



# INTERIM REPORT

FOR THE 6 MONTHS TO  
30 SEPTEMBER 2017

# HIGHLIGHTS

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**TOTAL CONTINUING COFFEE OPERATIONS POST A NET OPERATING PROFIT.**

**1H 2018 REVENUE FROM CONTINUING OPERATIONS INCREASED 2.7% TO \$2.7 MILLION**

**CONSTANT CURRENCY<sup>1</sup> TOTAL STORE NETWORK SALES<sup>2</sup> RISE 11.4% TO \$20.8 MILLION**

**HALF-YEAR GROUP NET LOSSES FROM CONTINUING OPERATIONS REDUCE 27.3% TO \$1.2 MILLION.**

**ACTIVELY WORKING ON RAISING THE REMAINING \$4.3 MILLION OF UNDERWRITTEN CAPITAL FROM THE \$10 MILLION NEW CAPITAL RAISE APPROVED BY SHAREHOLDERS EARLIER IN THE YEAR.**

**PROGRESS CONTINUES ON JOINT VENTURE AGREEMENTS FOR THE MIDDLE EAST AND CHINA.**

**CONTINUE TO TARGET TRANSITION TO CASH FLOW BREAK EVEN BY THE END OF THE CURRENT FINANCIAL YEAR.**

**STORE GROWTH IMPACTED BY CLOSURES PRIMARILY RELATING TO THE CHINA BUSINESS RESTRUCTURE.**

<sup>1</sup>Constant currency figures adjust prior year figures using the same exchange rate as current year to eliminate any exchange fluctuation effect.

<sup>2</sup>Total (network) store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or owned, across the company's global brand network. Cooks franchise businesses derive their income from franchise related fees, primarily related to those sales levels as well as store sales figures for those stores directly owned by the company. Total network store sales, therefore, have a strong correlation to revenue earned by Cooks Global Foods. However, they are not and should not be confused with the sales of Cooks Global Foods group.



COOKS GLOBAL FOODS (COOKS) HAS OVER THE LAST SIX MONTHS TAKEN STEPS THAT WILL SUSTAIN THE GROWTH OF OUR GLOBAL NETWORK OF ORGANIC AND FAIRTRADE BRANDED COFFEE STORES.

With the support of our major shareholders, we have raised \$5.7 million in new capital (including a portion by way of debt offset) out of the total targeted capital raise of \$10 million. We are actively pursuing the remaining \$4.3 million, which is fully underwritten by Cooks Investment Holdings Limited. When complete, we will have sufficient capital for Cooks to achieve its immediate growth plans.

We have negotiated non-binding terms and are working towards the completion of joint ventures for our Chinese and Middle East operations that will allow Cooks and its partners to make the most of the significant opportunities we see for branded coffee in those markets.

We have continued to grow our global store network with the launch of new stores and the refurbishment of stores with the Esquires' Organic and Fairtrade brand livery; the latest of which is a new store in Portugal. And, we closed those stores that – due to changing market conditions – no longer offered the promise they once did.

The result has been a strong financial performance of the store network on a constant currency basis, while our total continuing coffee operations<sup>3</sup> segment has posted an operating profit.

However, the sharp fall in sterling following last year's 'Brexit' vote overshadowed the strong sales performance in the UK operations, the group's largest territory. The effect of this fall was partially offset by exchange rate movements in favour of our Irish and global business, which includes the Middle East, Canadian and Indonesian businesses. Revenue from continuing operations for the six months to 30 September 2017 increased 2.7% to

\$2.7 million from \$2.6 million in the same period a year ago. We saw continued strong growth in group service revenues, including Esquires Coffee store royalties, design fees, and other franchise fees. Coffee product sales were down on the same period a year ago, but we expect these to be stronger in the second half as we benefit from large orders from the Middle East and China.

Continuing retail sales were static as we currently have only one company owned store outside the now-discontinued Chinese operation.

The supply businesses lifted sales by 9%, but we expect stronger results in the second half given the introduction of our new climate-neutral Grounded coffee range only occurred part way through the six months to 30 September 2017.

#### COOKS GROUP REVENUE

	Continuing Operations		Discontinued Operations	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	\$'000	\$'000	\$'000	\$'000
Sale of Beverage product	538	738	367	135
Sale of Kiwifruit & Asparagus produce	-	-	46	128
Retail Sales (Owned Stores)	246	253	1,290	2,298
<b>Sale of Goods</b>	<b>784</b>	<b>991</b>	<b>1,703</b>	<b>2,561</b>
Royalties	1,142	1,074	19	19
Fees and other revenue	778	569	70	41
<b>Rendering of services</b>	<b>1,920</b>	<b>1,643</b>	<b>89</b>	<b>60</b>
<b>Group Revenue</b>	<b>2,704</b>	<b>2,634</b>	<b>1,792</b>	<b>2,621</b>

Constant currency total network sales<sup>1,2</sup> increased 11.4% in the six months to \$20.8 million from \$18.6 million in the same period a year ago. This followed a 7.0% increase in transactions<sup>4</sup> to 2.3 million from 2.1 million in the same period of the prior year and a 4.1% increase in constant currency average transaction values<sup>5</sup> to \$9.09.

