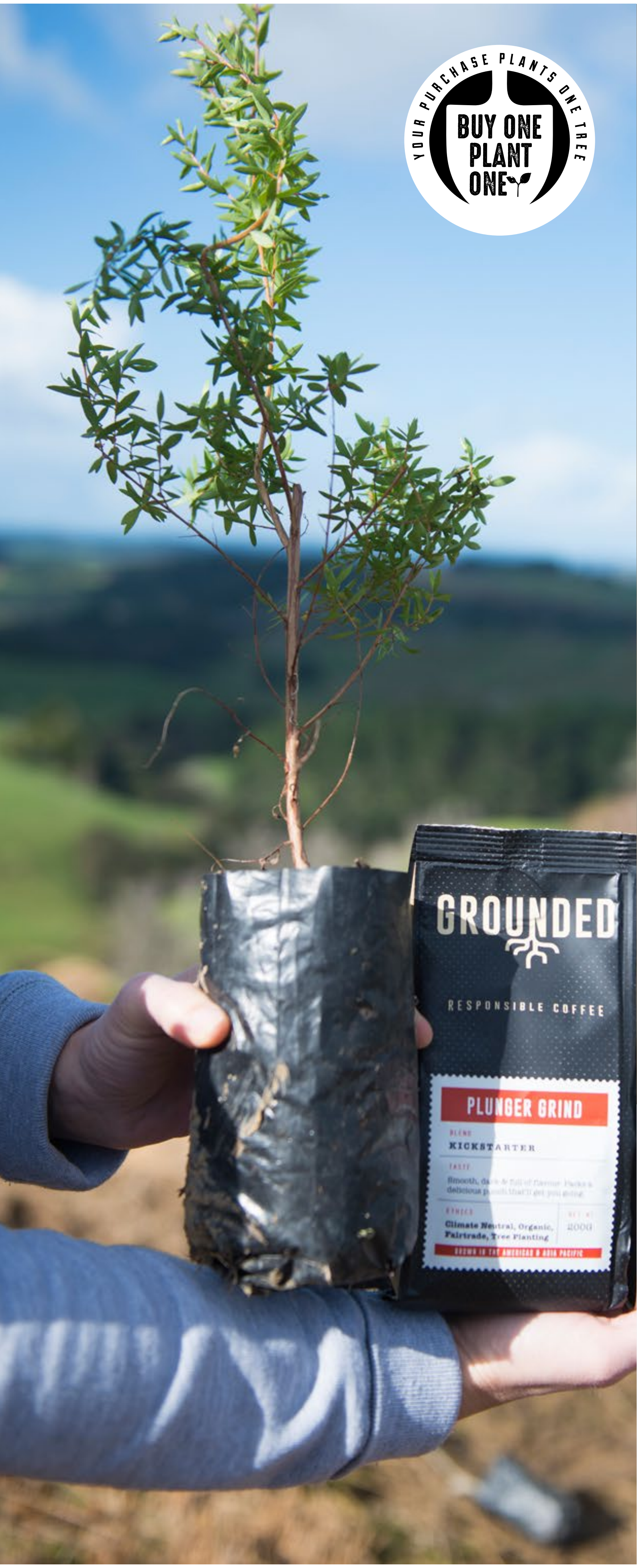
COOKS GLOBAL FOODS LTD.

INTERIM REPORT

FOR THE 6 MONTHS TO 30 SEP 2018



HIGHLIGHTS

REVENUE[1] INCREASES 8.3% TO $2.9 MILLION FROM $2.7 MILLION AS ESQUIRES COFFEE STORES AND SUPPLY OPERATIONS CONTINUE TO GROW STRONGLY.

COFFEE OPERATIONS IN ALL MAJOR REGIONS SEE STRONG REVENUE GROWTH WITH STORE SALES UP 11.3% COMPARED TO LAST YEAR.

NET LOSS FROM CONTINUING OPERATIONS AFTER TAX RISES TO $1.9 MILLION FROM $1.2 MILLION, REFLECTING COSTS FROM THE PROPOSED ACQUISITION OF MOJO AND RESTRUCTURING OF THE BUSINESS.

