Date of release through MAP	29 June 2020	

Unaudited financial statements accompany this announcement.

NZX & Media Release **29 June 2020**

PRELIMINARY FINANCIAL RESULTS FOR THE 12 MONTHS TO 31 MARCH 2020

Cooks reports positive operating income from continuing business

SUMMARY

- Total group revenue from continuing activities increases 1.7% to $4 million
- Operating income before depreciation, amortisation & finance charges $1.1m profit compared to prior year loss of $2.3m
- Operating profit from continuing operations after tax improves to $0.4 million from net loss of $2.6 million last year reflecting a restructuring of the Group's loss-making business units.
- The Covid-19 impact in all markets applied from mid-March with the revenue declines supported by various levels of government support packages that mitigated the full impact.
- There has been a slowing of new store growth as openings have been deferred due to the Covid closed downs mandated by various governments.
- While there have been delays there have been no closures of existing stores or withdrawal from opening plans of any new stores through the global network attributable to Covid-19.

Revenue from ongoing continuing operations was $4.0m which was 1.7% ahead of last year's comparative numbers, total Group total revenue for the 12 months rose 20.7% to $7.2m as we saw the full year impact of the short term holding of 3 stores in the UK contribute to the sales value growth. These stores along with the Middle East company operations and the New Zealand FMCG operations have been determined to be non-core and either have been or are being sold as part of the drive to improve cash profitability.

Net income before tax from continuing operations improved to $0.4 million from a loss of $2.6 million in the same period a year ago, reflecting the benefits of prior restructuring and reduction of costs.

Cooks Executive Chairman Keith Jackson said: The group is focused on profitably growing core business and divesting non-core activities and this has resulted in benefits during FY20 which will be further evidenced in FY21 and beyond.

"The UK business was re-organised in FY20 with a focus on developing regional master franchisees and the strengthening of operational management. To date three regions have been sold and the results of this were beginning to show through with faster growth in the as local developers ramped up activity. This has slowed in the Covid period but is regaining momentum as controls are relaxed".

As discussed above 3 stores were held & operated by the company for various periods during FY19 & FY20 as part of a plan to sell the businesses to new franchisees. This process is well advanced and the stores are classified as discontinued business.

The focus on the core business has meant that we are now focussed exclusively on internal design for our own franchised cafes and we have seen cost savings from these initiatives flowing through to our results with the design operations breaking even financially and providing excellent service to our international operations.

The company has restructured the Middle East operations and are now working with key supply partners to provide local servicing to our franchisees rather than having our own operations and staff in the region. This has resulted in cost reduction whilst aligning supply sources with our UK and Irish businesses.

With no café operations in New Zealand that provided synergies for the FMCG business operated under the Scarborough Fair tea and Grounded coffee brands it was determined that these were non-core and a conditional sale agreement has been reached with completion of the sale expected by the end of June 2020.

The major focus of the business is cafes in UK, Ireland & Europe plus providing support to our master franchise partners in the Middle East, Pakistan, Canada & Indonesia.

Within this definition the acquisition of Triple Two Coffee provides a significant benefit to our scale and critical mass in the UK. Triple Two is a fast-growing café chain in the UK with a very similar philosophy and vision to CGF. The initial stages of the sale agreement were concluded for shares in CGF and the vendors will stay in the company for at least 3 years and have the chance to obtain further consideration by improved performance. Triple Two adds 13 stores to the existing 44 store UK network and provides vital critical mass.

This announcement is based on unaudited financial statements. The group financial statements are in the process of being audited. The auditor of the prior year financial statements issued a disclaimer of opinion, this will impact the current year audit opinion.

BALANCE SHEET

Borrowings decreased to $5.5 million from $7.0 million at the same time a year ago. These include loans from entities associated with Executive Chairman Keith Jackson as well as certain convertible loan notes. Cooks continues to pursue alternative funding options to better reflect the appropriate mix of equity and debt requirements for the business.

Lease receivables of $18.3m and right-of-use assets of $2.4m, lease liabilities of $20.8m have been recognised this year, following the adoption of IFRS 16 Accounting Standard for Finance Leases from 1 April 2019.