<sup>3</sup> Our total continuing coffee operations disregard our discontinued operations and the costs associated with those discontinued operations.

<sup>4</sup> 'Transactions' relate to the total individual transactions, which occur within Esquires branded coffee stores, whether franchised or owned. A transaction is defined as a single financial transaction for food, beverage or product that is processed through the point-of-sale system within a coffee store.

<sup>5</sup> 'Average Transaction Values' are derived by dividing total Esquires Coffee store sales by total transactions recorded over the period.

Half-year losses from continuing operations reduced 27% to \$1.2 million from \$1.6 million in the same period last year, lifted by improved earnings in the Irish operation and a lift in sales in the supply businesses. Corporate overheads were also lower - despite the extra costs associated with the capital raising and the company continuing to invest in the development of its global store network.

These gains were offset by a fall in earnings at the UK café operations (due to weakness in sterling) and weaker earnings in the global Esquires business, largely a result of timing delays in the placement of product orders.

Group net losses attributable to shareholders, which include the losses from the discontinued Chinese coffee store network and Progressive Processors, also reduced 35.5% to \$2.3 million from \$3.6 million a year ago.

Our Chinese coffee store network is classified as discontinued as it is being sold into a new business venture that is targeted at driving branded coffee growth across greater China. Meanwhile, Progressive Processors' operations were sold to management at the start of the current financial year.

We are pleased with the performance we have seen across the store network. The new stores we have established - such as Maidstone, Balham & Yate in the UK, Findlater House in Dublin, and Mehkial in Kuwait- are now among the top performers in the global store network. Meanwhile, the stores we have rebranded or refurbished are generally delivering results well in excess of their average weekly sales prior to rebranding and refurbishment. Ambleside in the UK, with growth at more than 70% compared to prior year, is the standout performer.

Store numbers at the end of September 2017 increased modestly to 92 from 89 at the end of September 2016, with the opening of 14 new stores offset by 11 store closures. As we mentioned in our quarterly update in early November, store closures in China and the Middle East have been higher than normal.

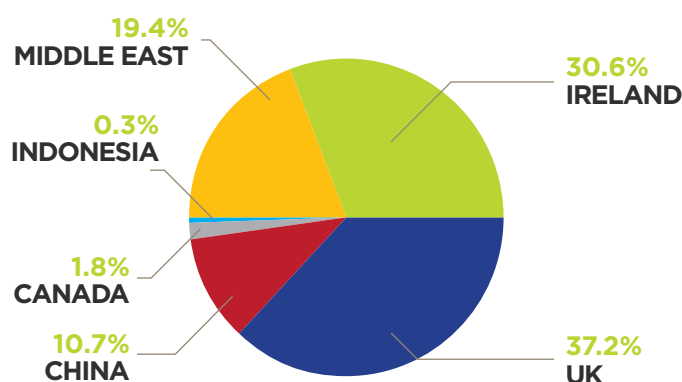
The Chinese business has faced a sharp escalation in rents and employment costs in some areas partly offset by the strength of the New Zealand dollar against the Chinese yuan. At the same time, its transition to a new business venture arrangement with Suzhou Yueying Enterprise Investment Partnership has led to a refocusing of the local network on those stores best suited to the development of cafés with an expanded food offer.

In the Middle East, we are reconfiguring the

business to better position the network for evening sales, when cafés in the region typically transact as much as 60% of their business. We are confident these changes, coupled with the new franchise arrangements we have planned for the region, will see store growth accelerate.

As announced in September, Cooks and its Saudi Arabian partner, Anasia Foods, are working towards the establishment of a 50:50 joint venture that will be the master franchisee for the Middle East, West Africa, and West Asia. Cooks is targeting the completion of this joint venture by the end of this financial year.

NETWORK SALES<sup>2</sup> BREAKDOWN



## BUSINESS UNIT PERFORMANCE

### IRELAND

Store numbers were static in Ireland compared to the same period last year at 11 in total, but the territory delivered a strong performance. The region benefitted from the store refurbishment programme and a strengthening of the Euro against the New Zealand dollar.

Revenue surged from \$359,000 to \$529,000 and the region posted an operating profit of \$179,000. Costs in the business were contained.

On a constant currency basis, store network sales<sup>1,2</sup> surged 21% in the six months to 30 September compared to the same period a year ago and stand at around \$6.3 million.

### THE UNITED KINGDOM

The UK recorded the strongest growth across the global network, with store numbers growing to 31 at the end of September, up from 25 stores at the same time a year ago.

<sup>2</sup> 'Same Store Sales' are the aggregate of all Esquires-branded coffee stores, whether franchised or owned across the company's global brand network that have been operational for at least a full two-year period for the purposes of like-for-like comparison between current and prior periods. The metric measures the improvement in existing store sales within the brand network, excluding new stores opened in the previous 24 months. Same store sales are not the sales for Cooks Global Foods group, but nevertheless demonstrate a correlation to revenue earned by Cooks Global Foods.