RESTRUCTURING INITIATIVES HAVE BEEN IMPLEMENTED WHICH WILL DRIVE ENHANCED FINANCIAL PERFORMANCE IN THE SECOND HALF OF THE FINANCIAL YEAR BY REDUCING FIXED OVERHEADS IN UK & CORPORATE OFFICE.

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, Portugal, Romania, Bahrain, Kuwait, Saudi Arabia, Jordan, Pakistan, Indonesia and China.
For more information visit:
www.cooksglobalfoods.com

Notes
[1] Revenue for the six months to 30 September 2017 has been restated to reflect the introduction of the new NZ IFRS 15 standard. Please refer to note 8.

EXECUTIVE CHAIRMAN'S REPORT

25 JANUARY 2019

INTERIM REPORT

FOR THE 6 MONTHS TO 30 SEP 2018

COOKS BENEFITS FROM COFFEE STORE NETWORK MOMENTUM

COOKS CONTINUES TO MAKE PROGRESS PUTTING ITS OPERATIONS ON A LONG-TERM FOOTING.

Cooks' global coffee operation Esquires Coffee is growing strongly around the world and we are also benefitting from growth in our supply business. These changes along with a reduction in operational overhead costs will deliver a positive impact in the second half of the year and beyond.

"RECENT RESTRUCTURING INITIATIVES WILL DELIVER REAL BENEFITS IN THE REMAINDER OF THE SECOND HALF AND BEYOND."

The group saw gains across all its businesses after Esquires Coffee delivered an 11.3% increase in constant currency store sales[3] for the six months to 30 September to $24.1 million from $21.6 million in the same six-month period last year. Group revenue for the six months to 30 September 2018 increased 8.3% to $2.9 million from $2.7 million posted in the same six-month period a year ago.

UP 11.3%

STORE SALES

UP 8.3%

GROUP REVENUE

Net losses before tax from continuing operations increased to $1.9 million from $1.2 million in the same period a year ago, due to the timing impact of new initiatives to drive growth in the UK and Europe, including changes to our royalty programs as well as a non-cash share of our Chinese joint venture's losses. Higher finance charges and costs associated with the proposed acquisition of the Mojo chain of coffee stores towards the end of the half year also weighed on earnings.

BALANCE SHEET

As at 30 September 2018 Cooks had cash on hand of around $0.53 million and net debt of $5.3 million, up marginally on the prior year's $5.2 million. Cooks has been in ongoing discussions with ANZ Bank concerning its debt facilities.

As we noted earlier this year, ANZ had agreed to extend the time for repayment to 30 November 2018. With the termination of the proposed Mojo acquisition, ANZ has agreed to further extend the date for repayment, please refer to note 6.

The Cooks board has meanwhile agreed to extend out to 31 March 2019 the date by which Cooks Investment Holdings Limited, a company with which I am associated, must satisfy the terms of the equity underwriting agreement it entered into in March 2017. This is to enable the underwritten shares to be available as part of broader funding discussions now underway.

Following discussions with the Financial Markets Authority, Cooks is reviewing the $2.9 million carrying value of our 21% stake in the Chinese coffee joint venture.

The Board has appointed Censere to complete a valuation of the Joint Venture. Censere have extensive valuation experience throughout Asia and the South Pacific. The valuation is expected to be completed before the end of March 2019 in time for our Annual Accounts. Cooks will update the market when the valuation is completed. If the Censere valuation does not support the carrying value, the Board will immdediately reconsider the carrying value. Any adjustment would result in a change to the value of Cooks' net assets and the Group's reported result. Censere are a very experienced company based in Singapore & Hong Kong who have long experience in the China market. This timing is later than previousy advised due to the appointment process, the Censere workload and the time of year.

NZX MAIN BOARD MIGRATION

Cooks will migrate to the NZX Main Baoard Market subject to the recruitment of an additional independent director and other administrative changes. We believe the move will help to lift the profile of the company and boost liquidity in its shares. The Board is targeting a transition before the middle of 2019.

