



12 December 2014

Cooks Global Foods Limited reports strong ongoing growth with store openings ahead of plan

Preliminary Announcement and Interim Report for 6 months to 30th September 2014

Cooks Global Foods Limited (CGF.NZ) today reports progress in consolidating its business, most of which were acquired less than a year earlier in October 2013, and growing its global footprint and store numbers. In the six months since its March 2014 year end, the company has expanded into two new territories, and grown its worldwide store numbers to 79 at the end of September 2014. The store opening program has continued at an accelerated pace and at the report date (12th December) there were 85 stores operating globally. The previously published target of stores for the end of March of 86 will be exceeded with this number now projected to be well in excess of 90. Expansion in both China and the Middle East has been driving the acceleration of the plan.

The company acquired the Esquires IP rights in Canada in April 2014 and now owns the international Esquires brand rights globally excluding Australia and New Zealand. More recently the company has launched a major capital raising campaign, involving a series of graduated steps aimed to complete before the middle of 2015. These funds have been targeted for major capital projects, including potential strategic and growth focussed acquisitions.

The company recorded an unaudited operating net loss of \$1.2 million for the period ended 30 September 2014, compared with a pre-transformation operating net loss of \$0.8 million for the period ended 30 September 2013. This result is in line with company forecasts which anticipate reducing losses and moving to profitability as critical mass is achieved through both natural and acquired growth.

As expected, significant costs were incurred during the period relating to developing the businesses global presence in new markets, acquiring the China business and continuing to build the necessary infrastructure and operational base necessary to support a growing platform of coffee houses across the globe.

The financial statements for the half year are unaudited. However, as part of the process of building the necessary infrastructure to support the business, the company recently announced the appointment of a top tier audit firm, PwC, to become their external auditor for the financial year ending 31 March 2015.

Ongoing Company transformation

Cooks acquired the Esquires Canadian intellectual property rights in April this year from the original Esquires franchisor founded 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 licensee for Alberta.

During the period the company also entered into a conditional agreement, subject to Chinese government approval, to acquire the China Esquires master franchise business. Expectation is that the formal government approval process will be completed before the end of 2014. The company anticipates making an announcement on this imminently.

The potential acquisition of the China business presents enormous growth and revenue opportunities for the company.

Financial and operational overview

For the period ended	30 Sept 2014 (unaudited) \$'000	30 Sept 2013* (unaudited) \$'000
Operating Income	4,336	-
Operating Net Profit / (Loss)	(1,178)	(831)
Cash flows from operating activities	(960)	(155)
Basic earnings per share (cents)	(0.44)	(2.55)

** Note: Comparative figures are not meaningful as the operating activities of Cooks Global Foods changed completely, effective 1 October 2013.*

Total operating revenue for the period ended 30 September 2014 was \$4.3 million, derived primarily from Esquires Coffee House revenues of \$3.75 million with revenues from the Supply Division, which includes the Scarborough Fair and Progressive Processors businesses, of \$0.55 million. Cash outflows from operating activities were \$1 million reflecting costs associated with growing the global footprint for the Esquires franchise business, including those relating to the acquisition of the China Esquires operation.

Cooks has continued to consolidate the various companies acquired in October 2013 and the Design Environments business acquired in February 2014. Support functions and operational systems continue to be developed and strengthened. The focus also remains on appointing and developing key personnel as the business expands and grows.

Store overview

Number of cafes by country	30 Sept 2014	30 Sept 2013	Opened/ (closed)
UK	24	29	(5)
Ireland	5	6	(1)
China	18	8	10
Saudi Arabia	9	8	1
Bahrain	3	1	2
UAE	3	2	1
Kuwait	3	1	2
Canada	14	14	-
TOTAL	79	69	10

The figures at 30 September 2013 are for comparative purposes only as CGF group did not own the global franchise until October 2013 and the Canada franchise portion until April 2014.