Constant currency total store sales<sup>1,2</sup> in the UK for the six-month period rose 22.2% on the same period a year ago and represented 37.2% of total store sales. Same store sales<sup>6</sup> for the six-month period were up 4% on the same period last year. In addition to the six new stores, the group is benefitting from the ongoing store refurbishment programme, which is delivering strong results.

The weakness in sterling following the Brexit vote continues to weigh heavily on New Zealand dollar revenues and returns. Half year revenue fell 5.2% to \$1.2 million from \$1.3 million a year ago, while the region posted a net loss of \$13,000 compared to a \$102,000 profit in the same period last year. As an example of the impact of exchange on the results for the UK business, sales in sterling actually increased by close to 11% over the same six-month period a year ago.

Constant currency Network sales<sup>2</sup> of stores that underwent a rebrand in 2017 are up 35.3% for the six months to September when compared to the same period last year. Reflecting these trends, average transaction volumes and values are both up by 12% on the same period last year.

## GLOBAL

The global segment, which covers the Middle East, Indonesia, Canada and emerging markets saw its income decrease by 7.1% over the prior period. The main contributor was a significant reduction in sales of Esquires beverage product (primarily coffee and paper cups) over the prior comparative period. This largely reflects timing factors relating to the placement of orders. We expect a much stronger second half with orders subsequently received from Saudi Arabia, Kuwait, Pakistan, Bahrain and China.

On the other hand, the segment benefitted from franchise fees (Pakistan and Portugal) of \$180,000 for the six months to 30 September 2017, against no such income in the prior comparative period. The division delivered an operating loss of \$113,000, which is a significant improvement on the prior year's operating loss of \$475,000.

The Middle East, which represents the largest portion of the segment, lifted constant currency store network sales<sup>1,2</sup> for the six months to \$4.0 million from \$3.8 million in the same period a year ago. Store numbers were static, but the region benefited from an improvement in store mix with the sales from four new stores more than offsetting the closure of four underperforming stores.

The completion of our planned new partnership with the Saudi Arabia-based Anasia Foods will further lift growth in the region. Anasia Foods is majority owned by Sheikh Anas Abudawood, Chairman of Abudawood Group, which distributes products in the Middle East region for multinational companies such as Proctor & Gamble, Quaker Oats & Ferrero Rocher.

Indonesia opened one new store, taking its total to three, while store numbers were static in Canada.

## SUPPLY BUSINESSES

Revenue in the continuing supply businesses rose 8.8% to \$346,00 from \$318,000 a year earlier reflecting the growing momentum of Crux Products and the early results from the launch of the new climate-neutral coffee brand Grounded.

Losses narrowed to \$139,000. Crux is shipping increasing volumes of food and beverage products between China and New Zealand, while the Grounded brand launch of its new coffee is driving strong growth in revenue.

## CORPORATE

Corporate costs for the six-month period fell to \$1.1 million from \$1.2 million the same period a year ago. The fall occurred despite the costs associated with the capital raising, the negotiation of joint ventures in the Middle East and China, and legal fees and related costs associated with discussions with partners overseas, negotiations with potential strategic equity partners, and changes to facility lines.

## DISCONTINUED OPERATIONS

Revenue in the Chinese operations - which represents 97% of revenue in the discontinued businesses - fell 30% to \$1.7 million from \$2.5 million a year ago largely due to store closures. The effects of this move were exacerbated by the weakness of the Chinese yuan. As we noted in November, we are working towards the completion of the shared venture with Suzhou Yueying Enterprise Investment Partnership by the end of the current financial year.

Cooks set 30 September 2017 as the base date for the commencement of the Chinese joint venture. From 1 October 2017, Cooks has entered into a co-management arrangement in the region that will see Cooks and its partners sharing operational costs on a 50:50 basis until the joint venture business agreements are completed.



## BALANCE SHEET

Through the share placement to major shareholders and the associated share purchase plan, the company has either raised or has commitments for new capital totalling \$10 million.

As at 30 September 2017 the company had reduced its debt-to-equity to below 10% and had cash on hand of \$1.2 million against overdraft balances of \$1.6 million. It had also improved its net asset position from \$197,000 at 31 March 2017 to \$3.8 million at 30 September 2017.

The remaining capital of \$4.3 million, of the \$10 million capital raise approved earlier this year, is being actively marketed. Cooks Investment Holdings Limited, which is an investment vehicle controlled by me, has underwritten this full value with a final date of placement of 29th June 2018. Once the capital raising is complete Cooks will have sufficient capital to pursue its growth agenda, although additional capital will be required for any strategic acquisitions.

## OUTLOOK

Cooks is making good progress against its strategic plans.

The formation of new joint ventures in both China and the Middle East will put in place structures that will incentivise our regional partners to grow branded coffee outlets, while the global rebranding and refurbishment programme of the store network will continue to drive performance improvements across the group.

The achievement of our goal to reach 140 stores at the end of this financial year is dependent on development initiatives. Meanwhile, we remain on track to meet our goal of transitioning to breakeven by the end of this financial year for our continuing business activities.

We will update shareholders on our progress when we report our third quarter operating statistics early in the New Year.

Finally, on behalf of the board I would like to thank the team at Cooks and all our franchisees and staff for their work over the last six months. Cooks is in a much stronger position than it ever has been thanks to their efforts. We are looking to the remainder of the financial year and beyond with confidence.