CHINA BUSINESS CARRYING VALUE

The Directors have been carefully reviewing the carrying value of the China investment in accordance with the current activities of the Chinese company and its future plans and have decided to re-evaluate the carrying value.

In the later part of 2019, there has been continued restructuring of the business and the closure of all but 8 cafes due to adverse trading that was further exacerbated during the lockdown period in China from Covid-19. Of the operational cafes at the end of March 2020, 6 were in Shandong Province, one in Beijing and the other in Shanghai.

During the FY20 financial year the Chinese company purchased a coffee roastery which has the capacity of 1,800 tonnes of coffee per annum, the roastery has secured the coffee supply to a number of high profile café customers in Shanghai.

There are numerous opportunities for growth in all segments and there are a number of new business opportunities being worked on by the high calibre team based in Shanghai. The Chinese operations are now undergoing a significant re-focus of their operations under the lead of the majority shareholders. The Chinese company will no longer seeking to grow a large franchise operations in China, instead is pursuing an opportunity related to self-serve coffee outlets. There is no requirement for Cooks Global Foods to provide any funds for this new investment strategy. However, as a result of this change in business, the Directors have concluded that it is probable there will be no positive cash-flows from this investment in the near future, and that no value can be ascribed to any potential future value. As a result, the Directors have fully impaired the investment in the associate as at 31st March 2020.This will lead to a write down of $2.5m in the FY20 accounts.

OUTLOOK

Mr Jackson said that the FY21 year will be one where there will be a significant impact of the Covid-19 virus and the related shutdowns in all markets. The major markets that CGF is present in are UK & Ireland and these countries are slowly emerging from the lockdowns that have meant that the store sales in these markets for the first quarter will be very small as there were only certain stores that were able to open for takeaway coffee and food.

The sales impact has been partially offset by government support programmes that have assisted in covering key cost areas such as Labour and Rent.

The lack of income for the April – June period will impact the earnings and the picture for the full year will depend on the recovery patterns in the July – March 2021 period which are unknown and very difficult to predict with any degree of accuracy.

We do not expect that we will see a return to a more normal trading situation until the second half of FY21.

In the Middle East, Pakistan and Indonesia where we have stores operated by Master Franchisees the position is similar with the majority of outlets closed by government decree. Saudi Arabia which is the largest market in terms of store numbers and sales has seen the temporary closure of the city mall outlets which are the majority of the outlets, the airport stores which are normally significant sales outlets have continued to be open but the volume of travellers has been significantly reduced. Saudi Arabia and other countries are beginning to re-open businesses although it is too early to confirm sales trends compared to last year. However it is significant that Saudi Arabia is not allowing international visitors to come into the country for this year's Haj celebration. Jeddah Airport, where our Master Franchisee has 2 cafes is normally very busy with the influx of international pilgrims but this year will be different due to the virus impact.

TRIPLE TWO ACQUISITION

CGF has recently acquired the fast growing Triple Two Café chain, Triple Two Coffee franchises 13 cafes in the UK and has been one of the most highly recruited franchises in the UK since the start of 2019. Triple Two currently operate across a number of regions in the UK, with the initial flagship store opening in Swindon in August 2016. They now have several sites trading in major towns, cities and shopping centres across the UK, such as London, Colchester, Oxford, Cheltenham, Cirencester and Hove. Due to the unrivalled demand the brand has seen, there is currently a pipeline of 15 sites expected to open by the end of 2020, despite the COVID 19 pandemic, the next being in Manchester.

Triple Two originated from seeing an opportunity in the market to create a brand where customers can enjoy speciality quality coffee alongside freshly prepared grab and go style food in a relaxing, modern and unique environment.

David Hodgetts, Co-Founder and Managing Director of Triple Two Coffee commented on the acquisition by Cooks Global Foods.

“The board of directors have been working with the Cooks Global Foods board for 12 months to secure this transaction. All through this period the chemistry between the 2 organisations has been exceptional and a major reason this was completed even during these challenging COVID 19 times.”

“The Triple Two board recognised the strong synergies between the organisations which together make a fabulous combined business. The exciting brand of Triple Two now has the backing of a larger organisation from the industry which will enable us to go from strength to strength with part of the acquisition ensuring that all the Directors will continue driving the business for years to come.”