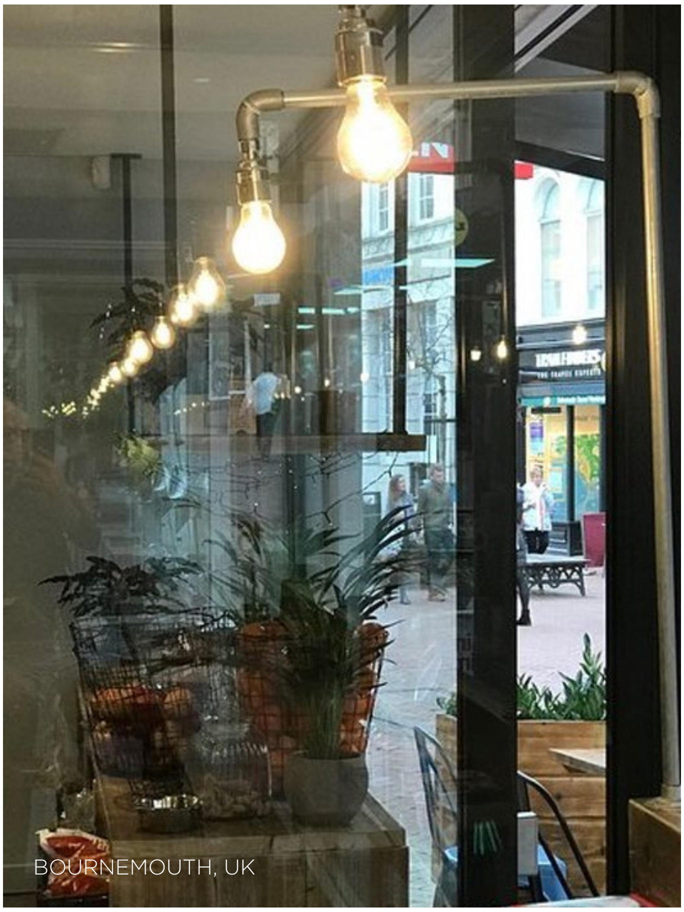
OUTLOOK

From 30 September 2018 Cooks adopted the new IFRS 15 revenue accounting standard. This standard has implications for guidance given amid the negotiations to acquire Mojo, when Cooks forecast a narrowing in EBITDA losses for the year to 31 March 2019 to $0.5 million from $1.0 million in the year earlier.

Those forecasts were made using the old accounting standard, which allowed Cooks to recognise revenue generated from the sale of regional franchises at the time of receipt. The new IFRIS 15 standard requires Cooks to recognise the revenue over the life of the franchise.

Consequently, following the adoption of this new standard, Cooks now expects EBITDA losses for the year to 30 March 2019 to be closer to $2.0 million rather than the $0.5 million previously indicated. Notwithstanding these accounting adjustments, cashflows from the sale of regional franchises is unaffected.

Cooks continues to make progress putting its operations on a long-term footing. Moreover, we are confident recent restructuring initiatives will start to deliver real benefits in the remainder of the second half and beyond.



BOURNEMOUTH, UK

BUSINESS PERFORMANCE

LIMERICK, IRELAND

THE UNITED KINGDOM

UK store numbers increased to 38 at the end of September up from 31 at the same time a year ago and 36 stores at the end of June 2018. Meanwhile, constant currency coffee store sales for the six-month period increased 22% to $9.8 million from $8.0 million in the same period a year ago. The region also saw a 17% increase in transaction volumes and a 4% increase in average transaction values.

Revenue in the UK segment rose 15.8% to $1.4 million from $1.2 million in the same period of the prior year. Operating losses increased to $0.47 million from an operating loss of $0.22 million in the same period a year ago.

However, Cooks did not see the full benefit from this growth due to several one-off effects. In the prior six-month period, the region booked a number of large one-off fees associated with the opening of new stores, including design fees and franchise fees.

Meanwhile, the UK business has a new strategy to create regional development franchises and as part of this new strategy, it has restructured the regional franchise fee and royalty schedule. This has had a short-term effect of lowering revenues to Cooks, but over the longer term, the move is expected to accelerate revenue growth and contribute to increased profitability and cash flow.