As at 30 September 2014, Esquires had 79 Coffee Houses worldwide. The stores are based in the UK, Ireland, Middle East and China. Store numbers continue to grow rapidly with a further 6 stores added to this number since – three in China, two in Kuwait and one in Bahrain. A further three stores are anticipated to open in China and the Middle East before the end of December 2014.

Sales across the store network are showing good growth on prior year comparatives. Irish store turnover continues to lead the way with some of the best performing stores in the franchise. China figures are strong and the Middle East also continues to improve on past performance.

Results from the UK business continue to be mixed, but the business now has a strong team in place and a number of opportunities in train. The business recently sold its Durham store to a new Franchisee after a major store refurbishment incorporating the new branding and design templates to be progressively rolled out across the network in the UK and internationally. Trading results since the store reopened in October have been very encouraging with turnover up more than 20%.

During the period the company completed the signing of Master Franchise Agreements in Northern Cyprus and in Indonesia. The agreement in Indonesia will see a minimum of 40 stores rolled out in the country over the next 10 years. Work is currently underway to open the first stores in both countries before the end of the current financial year.

Capital Raising

Cooks has continued to raise equity from qualified investors through the period. However, during that time a more strategic approach to capital raising has crystallised with the intention to steadily execute the various stages of that plan over the coming months through to mid-2015. The first stage of this plan has commenced via the Share Purchase Plan (SPP) which gives all shareholders the opportunity to partake in the company's growth. The SPP is due to complete prior to Christmas.

Governance

CGF's directors as at 30 September 2014 were Norah Barlow, Lewis Deeks, Stuart Deeks Mike Hutcheson, Keith Jackson, Andrew Kerslake, and Graeme Lee.

Outlook

“With the foundations for Cooks firmly in place, the business is focussed on rapidly and aggressively expanding its network through both natural and acquired growth to achieve critical mass. These are very exciting times for Cooks that present enormous opportunities,” said Cooks Food Group Chairman, Keith Jackson.

“The full acquisition of the China Master Franchise that is expected to be finalised shortly will provide a further opportunity to build a strong business in the huge China market. Esquires has a strong management team in place based in Beijing and a number of excellent business partners in place, “Mr Jackson said.

Ends

For further information please contact:

Keith Jackson, Chairman, Cooks Global Foods, Mob: 021 702 509

Email: keith.jackson@cooksglobalfoods.com

About Cooks Global Foods

Cooks Global Foods operates in world markets and is listed on the New Zealand Stock Exchange under the code CGF. It owns the intellectual property and master franchising rights to Esquires Coffee Houses worldwide excluding New Zealand and Australia. CGF's Esquires currently operates coffee houses in Canada, the United Kingdom and Ireland, the Middle East and China. Related businesses within the group include Design Environments that provides design services to the Esquires network and external parties and New Zealand-based supply companies Progressive Processors Ltd and Scarborough Fair Limited which supply product into both Esquires stores and other third party customers.

Cooks Global Foods Limited

Unaudited Income Statement

For the Six month period to 30th September 2014

	Six months to 30th September 2014 \$000's	Six months to 30th September 2013 \$000's
Operating Income	4,336	0
Cost of Sales	(1,306)	0
Gross Profit	3,030	0
Less Costs	(4,101)	(791)
Other Income	187	0
EBITDA	(884)	(791)
Depreciation, Amortisation & Impairment	(205)	0
EBIT / (Loss)	(1,089)	(791)
Net Interest	(89)	(40)
Operating Net Profit / (Loss)	(1,178)	(831)
Earnings per Share (cents per share)	(0.44)	(2.55)

Unaudited Statement of Movements in Equity

For the Six month period to 30th September 2014

\$000's	As at 30th September 2014 \$000's	As at 30th September 2013 \$000's
Equity at the Beginning of the Period	16,685	(3,661)
Net Surplus / (Deficit) for the period	(1,178)	(831)
Transactions with owners	2,175	548
Foreign Subsidiaries Exchange Translation	(67)	0
Equity at End of Period	17,615	(3,944)