“The Triple Two model is to create a business that gives customers an experience where they can get great coffee and fantastic food. We will also look to accelerate our focus in our 'cafe bar' style sites, retail range, online coffee subscriptions and international expansion, with our first unit in Paris anticipated to still open this year.”

The acquisition fits with building scale and critical mass in our core UK market area. Refer to previous NZX announcement dated 19th June 2020 for further details.

BUSINESS PERFORMANCE

THE UNITED KINGDOM

UK store numbers increased to 44 at the end of March up from 39 at the same time a year ago. During the year we opened 7 stores and closed 2. Constant currency coffee store sales for the year increased to $20.9 million from $20.6 million in the same period a year ago. Most of the new stores were opened in the second half of FY20 and sales for the first 2 months of the final quarter were 9.2% up on FY19 but this was offset by the closures due to Covid-19 in March when sales were 73% of FY19.

The UK business has a strategy to establish regional franchise developers and as part of this, it has restructured the regional franchise fee and royalty schedule to better incentivise franchisees.

Continuing operations in the UK division demonstrate positive operating profits of $0.2 million, with discontinued operations representing operating losses of $0.8 million.

Triple Two profitability prior to the acquisition was $1.1m for the 2019 calendar year. It is expected to be additive to earnings and cash flows post acquisition in FY21.

As the UK recovers from the Covid-19 impact we look forward to seeing the momentum return and with the combined Esquires and Triple Two brands we believe we are well placed to deliver strong and sustainable results.

IRELAND & EUROPE

Constant currency total store sales in Ireland were $16.4 million, 4.5% ahead of FY19 despite the impact of COVID-19 on March 2020 sales. During the year we added one new store in Ireland and that was only opened for 4 days in March before it had to close due the government regulations. Prior to this constant stores were 5.1% ahead of the prior year in local currency.

The region posted an operating profit of $0.2 million compared against an operating loss of $0.2 million in the same period a year ago, resulting from increased revenue in Ireland offset against increased costs representing further investment in the European region than the previous year.

GLOBAL

Cooks operating revenue in the segment fell from $1.4 million to $1.3 million, with the fall relating to discontinued international product sales to the Middle East. The global business posted a favourable operating profit of $0.8 million compared to an operating loss of $0.1 million in the same period a year ago, largely due to significantly lower staffing costs, legal and consulting fees than incurred in the prior year. In particular, there was a significant reduction in staffing related to the Design business, equating to a comparative cost saving of $0.7 million.

SUPPLY AND CORPORATE

Revenue at the supply businesses increased to $1.2 million from the same period a year ago at $0.8 million with strong gains in revenue in the new carbon-neutral Grounded coffee brand offset by weakness in Scarborough Fair's other brands. The Crux supply business also recorded weaker sales, and this was due largely to the timing of shipments to and from its customers offshore.

Supply operating losses rose to $0.4 million compared to $0.3 million at the same time a year ago. Corporate operating losses were $0.9 million, improved from an operating loss of $1.6 million last year due to overall reduced expenses, particularly in relation to legal and consulting fees.

SUMMARY

CGF generated significant momentum in the second half of FY20 and this had begun to show benefits in scale and profitability. The first stages of these benefits are evidenced in the result for the FY20 year. The timing of the Covid-19 pandemic has been unfortunate to say the least and at this time we cannot accurately determine the impact. We believe that the business model is sound with the focus on clearly defined core business areas that we can scale and we are well placed to emerge from the outbreak with our ability to respond to local customer preferences through the franchise network placing us well for the recovery.

For further information:

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ABOUT COOKS GLOBAL FOODS

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

[1] Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or partially/fully owned, across the company's global brand network. Cooks derives income from its franchised stores from franchise related fees, primarily related to these sales levels as well as store sales for those stores directly owned by the company, except in China. Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. Chinese sales are also indicative of the potential value residing in the Chinese venture. However, total network sales are not and should not be confused with the revenue of Cooks Global Foods which is reported in its financial statements as the two do not directly correlate.

B: Cooks Global Foods Limited
Preliminary announcement for the year ended 31 March 2020

Preliminary unaudited full year report on consolidated results (including the results for the previous corresponding year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on **unaudited** financial statements.