Finally, towards the end of the last financial year, Cooks opened a company-owned flagship store in Putney in South West London. The new store is growing sales and is also setting the standard for Esquires in the UK and serving as a hub for regional training and administration. However, start-up costs associated with the new store have weighed on operating earnings from the region.

EUROPE (IRELAND)

Following the opening of new stores in Portugal and Romania, Cooks has combined the results from these countries with its highly-successful Irish business into a new European segment from a management and operational perspective.

Constant currency total store sales in the broader region were $7.7 million, 12.1% ahead of the same period a year ago. This result was driven by new stores in Portugal and Romania coming on stream and 7% growth in Ireland itself as three new stores came on stream late in the period. The group is yet to see the full benefits of the strong growth in Ireland due to the timing of the new stores coming on stream. In September, for instance, constant currency total store sales in Ireland were 18% ahead of the prior year and for the second quarter the growth was 14%.

EUROPE (IRELAND) CONTD...

Revenue in the region increased 36.1% to $0.72 million from $0.5 million in the same period a year ago. Operating profits in the European business rose to $64,000 from $23,000 in the same period of the prior year, with the impact of growth in the region diluted by the costs associated with establishing the new European beachhead.

GLOBAL

The global segment, which incorporates Cooks operations in the Middle East, Canada and Asia as well as the company's design subsidiary Design Environments, saw a 34.2% increase in half year revenue to $0.85 million from $0.63 million in the same period a year ago. Operating losses narrowed from $68,000 to $32,000. The global segment benefitted from a step up in royalties, product and merchandise sales following new store openings in Jordan, Pakistan and Bahrain.

Constant currency sales of the Esquires Coffee store network included in the global segment increased 13% to $5.0 million from $4.4 million in the same six-month period a year ago. Transaction volumes and transaction values were also up.

However, these gains were offset by a weaker performance in the Design Environments business unit which has now been restructured to focus exclusively on Cook's internal needs rather than seeking to build external revenue.

Cooks meanwhile continues to explore franchise agreements in other territories.

SUPPLY AND CORPORATE

Revenue at the supply businesses increased 20.5% to $0.42 million reflecting the strong growth in the new 'Grounded' climate-neutral coffee brand.

Operating losses at $0.11 million compared to $0.14 million a year earlier, an improvement of 21%.

Cook's Crux Products supply business, which is engaged in the export of produce to China, is making progress, and made a small contribution to group revenue and it largely broke-even for the six-month period.

Corporate costs rose by 20.5% to $0.96 million from $0.6 million in the same period last year, principally reflecting the costs associated with the planned acquisition of Mojo.

CHINA

The Chinese business is now treated as an equity-accounted associate following its transition to a new joint venture last year. Cooks has an effective 21% stake in the business and booked a $0.2 million non-cash share of the venture's losses for the six-month period. The agreement to record this transaction has now been executed.

MOJO

Just before the close of the financial year Cooks entered into a conditional agreement to acquire 100% of the shares in Mojo Coffee Cartel for approximately $14 million. The acquisition was conditional on the arrangement of financing, but Cooks was not able to meet that condition by the (extended) transaction closing date and so the transaction was terminated.

For and on behalf of the Board of Directors

Keith Jackson
Chairman
Cooks Global Foods Limited

CARRICK ON SHANNON, IRELAND

6 MONTHS TO 30 SEPTEMBER

TOTAL NETWORK	2018	2017	VARIANCE
Esquires Coffee Store sales[3]	NZ$24,051,694	NZ$21,618,890	11.3%
Transactions[5]	2,430,460	2,262,258	7.4%
Average transaction value[6]	NZ$9.90	NZ$9.56	3.6%

SAME STORE	2018	2017	VARIANCE
Esquires Coffee Store sales[4]	NZ$18,163,685	NZ$18,229,703	-0.4%
Transactions[5]	1,847,554	1,918,065	-3.7%
Average transaction value[6]	NZ$9.83	NZ$9.50	3.4%

ESQUIRES COFFEE STORE NUMBERS

	30 SEPTEMBER 2017	OPENED	CLOSED	30 SEPTEMBER 2018
UK	31	8	1	38
Canada	3	0	1	2
Asia	24	3	8	19
Europe	11	7	1	17
Middle East	23	4	3	24
TOTAL	**92**	**22**	**14**	**100**

Notes

[1] Revenue for the six months to 30 September 2017 has been restated to reflect the introduction of the new NZ IFRS 15 standard. Please refer to note 8.