For and on behalf of the Board of Directors



Keith Jackson  
Chairman  
Cooks Global Foods Limited



Esquires UK - Balham



Esquires UK - Yate



Esquires Ireland - Findlater House



Esquires UK - Maidstone



Esquires Portugal - Porto

## ESQUIRES COFFEE OPERATING METRICS

### 6 MONTHS TO 30 SEPTEMBER

TOTAL NETWORK	2017	2016	VARIANCE
Esquires Coffee Store sales <sup>2</sup>	NZ\$20,774,967	NZ\$18,642,957	11.4%
Transactions <sup>4</sup>	2,285,165	2,134,685	7.0%
Average transaction value <sup>5</sup>	NZ\$9.09	NZ\$8.73	4.1%
SAME STORE	2017	2016	VARIANCE
Esquires Coffee Store sales <sup>6</sup>	NZ\$16,869,500	NZ\$16,591,029	1.7%
Transactions <sup>4</sup>	1,819,722	1,883,967	-3.4%
Average transaction value <sup>5</sup>	NZ\$9.27	NZ\$8.81	5.3%

Note all the figures in the above table are constant currency with prior year figures converted at the same exchange rate as current year to eliminate any exchange fluctuation effect.

### STORE NUMBERS

	SEPTEMBER 2016	OPENED	CLOSED	SEPTEMBER 2017
China	25	1	5	21
UK	25	7	1	31
Ireland	11	0	0	11
Middle East	23	4	4	23
Canada	3	1	1	3
Indonesia	2	1	0	3
<b>TOTAL</b>	<b>89</b>	<b>14</b>	<b>11</b>	<b>92</b>

**COOKS GLOBAL FOODS LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

		<b>Unaudited 6 months 30 September 2017 \$'000</b>	<b>Unaudited 6 months 30 September 2016 \$'000</b>
	<b>Notes</b>		
Revenue		2,704	2,634
Other income		85	78
Raw materials and consumables used		(485)	(682)
Depreciation and amortisation		(78)	(83)
Impairment of intangible assets		(45)	-
Property related costs		(211)	(309)
Net foreign exchange (losses)/gains		239	(515)
Employee costs		(1,851)	(1,490)
Other expenses		(1,346)	(1,049)
<b>Operating loss</b>		<b>(988)</b>	<b>(1,416)</b>
Finance costs		(189)	(204)
<b>Loss before income tax</b>		<b>(1,177)</b>	<b>(1,620)</b>
Income tax expense		-	-
<b>Loss for the year from continuing operations</b>		<b>(1,177)</b>	<b>(1,620)</b>
<b>Net loss for the year from discontinued operations</b>		<b>(1,297)</b>	<b>(2,185)</b>
<b>Net loss for the year</b>		<b>(2,474)</b>	<b>(3,805)</b>
<b>Loss from discontinued operations attributable to:</b>			
- Shareholders of the parent		(1,174)	(2,012)
- non-controlling interests		(123)	(173)
		<b>(1,297)</b>	<b>(2,185)</b>
<b>Loss attributable to:</b>			
- Shareholders of the parent		(2,344)	(3,632)
- non-controlling interests		(130)	(173)
		<b>(2,474)</b>	<b>(3,805)</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Change in foreign currency translation reserve		463	1,933
Other comprehensive income after tax		463	1,933
<b>Total comprehensive loss for the year</b>		<b>(2,011)</b>	<b>(1,872)</b>
<b>Attributable to:</b>			
- Shareholders of the parent		(1,881)	(1,699)
- non-controlling interests		(130)	(173)
		<b>(2,011)</b>	<b>(1,872)</b>
<b>Loss per share:</b>			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	2	<b>(0.54)</b>	(0.92)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	2	<b>(0.27)</b>	(0.39)



**COOKS GLOBAL FOODS LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	Attributable to Equity holders of the Company					
	Share Capital \$'000	Foreign currency translation reserve \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
<b>Balance at 1 April 2016</b>	36,372	(5)	(27,029)	9,338	309	9,647
<b>Comprehensive loss for the year</b>						
Loss for the year	-	-	(11,775)	(11,775)	(404)	(12,179)
<b>Other comprehensive income</b>						
<b>Items that may be subsequently reclassified to profit or loss:</b>						
Change in foreign currency translation reserve	-	760	-	760	-	760
<b>Total comprehensive income/(loss) for the year</b>	-	760	(11,775)	(11,015)	(404)	(11,419)
<b>Transactions with owners of the Company</b>						
Issue of ordinary shares	503	-	-	503	-	503
Ordinary shares to be issued	1,000	-	-	1,000	-	1,000
<b>Total contributions by owners of the Company</b>	1,503	-	-	1,503	-	1,503
Non-controlling interests funds introduced	-	-	-	-	466	466
<b>Balance at 31 March 2017</b>	37,875	755	(38,804)	(174)	371	197
<b>Balance at 1 April 2017</b>	37,875	755	(38,804)	(174)	371	197
<b>Comprehensive loss for the period</b>						
Loss for the period	-	-	(2,344)	(2,344)	(130)	(2,474)
<b>Other comprehensive income</b>						
<b>Items that may be subsequently reclassified to profit or loss:</b>						
Change in foreign currency translation reserve	-	463	-	463	-	463
<b>Total comprehensive income/(loss) for the period</b>	-	463	(2,344)	(1,881)	(130)	(2,011)
<b>Transactions with owners of the Company</b>						
Issue of ordinary shares	5,656	-	-	5,656	-	5,656
Share issue expenses	-	-	-	-	-	-
<b>Total contributions by owners of the Company</b>	5,656	-	-	5,656	-	5,656
Non-controlling interest arising on business formation	-	-	-	-	-	-
<b>Balance at 30 September 2017</b>	43,531	1,218	(41,148)	3,601	241	3,842