The accounting policies used in the preparation of these financial statements are consistent with those used in the interim financial statements for the six months ended 30 September 2019 and in the audited financial statements for the year ended 31 March 2019.

The Listed Issuer has a formally constituted Audit & Risk Committee of the Board of Directors.

C: Consolidated Statement of Financial Performance

	Unaudited Mar-20 $NZ '000	Up / Down %	Audited. Mar-19 $NZ '000
Revenue	4,001	1.7%	3,936
Cost of sales	(133)	88.6%	(1,171)
Gross profit	**3,868**	**39.9%**	**2,765**
Operating expenses and staff costs	(2,789)	46.1%	(5,173)
Other income	0	-100.0%	103
Operating profit before depreciation and amortisation	**1,079**	**146.8%**	**(2,305)**
Depreciation and amortisation	(700)	-165.7%	(264)
Operating profit/(loss)	**379**	**114.8%**	**(2,569)**
Share of net loss of associates accounted for using the equity method	**(168)**	**57.9%**	(399)
Impairment of investment of associates	**(2,520)**	**0.0%**	-
Finance costs	(925)	-22.8%	(753)
Net loss for the year from continuing operations	**(3,234)**	**13.2%**	**(3,725)**
Net loss for the year from discontinued operations	**(1,307)**	**-20.1%**	**(1,088)**
Net loss for the year	**(4,541)**	**5.6%**	**(4,813)**
Earnings Per Share (Cents per share):	**(0.87)**		**(0.98)**

D: Consolidated Statement of Financial Position

	Unaudited Mar-20 $NZ '000	Up / Down %	Audited Mar-19 $NZ '000
Assets			
Cash and cash equivalents	253		450
Trade and other receivables	1,487		296
Inventories	96		219
Other current assets	608		761
Property, plant and equipment	664		787
Deferred tax assets	507		-
Investment in Associates	-		2,688
Right-of-use assets	2,394		-
Lease receivables	18,323		0
Other non-current assets	15		15
Total tangible assets	**24,347**	**366.8%**	**5,216**
Intangible assets	**2,840**	**-0.1%**	**2,842**
Total assets	**27,187**	**237.4%**	**8,058**
Liabilities			
Trade and other payables	6,781		4,565
Bank overdraft	0		148
Lease liabilities	20,803		0
Borrowings and other liabilities	5,495		7,044
Total liabilities	**33,079**	**181.4%**	**11,757**
Net (liabilities)/assets	**(5,892)**	**59.3%**	**(3,699)**
Equity			
Share capital	45,549		42,517
Accumulated losses	(53,116)		(48,550)
Foreign currency translation reserve	(435)		249
Share based equity reserve	2,163		2,163
Total equity attributable to equity holders of the Company	**(5,839)**	**61.3%**	**(3,621)**
Non-controlling interests	(53)		(78)
Total equity	**(5,892)**	**59.3%**	**(3,699)**
	Cents		***Cents***
Net tangible assets per share	**(1.66)**		**(1.24)**

E: Statement of Changes in Equity

	Unaudited Mar-20 $NZ '000	Up / Down %	Audited Mar-19 $NZ '000
Loss for the period	(4,566)	**5.1%**	(4,813)
Net increase in issued share capital	3,032		405
Foreign currency translation reserve	(684)		150
Non-controlling interests	25		0
Movements in equity for the period	**(2,193)**	**48.5%**	**(4,258)**
Equity at start of the period	**(3,699)**		1,771
IFRS 15 Revenue adjustment to Accumulated Losses			(1,212)
Equity at end of the period	**(5,892)**	**59.3%**	**(3,699)**

F: Consolidated Statement of Cash Flows

	Unaudited Mar-20 $NZ '000	Up / Down %	Audited Mar-19 $NZ '000
Loss for the period	(4,541)	**5.6%**	(4,813)
Add/(Less):			
Depreciation & amortisation	834		264
Impairment of intangibles	2,520		-
Share of losses of associates	168		399
Net movements in working capital	(274)		1,746
Net cash flow from operating activities	**(1,293)**	**46.2%**	**(2,404)**
Net cash flow from investing activities	**490**	**352.3%**	**(194)**
Net cash flow from financing activities	**755**	**-77.6%**	**3,366**
Net (decrease)/increase in cash held	**(49)**	**-106.3%**	**768**
Opening bank balance	**302**		**(466)**
Closing bank balance	**253**	**16.1%**	**302**
Made up as follows:			
Cash and cash equivalents	**253**		450
Bank overdraft	**0**		(148)
	253	**16.2%**	**302**