[2] Non-GAAP Financial information: EBITDA is a non-GAAP measure of financial performance. Cooks defined and reconciled its forecast of EBITDA in its release to New Zealand Stock Exchange on 31 August 2018. That presentation is available on the Cooks Global Foods and NZX websites and is available by clicking this link here.

[3] Network (Store) Sales: 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.

[4] Same Store Sales: 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 same as revenue in the financial statements for Cooks Global Foods group but can indicate stable revenue growth in the brand network.

[5] Transactions: 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.

[6] Average Transaction Value: Average transaction values are derived by dividing total Esquires coffee store sales by total transactions recorded over the period. Total (Store) Network All stores whether owned or franchised, which operate under a brand owned by companies within the Cooks Global Foods Group.

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Notes	Unaudited 6 months 30 September 2018 $'000	Unaudited 6 months 30 September 2017 $'000
Continuing operations			
Revenue		**2,928**	2,704
Other income		**7**	85
Raw materials and consumables used		**(552)**	(485)
Depreciation and amortisation		**(117)**	(123)
Property related costs		**(269)**	(211)
Net foreign exchange (losses)/gains		**107**	239
Employee costs		**(1,781)**	(1,851)
Other expenses		**(1,834)**	(1,346)
Operating loss		**(1,511)**	(988)
Finance costs		**(254)**	(189)
Share of net loss of associate accounted for using the equity method		**(161)**	-
Loss before income tax		**(1,926)**	(1,177)
Income tax expense		**-**	-
Loss for the year from continuing operations		**(1,926)**	(1,177)
Net loss for the year from discontinued operations		**-**	(1,297)
Net loss for the year		**(1,926)**	(2,474)
Loss attributable to:			
- Shareholders of the parent		**(1,926)**	(2,344)
- non-controlling interests		**-**	(130)
		(1,926)	(2,474)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		**(106)**	463
Other comprehensive income after tax		**(106)**	463
Total comprehensive loss for the year		**(2,032)**	(2,011)
Attributable to:			
- Shareholders of the parent		**(2,032)**	(1,881)
- non-controlling interests		**-**	(130)
		(2,032)	(2,011)
Loss from discontinued operations attributable to:			
- Shareholders of the parent		**-**	(1,174)
- non-controlling interests		**-**	(123)
		-	(1,297)
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	2	**(0.39)**	(0.54)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	2	**(0.39)**	(0.27)

The attached notes form part of, and are to be read in conjunction with these financial statements.