**COOKS GLOBAL FOODS LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

		<b>Unaudited</b>	Audited
		<b>6 months</b>	12 months
		<b>30 September</b>	31 March
		<b>2017</b>	2017
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,172	182
Trade and other receivables		3,096	2,579
Inventories		172	227
Other current assets		774	518
Assets classified as held-for-sale		7,509	6,495
Current tax assets		9	6
<b>Current Assets</b>		<b>12,732</b>	<b>10,007</b>
<b>Non-Current Assets</b>			
Intangible assets		2,977	3,035
Property, plant and equipment		369	256
Other non-current financial assets		17	15
<b>Non-current assets</b>		<b>3,363</b>	<b>3,306</b>
<b>Total Assets</b>		<b>16,095</b>	<b>13,313</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		4,344	3,832
Bank overdraft		1,558	1,826
Liabilities classified as held-for-sale		2,897	1,689
Borrowings and other liabilities		1,768	4,270
<b>Current liabilities</b>		<b>10,567</b>	<b>11,617</b>
<b>Non-Current Liabilities</b>			
Borrowings and other liabilities		1,686	1,499
<b>Non-current liabilities</b>		<b>1,686</b>	<b>1,499</b>
<b>Total Liabilities</b>		<b>12,253</b>	<b>13,116</b>
<b>Net Assets</b>		<b>3,842</b>	<b>197</b>
<b>Equity</b>			
Share capital	3	43,531	37,875
Accumulated losses		(41,148)	(38,804)
Foreign currency translation reserve		1,218	755
<b>Equity attributable to owners of the parent</b>		<b>3,601</b>	<b>(174)</b>
Non-controlling interests		241	371
<b>Total equity</b>		<b>3,842</b>	<b>197</b>

**COOKS GLOBAL FOODS LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	Unaudited 6 months 30 September 2017 \$'000	Unaudited 6 months 30 September 2016 \$'000
<b>Operating activities</b>		
<i>Cash was provided from:</i>		
Receipts from customers	6,192	5,256
<i>Cash was applied to:</i>		
Interest cost	(241)	(204)
Payments to suppliers & employees	(6,766)	(7,666)
<b>Net cash applied to operating activities</b>	<u>(815)</u>	<u>(2,614)</u>
<b>Investing activities</b>		
<i>Cash was applied to:</i>		
Purchase of property, plant and equipment	(135)	(12)
Acquisition of subsidiaries or investment in joint ventures	(80)	(68)
<b>Net cash from/(applied) to investing activities</b>	<u>(215)</u>	<u>(80)</u>
<b>Financing activities</b>		
<i>Cash was provided from:</i>		
Proceeds from borrowings	750	2,855
Proceeds from share issue	2,274	-
<i>Cash was applied to:</i>		
Repayment of borrowings	(736)	-
<b>Net cash provided from financing activities</b>	<u>2,288</u>	<u>2,855</u>
<b>Net increase in cash and cash equivalents held</b>	<b>1,258</b>	<b>161</b>
Cash & cash equivalents at beginning of the year	(1,644)	(775)
Cash & cash equivalents at end of the year	<u>(386)</u>	<u>(614)</u>
<b>Composition of cash and cash equivalents:</b>		
Bank balances	1,172	978
Overdraft balances	(1,558)	(1,592)
	<u>(386)</u>	<u>(614)</u>



**COOKS GLOBAL FOODS LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

The following is a reconciliation between loss after taxation for the period shown in the statement of comprehensive income and net cash flows from operating activities.

	Unaudited 6 months 30 September 2017 \$'000	Unaudited 6 months 30 September 2016 \$'000
<b>Loss after tax</b>	<b>(2,474)</b>	<b>(3,805)</b>
<b>Add non-cash items:</b>		
Depreciation and amortisation	472	471
Impairment of intangible assets	45	-
<b>Add/(Less) movements in assets/liabilities:</b>		
Inventories	55	(57)
Trade and other receivables	(520)	468
Other short-term assets	(256)	(646)
Trade and other payables	1,023	(578)
Other liabilities	646	1,533
Assets/liabilities classified as held-for-sale	194	-
<b>Net cash flow applied to operating activities</b>	<b>(815)</b>	<b>(2,614)</b>

**COOKS GLOBAL FOODS LIMITED**  
**UNAUDITED SEGMENT INFORMATION**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

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

The franchise coffee store business, operating under the Esquires brand, covers geographic segments in the UK, Ireland, China and New Zealand (as Global). Principal income streams for the franchise business are royalties, coffee product and other retail sales, design and other franchise fees. The supply segment represents the supply of tea/coffee/beverages (through the Scarborough Fair business) and facilitates trade between China and New Zealand and other countries (using its Crux Products business).