G: Material Acquisition of Subsidiaries

N/A

H: Material Disposal of Subsidiaries

N/A

I: Material Investment in Associate

(a)	Name of associate entity	**Shanghai Yinshi Food and Beverage Management Company Limited**
(b)	Percentage of ownership held	**20.97%**
(c)	Contribution to consolidated loss for the period	**-$2,688,000**
(d)	Date from which such contribution has been calculated	**1/04/2019**
(e)	Contribution to consolidated profit/(loss) for the previous corresponding period	**-$399,000**
(f)	Date from which such contribution has been calculated	**1/04/2018**
(g)	Date of disposal	**N/A**

J: Issued and Quoted Securities at End of Current Period

Category of Securities Issued	Number	Quoted
ORDINARY SHARES:		
Total number of shares in issue	**525,979,949**	**525,979,949**
Issued during the current period	**36,470,701**	**-**

K: Comments by Directors

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

(a) Material factors affecting the revenues and expenses of the group for the current full year or half year

Refer to Commentary.

(b) Significant trends or events since the end of the current full year or half year

Refer to Commentary.

(c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed:

NZ IFRS 16 "Leases"

The Group has initially adopted NZ IFRS 16 Leases from 1 April 2019. This adoption was reflected within the last Half Yearly results for the six months ended 30 September 2019.

NZ IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. As a lessor, the Group has recognised lease receivables representing its right to receive lease payments.

The Group has applied NZ IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under NZ IAS 17 and related interpretations.

a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under NZ IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to NZ IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied NZ IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under NZ IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under NZ IFRS 16 was only applied to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

b) As a lessee

The Group leases store and office properties. As a lessee, the Group previously classified these leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under NZ IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition

Previously, the Group classified all its leases as operating leases under NZ IAS 17. These include store and office properties. The lease terms of these leases typically range from 10 to 20 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period, or an option to terminate the lease prior to the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices or market rental rates.

At transition, for leases classified as operating leases under NZ IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the exemption to not recognise right-of-use assets and liabilities of leases for which the underlying assets are of low value; and
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

c) As a lessor

The Group subleases the majority of its leased store properties to its franchisees. The Group has classified these subleases as finance leases.

The accounting policies applicable to the Group as a lessor are not different from those under NZ IAS 17. However, when the Group is an intermediate lessor the subleases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Transition

Previously, the Group classified all its subleases as operating leases under NZ IAS 17. On transition to NZ IFRS 16, these leases were reassessed and classified as finance leases, since the subleases were for the whole of the remaining terms of the head leases. These subleases have been accounted for as new finance leases entered into at the date of initial application.

At transition, the right-of-use assets recognised from the head leases were disposed by entering into finance leases. Since the interest rate implicit in the subleases cannot be readily determined, the discount rates used for the head leases were used for measuring the lease receivables associated with the subleases. Since the sublease contracts are further like-for-like when compared to the head leases (e.g. same duration and payments), no gain or loss was recognised on the disposal of the right-of-use assets and the initial recognition of the lease receivables. Subsequently, the interest income from the subleases is further equal to the interest expense incurred on the related head leases.

d) Impact on financial statements

Impacts on transition

On transition to NZ IFRS 16, the Group recognised additional right-of-use assets, lease receivables and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1-Apr 2019 $'000
Right-of-use assets	2,828
Lease receivables	14,751
Lease liabilities	-17,579

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. When measuring lease receivables for subleases that were classified as finance leases, the Group discounted lease payments using the discount rates used in the head leases.

Impacts for the period

As a result of initially applying NZ IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised $2,993,000 of right-of-use assets, $18,323,000 of lease receivables, and $20,804,000 of lease liabilities as at 31 March 2020.