COOKS GLOBAL FOODS LIMITED
UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Attributable to Equity holders of the Company					
	Note	Share Capital $'000	Foreign currency translation reserve $'000	Accumulated Losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance at 1 April 2017		37,875	755	(38,804)	(174)	371	197
Comprehensive loss for the year							
Loss for the year		-	-	(3,731)	(3,731)	(131)	(3,862)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Change in foreign currency translation reserve		-	(656)	-	(656)	-	(656)
Total comprehensive income/(loss) for the year		-	(656)	(3,731)	(4,387)	(131)	(4,518)
Transactions with owners of the Company							
Issue of ordinary shares		4,642	-	-	4,642	-	4,642
Ordinary shares to be issued		170	-	-	170	-	170
Total contributions by owners of the Company		4,812	-	-	4,812	-	4,812
Non-controlling interests fund's introduced		-	-	-	-	83	83
Non-controlling interests disposed of		-	-	-	-	(391)	(391)
Total non-controlling interests		-	-	-	-	(308)	(308)
Balance at 31 March 2018		42,687	99	(42,535)	251	(68)	183
Balance at 1 April 2018		**42,687**	**99**	**(42,535)**	**251**	**(68)**	**183**
IFRS 15 Revenue adjustment to Accumulated Losses	8	**-**	**-**	**(1,212)**	**(1,212)**	**-**	**(1,212)**
Adjusted balance at 1 April 2018		**42,687**	**99**	**(43,747)**	**(961)**	**(68)**	**(1,029)**
Comprehensive loss for the period							
Loss for the period		**-**	**-**	**(1,926)**	**(1,926)**	**-**	**(1,926)**
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Change in foreign currency translation reserve		**-**	**(106)**	**-**	**(106)**	**-**	**(106)**
Total comprehensive income/(loss) for the period		**-**	**(106)**	**(1,926)**	**(2,032)**	**-**	**(2,032)**
Transactions with owners of the Company							
Issue of ordinary shares		**-**	**-**	**-**	**-**	**-**	**-**
Ordinary shares to be issued		**(170)**	**-**	**-**	**(170)**		**(170)**
Company		**(170)**	**-**	**-**	**(170)**	**-**	**(170)**
Balance at 30 September 2018		**42,517**	**(7)**	**(45,673)**	**(3,163)**	**(68)**	**(3,231)**

	Notes	Unaudited 6 months 30 September 2018 $'000	Audited 12 months 31 March 2018 $'000
Assets			
Current Assets			
Cash and cash equivalents		**531**	714
Trade and other receivables		**1,133**	2,760
Inventories		**159**	154
Other current assets		**815**	616
Current Assets		**2,638**	4,244
Non-Current Assets			
Intangible assets		**2,897**	2,948
Property, plant and equipment		**323**	359
Investments accounted for using the equity method		**2,926**	3,087
Other non-current financial assets		**15**	15
Non-current assets		**6,161**	6,409
Total Assets		**8,799**	10,653
Liabilities			
Current Liabilities			
Trade and other payables		**5,070**	4,604
Bank overdraft		**1,139**	1,180
Deferred revenue		**1,143**	-
Borrowings and other liabilities		**2,544**	2,737
Current liabilities		**9,896**	8,521
Non-Current Liabilities			
Borrowings and other liabilities		**2,134**	1,949
Non-current liabilities		**2,134**	1,949
Total Liabilities		**12,030**	10,470
Net Assets		**(3,231)**	183
Equity			
Share capital	3	**42,517**	42,687
Accumulated losses		**(45,673)**	(42,535)
Foreign currency translation reserve		**(7)**	99
Equity attributable to owners of the parent		**(3,163)**	251
Non-controlling interests		**(68)**	(68)
Total equity		**(3,231)**	183

The attached notes form part of, and are to be read in conjunction with these financial statements.

	Notes	Unaudited 30 September 2018 $'000	Unaudited 30 September 2017 $'000
Operating activities			
Cash was provided from:			
Receipts from customers		**3,403**	6,192
Cash was applied to:			
Interest cost		**(138)**	(241)
Payments to suppliers & employees		**(4,229)**	(6,766)
Net cash applied to operating activities		**(964)**	(815)
Investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		**(17)**	(135)
Acquisition of subsidiaries or investment in joint venures		**-**	(80)
Net cash applied to investing activities		**(17)**	(215)
Financing activities			
Cash was provided from:			
Proceeds from borrowings		**700**	750
Proceeds from share issue		**139**	2,274
Cash was applied to:			
Repayment of borrowings		**-**	(736)
Net cash provided from financing activities		**839**	2,288
Net (decrease)/increase in cash and cash equivalents held		**(142)**	1,258
Cash & cash equivalents at beginning of the year		**(466)**	(1,644)
Cash & cash equivalents at end of the year		**(608)**	(386)
Composition of cash and cash equivalents:			
Bank balances		**531**	1,172
Overdraft balances		**(1,139)**	(1,558)
		(608)	(386)

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.