Segment information for the reporting period is as follows:

30 September 2017	Continuing operations					Total	
	Global	UK	Ireland	Supply	Corporate		
Global operational splits	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue	631	1,198	529	346	-	2,704	
Other income	-	85	-	-	-	85	
Cost of inventories sold	(96)	(96)	-	(293)	-	(485)	
Depreciation and amortisation	(17)	(54)	-	-	(5)	(76)	
Impairment of intangible assets	(1)	(28)	(16)	-	-	(45)	
Other expenses	(630)	(1,118)	(334)	(192)	(1,086)	(3,360)	
<b>Loss before income tax</b>	<b>(113)</b>	<b>(13)</b>	<b>179</b>	<b>(139)</b>	<b>(1,091)</b>	<b>(1,177)</b>	
<b>Non-current assets</b>							
Intangible assets	58	928	513	-	1,478	2,977	
Property, plant and equipment	76	244	22	3	24	369	
<b>Discontinued operations</b>							
30 September 2017	China	Supply	Total				
Global operational splits	\$'000	\$'000	\$'000				
Revenue	1,746	46	1,792				
Other income	271	31	302				
Cost of inventories sold	(804)	(11)	(815)				
Depreciation and amortisation	(394)	-	(394)				
Other expenses	(2,187)	5	(2,182)				
<b>Loss before income tax</b>	<b>(1,368)</b>	<b>71</b>	<b>(1,297)</b>				
<b>Non-current assets</b>							
Intangible assets	1,550	-	1,550				
Property, plant and equipment	460	-	460				
<b>Continuing operations</b>							
30 September 2016	Global	UK	Ireland	Canada	Supply	Corporate	Total
Global operational splits	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	679	1,265	359	13	318	-	2,634
Other income	-	6	72	-	-	-	78
Cost of inventories sold	(293)	(92)	(3)	-	(294)	-	(682)
Depreciation and amortisation	(15)	(45)	(16)	-	-	(7)	(83)
Other expenses	(846)	(1,032)	(309)	(57)	(174)	(1,149)	(3,567)
<b>Loss before income tax</b>	<b>(475)</b>	<b>102</b>	<b>103</b>	<b>(44)</b>	<b>(150)</b>	<b>(1,156)</b>	<b>(1,620)</b>
<b>Non-current assets</b>							
Intangible assets	107	1,015	514	20	-	1,482	3,138
Property, plant and equipment	100	67	13	-	2	30	212
<b>Discontinued operations</b>							
30 September 2016	China	Supply	Total				
Global operational splits	\$'000	\$'000	\$'000				
Revenue	2,493	128	2,621				
Other income	157	-	157				
Cost of inventories sold	(1,017)	(137)	(1,154)				
Depreciation and amortisation	(350)	(38)	(388)				
Other expenses	(3,138)	(283)	(3,421)				
<b>Loss before income tax</b>	<b>(1,855)</b>	<b>(330)</b>	<b>(2,185)</b>				
<b>Non-current assets</b>							
Intangible assets	6,375	-	6,375				
Property, plant and equipment	596	486	1,082				

**COOKS GLOBAL FOODS LIMITED**  
**NOTES TO AND FORMING PART OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

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## 1. GENERAL INFORMATION

Cooks Global Foods Limited (“Company” or “Parent”), together with its subsidiaries (the “Group”) operate in the food and beverage industry.

The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the NZX Alternative Market board of the New Zealand stock exchange.

### STATUTORY BASE

The Company is registered under the Companies Act 1993 and is a FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013.

### REPORTING FRAMEWORK

The unaudited interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (“IFRS”) and other applicable New Zealand Reporting Standards as appropriate for profit oriented entities. The financial statements comply with IFRS. These policies have been consistently applied to all periods presented, unless otherwise noted.

These financial statements for the six months ended 30 September 2017 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting and should be read in conjunction with the financial statements published in the Annual Report for the year ended 31 March 2017. They also comply with the International Accounting Standard 34 interim Financial Reporting (IAS 34).

### KEY ACCOUNTING POLICIES

There have been no changes in accounting policies since the last Annual Report, for detailed accounting policies please refer to Note 3 in the 2017 Annual Report.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD  
N/A

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES ENTERED INTO DURING THE PERIOD  
N/A

## 2. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the period.

Diluted loss per share is determined by dividing the loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of any dilutive potential ordinary shares.

Net tangible assets per share is determined by dividing the net asset value of the Group, adjusted by the intangible assets, and the number of shares issued at the end of the period.

	30-Sep-17	30-Sep-16
Weighted average ordinary shares issued	434,421,269	412,666,161
Weighted average potentially dilutive options issued	-	-
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	(0.54)	(0.92)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	(0.27)	(0.39)
Net tangible assets per share (New Zealand Cents)	0.20	(0.42)

Diluted loss per share is the same as basic loss per share. There are no instruments that could potentially dilute basic loss per share.