Also in relation to those leases under NZ IFRS 16, the Group has recognised depreciation expense and interest expense instead of operating lease expense. For subleases classified as finance leases under NZ IFRS 16, the Group has recognised interest income instead of rent income. During the year ended 31 March 2020, the Group recognised $578,000 of depreciation expense, $1,213,000 of interest expense, and $1,054,000 of interest income from these leases.

(d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

Impairment of Assets
Amortisation of Intangibles
Discontinued Operations

NZ IFRS 16 "Leases"

a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate;
- a change in the estimate of the amount expected to be payable under a residual value guarantee;
- changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised; or
- any other change in the future lease payments or the lease term due to a lease modification that's not accounted for as a separate lease.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impact the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, or the right-of-use asset in the case of a sublease. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Where the lease is classified as an operating lease, the Group recognises the lease payments from the operating lease as income on a straight-line basis.

Where the lease is classified as a finance lease, the Group recognises the assets held under a finance lease in its statement of financial position and present them as a lease receivable at an amount equal to the net investment in the lease. The net investment in the lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or in the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease). The lease receivable is subsequently increased by the interest income on the lease receivable and decreased by lease payment received. It is remeasured when there is a lease modification that is not accounted for as a separate lease.

(e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

Refer to Commentary.

29-Jun-20

(signed by) Authorised Officer of Listed Issuer

(date)

COOKS GLOBAL FOODS LIMITED
SEGMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

	Continuing operations					
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Global operational splits	**Global franchising & design $'000**	**UK franchising $'000**	**Europe franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	1,078	1,491	1,154	171	107	**4,001**
Cost of inventories sold	(3)	(6)	(13)	(111)	-	**(133)**
Other expenses	(168)	(818)	(972)	(6)	(825)	**(2,789)**
Operating profit/(loss) before depreciation & amortisation for the year	907	667	169	54	(718)	**1,079**
Depreciation and amortisation	(15)	(521)	(6)	-	(158)	**(700)**
Operating profit/(loss) for the year	892	146	163	54	(876)	**379**
Non-current assets						
Intangible assets	47	845	467	-	1,481	**2,840**
Property, plant and equipment	15	2,704	25	-	305	**3,049**

FOR THE YEAR ENDED 31 MARCH 2020

	Discontinued operations					
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Global operational splits	**UK retail $'000**	**Middle East franchising & retail $'000**	**USA franchising & retail $'000**	**Canada franchising & retail $'000**	**Supply $'000**	**Total $'000**
Revenue	1,899	222	-	-	1,042	**3,163**
Cost of inventories sold	(605)	-	-	-	(1,009)	**(1,614)**
Other expenses	(1,949)	(243)	(33)	(1)	(496)	**(2,722)**
Operating profit/(loss) before depreciation & amortisation for the year	(655)	(21)	(33)	(1)	(463)	**(1,173)**
Depreciation and amortisation	(131)	-	-	-	(3)	**(134)**
Operating profit/(loss) for the year	(786)	(21)	(33)	(1)	(466)	**(1,307)**
Non-current assets						
Intangible assets	-	-	-	-	-	**-**
Property, plant and equipment	-	-	-	-	9	**9**

FOR THE YEAR ENDED 31 MARCH 2019

	Continuing and discontinued operations					
	Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Global operational splits	**Global franchising & design $'000**	**UK franchising & retail $'000**	**Ireland franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	1,360	2,591	1,167	818	-	**5,936**
Other income	1	-	-	1	101	**103**
Cost of inventories sold	(56)	(435)	(2)	(678)	-	**(1,171)**
Other expenses	(1,410)	(2,797)	(1,337)	(487)	(1,655)	**(7,686)**
Operating profit/(loss) before depreciation & amortisation for the year	(105)	(641)	(172)	(346)	(1,554)	**(2,818)**
Depreciation and amortisation	(29)	(188)	(36)	(1)	(10)	**(264)**
Operating profit/(loss) for the year	(134)	(829)	(208)	(347)	(1,564)	**(3,082)**
Non-current assets						
Intangible assets	50	845	467	-	1,481	**2,843**
Property, plant and equipment	19	715	24	12	17	**787**