**Unaudited Balance Sheet
As at 30th September 2014**

\$000's	As at 30th September 2014 \$000's	As at 30th September 2013 \$000's
Current Assets		
Cash	1,046	259
Trade Receivables	1,406	1,569
Inventories	366	0
Other Current Assets	572	120
Total Current Assets	3,390	1,948
Non Current Assets		
Property, Plant & Equipment	896	0
Goodwill	17,809	0
Trademarks & IP	1,322	20
Other Assets	714	0
Total Non Current Assets	20,741	20
Total Assets	24,131	1,968
Current Liabilities		
Trade Creditors	1,234	327
Bank OD	1,722	0
Loans	0	2,700
Current Tax Liabilities	114	0
Other Current Liabilities	2,192	40
Total Current Liabilities	5,262	2,987
Non Current Liabilities		
Other Liabilities	1,254	2,925
Total Non Current Liabilities	1,254	2,925
Total Liabilities	6,516	5,912
Net Assets	17,615	(3,944)
Net Assets per Share (cents)	6.88	(10.58)
Net Tangible Assets per Share (cents)	(0.59)	(10.58)
Earnings per Share (cents)	(0.44)	(2.55)
Shareholders Equity		
Share Capital – Opening Equity	16,685	(3,661)
Profit / Deficit	(1,178)	(831)
Transactions with owners	2,175	548
Foreign Subsidiaries Exchange Translation	(67)	0
Shareholders' Equity	17,615	(3,944)

**Unaudited Statement of Cash Flows
For the Six months ended 30th September 2014**

Cash Flow from Operating Activities

\$000's	Six months to September 2014	Six months to September 2013
Receipts from Customers & Others	4,160	-
Payment to Suppliers and Employees	(5,120)	(155)
Net Operating Cash Flows	(960)	(155)

Cash Flow from Investing Activities

\$000's	Six months to September 2014	Six months to September 2013
Purchase of business assets	(770)	0
Net Investing Cash Flows	(770)	0

Cash Flow from Financing Activities

\$000's	Six months to September 2014	Six months to September 2013
Issue of Shares	925	0
Borrowings	0	1,317
Capital raising costs	(75)	0
Interest paid	(89)	(40)
Net Financing Cash Flows	761	1,277

Net Increase (Decrease) in cash held: \$(969)

Cash at beginning of period \$293
Cash at the end of the period (\$676)

Unaudited Notes to and forming Part of the Financial Statements For the Six month period ended 30th September 2014

Reporting Entity

The reporting entity is Cooks Global Foods Limited (the "Parent"). The "Group" comprises the Parent and its subsidiaries.

The unaudited financial statements included in this report are for the Group.

Statement of Compliance

The Parent is a profit oriented entity registered in New Zealand under the Companies Act 1993. The Parent is an issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

Basis of Preparation

The financial statements have been prepared on the basis of historic cost. Cost is based on the fair value of the consideration given in exchange for the assets. Accounting standards are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability thereby ensuring that the substance of the underlying transactions or other events is reported.

Key Accounting Policies

Intangible Assets

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

Impairment

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

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

Share Capital

Balance at end of the period

- Ordinary Shares 267,131,103

Business Acquisitions

The Group acquired the Esquires Canadian intellectual property rights in April 2014, giving it the right to sell Esquires Coffee House franchises in Canada. Globally this leaves only Australia and New Zealand for which the Group do not hold rights to the Esquires brand.

During the period, deferred settlement payments were made with respect to business acquisitions that occurred in the previous financial year ended 31 March 2014.

Capital Commitments, Contingent Liabilities

There were no capital commitments or contingent liabilities as at 30th September 2014 other than those noted below:

- 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. Nothing further has occurred with respect to this issue since it was reported in the Annual Report for the year ended 31 March 2014.
- 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.

Cyclical Nature of Operations

The Parent had, up to October 2013, divested of its business assets and was not operating in the normal way. The financial statements for the six months ended 30th September 2014 reflect ongoing trading activity since the Parent made a number of significant business acquisitions in the second half of the previous financial year.

Statutory Audit

These six month financial statements are unaudited, though the full financial years results are subject to an external audit.