**COOKS GLOBAL FOODS LIMITED**  
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**3. SHARE CAPITAL**

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. The par value is nil (2017: nil). All shares are equally eligible to receive dividends and the repayment of capital.

<b>Composition of share capital</b>	<b>30-Sep-17</b>	<b>31-Mar-17</b>
<i>Number of Shares issued:</i>	<b>No. of Shares</b>	<b>No. of Shares</b>
Ordinary shares opening balance	<b>416,595,863</b>	412,666,151
Ordinary shares issued	<b>73,022,583</b>	3,929,712
Ordinary share buyback and cancellation	<b>(47,653)</b>	-
<b>Total ordinary shares authorised at period end</b>	<b>489,570,793</b>	<b>416,595,863</b>

<b>Composition of share capital</b>	<b>30-Sep-17</b>	<b>31-Mar-17</b>
<i>Value of Shares issued:</i>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares opening balance	<b>37,875</b>	36,372
Ordinary shares issued less share issue expenses	<b>5,660</b>	503
Ordinary shares to be issued	-	1,000
Ordinary share buyback and cancellation	<b>(4)</b>	-
<b>Total ordinary shares authorised at period end</b>	<b>43,531</b>	<b>37,875</b>

At 30 September 2017, \$1,623,000 of the ordinary share capital is unpaid (31 March 2017: \$1,623,000). During the period ended 30 September 2017, the company issued a total of 73,022,583 shares of which 44,872,813 shares were issued to Jiajiayue Holding Group Limited (JJY) and 23,142,840 shares were issued to Yunnan Metropolitan Construction Investment Group Co Ltd (YMCI) following shareholder approval at a special meeting held on 29 June 2017.

At a special meeting held on 29 June 2017, shareholders approved that the Company has the ability to buyback shares on-market at the prevailing market prices. The maximum number of shares that may be acquired by the Company is 20,000,000. For the period ended 30 September 2017, 47,653 shares were bought and cancelled by the Company.

**4. RELATED PARTY TRANSACTIONS**

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

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

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

Andrew Kerslake is a director of ADG Investments Limited.

Mike Hutcheson is a director of Image Centre Limited, Lighthouse Ventures Limited and Lighthouse Ideas Company Limited.

Peihuan Wang is a director of Jiajiayue Holdings Group Limited.

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

Shu Xin ("Ellen") Zhang is a director of Beijing Esquires Management Co. Limited.

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TRANSACTIONS WITH RELATED PARTIES

The value of transactions with related parties during the periods were:

	<b>6 months 30 September 2017 \$'000</b>	<b>6 months 30 September 2016 \$'000</b>	<b>Nature of Transactions</b>
Jiajiayue Holding Group Limited	3,478		- Shares issued
YunNan Metropolitan Construction Investment Group Co Limited	1,794		- Shares issued
Jiajiayue Holding Group Limited	1,151	1,000	Funding loan advanced
Nikau Trust	725	750	Funding loan advanced
Jackson & Associates	92	90	Management services
Light House Ideas Company	20	20	Director's fee
Cooks Investment Holdings Limited	-	3,133	Shares issued
Image Centre Limited	-	3	Creative service provider

*Balances outstanding with related parties*

	<b>Unaudited 6 months 30 September 2017 \$'000</b>	<b>Unaudited 6 months 30 September 2016 \$'000</b>
Cooks Investment Holdings Limited	1,623	3,133
Nikau Trust	825	750
Jackson & Associates	91	40
Beijing Yunnan Building Hotel Co Ltd.	-	1,167
Jiajiayue Holding Group Limited	-	1,000
Image Centre Limited	3	3
Light House Ideas Company	7	3

**5. CAPITAL COMMITMENTS, CONTINGENT LIABILITIES**

There were no capital commitments as at 30 September 2017 (31 March 2017: \$nil).

There were no changes in capital commitments, contingent liabilities and contingent assets that would require disclosure for the six months ended 30 September 2017 (30 September 2016: \$nil).

**6. GOING CONCERN**

The Group reported a loss of \$2,474,000 (2016: \$3,805,000) and operating cash outflows of \$815,000 (2016: \$2,614,000) for the six-month period to 30 September 2017. As at 30 September 2017 the Group has reported net assets of \$3,842,000 and current assets exceed current liabilities by an amount of \$2,165,000.

In the going concern note (Note 4) in the last audited financial statements for the Group, the Directors forecast that the Group could manage its cash flow requirements at levels appropriate to meet its cash commitments for the foreseeable future being a period of 12 months from the date of authorisation of those consolidated financial statements (31 July 2017).

In reaching their decision the Directors considered the achievability of the plans and assumptions underlying those forecasts. The key assumptions were the:

- Group's ability to successfully raise the required capital of \$4.7 million or Cooks Investment Holdings Limited's ability to honour the underwrite of \$4.7 million in accordance with the terms of the underwrite agreement and associated with the Shareholder Purchase Plan which closed on 4 August 2017;

- Group's ability to maintain the repayment schedules of remaining debt in accordance with the repayment agreements; and
- Ability to generate operating cash flows from continuing operations at the same level as the 2017 financial year, the outcome of projects targeting the sale of territory master franchises generating cash inflow of \$720,000 and the settlement of the China operations reorganisation by the end of September 2017.