	Notes	Unaudited 30 September 2018 $'000	Unaudited 30 September 2017 $'000
Loss after tax		**(1,926)**	(2,474)
Add non-cash items:			
Depreciation and amortisation		**117**	517
Share of losses of associate		**161**	-
Share based payments		**185**	-
Add/(Less) movements in assets/liabilities:			
Inventories		**(5)**	55
Trade and other receivables		**325**	(520)
Other short-term assets		**(199)**	(256)
Trade and other payables		**378**	1,023
Other liabilities		**-**	646
Assets/liabilities classified as held-for-sale		**-**	194
Net cash flow applied to operating activities		**(964)**	(815)

The attached notes form part of, and are to be read in conjunction with these financial statements.

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 2018 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 2018. 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 2018 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-18	**30-Sep-17**
Weighted average ordinary shares issued	**489,509,248**	434,421,269
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(0.39)**	(0.54)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(0.39)**	(0.27)
Net tangible assets per share (New Zealand Cents)	**(1.25)**	0.20

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

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 (2018: nil). All shares are equally eligible to receive dividends and the repayment of capital.

Movements of share capital	**30-Sep-18**	**31-Mar-18**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	489,509,248	416,595,863
Ordinary shares issued	-	73,022,583
Ordinary shares bought back on-market and cancelled	-	(109,198)
Total ordinary shares authorised at period end	489,509,248	489,509,248

Movements of share capital	**30-Sep-18**	**31-Mar-18**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	**42,687**	37,875
Ordinary shares issued less share issue expenses	**-**	4,650
Ordinary shares bought back on-market and cancelled	**-**	(8)
Ordinary shares to be issued	**(170)**	170
Total ordinary shares authorised at period end	**42,517**	42,687

At 30 September 2018, $nil of the ordinary share capital is unpaid (31 March 2018: $1,301,773).

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.

Keith Jackson is a director of Cooks Investment Holdings Limited, TRS Investments Limited, Dairy Farm Investments Limited, Dairy Farm Investments (Ruawhata) Limited, Jackson & Associates Limited, Weihai Station Limited and a trustee of Nikau Trust.

Andrew Kerslake is a director of ADG Investments Limited and HMFIC Investments Limited.

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

Peihuan Wang is a director of Jiajiayue Holding Group Limited and Weihai Station Limited.

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

Craig Brown is the Group's CFO and a director of most of the Group's subsidiary companies.

Doug Williamson is a director of a number of the Group's UK subsidiary companies.

TRANSACTIONS WITH RELATED PARTIES

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

	30-Sep 2018 $'000	30-Sep 2017 $'000
Purchases of goods and services		
Purchase of management services	**83**	92
Property rental agreement with related party	**-**	111
Purchase of other services	**-**	-
Interest paid to related party	**111**	-
Other transactions		
Subscriptions for new ordinary shares	**-**	5,272
Funding loans advanced	**700**	1,876

Balances outstanding with related parties

	30-Sep 2018 $'000	30-Sep 2017 $'000
Oustanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	**239**	91
Other related parties	**1,533**	885
Loans to related party (1)		
Beginning of the year	**1,302**	1,623
Subscriptions for new ordinary shares	**(1,302)**	-
End of period	**-**	1,623
Loans from related party		
Beginning of the year	**1,725**	750
Loans advanced	**700**	75
Subscriptions for new ordinary shares	**(992)**	-
Interest charged	**111**	-
Interest paid	**(11)**	-
End of period	**1,533**	825

(1) Keith Jackson had entered into an underwrite agreement with CIHL for any unsubscribed shares in this investment vehicle. As at 30 September 2018 $nil (30 September 2017: $1,622,622) was owing to CGF under the terms of this agreement.

5. CAPITAL COMMITMENTS, CONTINGENT LIABILITIES

There were no capital commitments as at 30 September 2018 (31 March 2018: $nil).

There were no changes in capital commitments, contingent liabilities and contingent assets that would require disclosure for the six months ended 30 September 2018 (31 March 2018: $nil).

6. GOING CONCERN

The Group reported a loss of $1,926,000 (2017: $2,474, 000) and operating cash outflows of $964,000 (2017: $815,000) for the six-month period to 30 September 2018. As at 30 September 2018 the Group has reported net assets of ($3,231,000) and current liabilities exceed current assets by an amount of $7,258,000.