Work is still progressing on the raising of the remaining required capital of \$4.3 million but the Directors remain confident based on existing discussions. The Shareholder Purchase Plan closed on 4 August 2017 and the sum of \$390,000 was raised.

The repayment schedules for the remaining debt are continuing as planned or have been renegotiated where necessary, which was also an option noted in the 31 March financial statements to align with expected capital inflows.

The Group is generating operating cash flows from continuing operations at levels at, or ahead of, those generated in the 2017 financial year. These do fluctuate depending on the timing of product orders. There are currently large orders either just completed or in production for Bahrain, Kuwait, Saudi Arabia and China which will be recorded subsequent to 30 September 2017.

Discussions are still continuing in several new markets with respect to establishing territory master franchises. The most recent territory franchise completed in the first six months of this financial year relates to Pakistan with its first store scheduled to open early next year. A store franchise agreement has been signed in Portugal with the intention to grow this market further in the future. The first store in Portugal opened on 11 December 2017.

For the six months to 30 September 2017 fees from the sale of master franchises amounted to \$180,000 and other franchise fees (primarily relating to new stores) totalled \$297,000.

The reorganisation of the China operation is proceeding but at a pace slower than originally expected. Currently financial and legal due diligence is being completed by our prospective Chinese partner based on the 30 September 2017 numbers. In the meantime, we are now working in a transitional period where we are managing the business jointly with them until the final settlement date which is expected to be prior to the end of the financial year. It is expected that amendments to the agreed non-binding term sheet may be necessary once the due diligence phase is complete and any outstanding issues resolved.

There has been no significant change in market conditions for the business since the signing of the 31 March 2017 financial statements.

The Directors remain of the same view that they expressed in the 31 March 2017 financial statements, namely that they have reasonable expectation that the Group has sufficient headroom in its cash resources to allow the Group to continue to operate for the foreseeable future or alternatively it can manage its working capital requirements to create additional required headroom.

## **7. SUBSEQUENT EVENTS**

Since 30 September 2017, the Company has cancelled a further 31,545 ordinary shares under the share buyback program. Refer to Note 3.

The Company is continuing to work with the Chinese-based Investment entity (CIE) as noted in the 31 March 2017 audited financial statements. There have been no changes to the proposed structure of the new China venture although the vehicle for the CIE to hold their 70% share of the restructured Esquires business is now to be Suzhou Yueying Enterprise Investment Partnership. Earlier the intended investment vehicle was Guangzhou Juncheng Equity Investment Partnership, but the CIE has since opted for a different entity to align with the province from which they expect most of their investment funds to be raised.

As indicated in Note 6, once the current financial and legal due diligence is completed amendments to



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the non-binding term sheet may need to be agreed. In the meantime, a co-management arrangement is in place that sees the Company and its partners sharing the operational costs of its China business on a 50:50 basis until the new venture agreements are completed.

The Company is continuing to work to establish a 50:50 joint venture with its current Saudi Arabian Master Franchisee, Anasia Foods, to drive the growth of its branded coffee outlets in the Middle East, North Africa and West Asia. The expectation remains that the new venture will commence trading early in the new year.

There were no other material events subsequent to the end of the six-month period ended 30 September 2017 that would require disclosure.

### Directors

Keith Jackson (Chairman)  
Peihuan Wang  
Hui Zhe  
Michael Hutcheson  
Andrew Kerlake

### Registered Office

Level 5, 3 City Road  
Grafton  
Auckland 1010

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### Share Registrar

Link Market Services Limited  
PO Box 91976  
Auckland 1142  
New Zealand  
Phone: +64 9 375 5998

### Solicitor

Duncan Cotterill, Wellington

### Auditor

BDO Auckland, Auckland

### Bankers

ANZ Bank, Auckland

### Company number

2089337

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### About Cooks Global Foods

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

## Appendix 1 release

<b>(CGF) : Cooks Global Foods Limited</b>	
<b>Results for announcement to the market</b>	
Reporting Period	6 months ended 30 September 2017
Previous Reporting Period	6 months ended 30 September 2016

	<b>Amount (\$NZ'000)</b>	<b>Percentage change</b>
Revenue from continuing ordinary activities	\$2,704	102.7%
Net loss attributable to security holders	-\$2,344	64.5%

	<b>Amount per security</b>	<b>Imputed amount per security</b>
Interim Dividend		
No interim dividend has been declared for this reporting period. CGF has no dividend reinvestment plan currently in operation.	\$0.0000	\$0.00000

Record Date	N/A
Dividend Payment Date	N/A

	<b>30 September 2017</b>	<b>30 September 2016</b>
Earnings Per Share (Cents per share):		
Basic and diluted loss per share from continuing and discontinued operations	(0.54)	(0.92)
Basic and diluted loss per share from continuing operations	(0.27)	(0.39)
Net tangible assets per share	0.20	(0.42)