The ability of the Group to pay its debts as they fall due and to realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the consolidated financial statements has been considered by the Directors in the adoption of the going concern assumption during the preparation of these financial statements.

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 (16 July 2018).

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 conclude major discussions relating to capital and debt raising for which formal contractual terms have not yet been entered for $5.2 million in total. Of this amount, $4.3 million relates to the current underwrite by Cooks Investment Holdings Limited in accordance with the terms of the underwrite agreement;

- Group's ability to maintain the repayment schedules of remaining debt in accordance with the repayment agreements and comfort provided by related parties of Keith Jackson owed $1,770,000 that they do not intend to/will not call up repayment of that debt; and

- Ability to generate operating cash flows from continuing operations at the same level as the 2018 financial year, the outcome of projects targeting the sale of territory master franchises generating cash inflow of $720,000 and the sale of further regional franchise sales in the United Kingdom operations.

These key assumptions remain valid at 30 September 2018.

Work is still progressing on the raising of additional capital and the Directors remain confident based on existing discussions. Originally the intention was that the bulk of the $5.2 million targeted would be raised as part of the capital sought in association with the planned acquisition of a major New Zealand coffee chain, Mojo Coffee Cartel (refer to Note 7). The Group however failed to complete this transaction and the conditional agreement was terminated in October 2018. Alternate discussions are underway to raise this capital in association with other opportunities currently being investigated by the Group.

In the meantime the Group has borrowed approximtely US$905,000 as a short term Convertible Note. These monies have a 12 month maturity date; attract interest of 18% pa payable quarterly in arrears; and are convertible to shares at the option of the lender at the higher price per ordinary share of 85% of VWAP leading up to the time of conversion or the price at which shares are issued under a capital raising of at least $2 million.

The Company has been in further discussion with ANZ Bank concerning its debt facilities. As noted in its financing update on 29th August 2018, the ANZ Bank had agreed to extend the time for repayment to 30 November 2018. With the termination of the proposed Mojo acquisition, ANZ Bank agreed to a phased extension, with $400,000 due on 14th December 2018, $375,000 due on 28th February 2019 and the overdraft of $425,000, letter of credit facility of $125,000 and credit card facility to be closed off on 31st March 2019. The payment of $400,000 due on 14th December 2018 has been paid. The Company remains in talks with other lenders.

The repayment schedules for the remaining debt are continuing as planned or have been renegotiated where necessary. Related parties of Keith Jackson are currently owed $1,770,000 and the commitment remains that they do not intend to/will not call up repayment of that debt.

The Group is generating operating cash flows from continuing operations at levels at or ahead of those generated in the 2018 financial year.

Discussions are still continuing in several new markets with respect to establishing territory master franchises. Active opportunities for the sale of several regional franchises in the United Kingdom are also currently in various stages of negotiation with the expectation that one or more may be complete prior to year end.

There has been no significant change in market conditions for the business since the signing of the 31 March 2018 financial statements.

As noted in the last audited financial statements for the Group, the Directors acknowledge that there are material uncertainties within the forecast assumptions noted above. These uncertainties relate predominantly to the success and timing of existing discussions relating to the debt and capital raising, the ability of Cooks Investment Holdings Limited to honour the terms of its underwrite should these discussions not be successful, and market conditions which the Group operates in. Nevertheless, after considering the uncertainties described above the Directors have a 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 that it can manage its working capital requirements to create additional required headroom. In addition, a significant portion of the total sum looking to be raised relates to investment in new markets which, if the appropriate funds required aren't raised in the timeframes envisaged, would also result in forecast investment expenditure in these markets being deferred.

Whilst the Directors acknowledge that there are credit, exchange and liquidity risks in the global economic market in which the Group operates, they are confident that additional capital or funding will be sourced by the Group which has a track record of obtaining financial support from cornerstone investors and related parties and, where necessary, negotiating the deferment of debt repayments. The Directors are also confident that operating cash flows will continue to improve as a result of the restructuring activities that have been undertaken and reduce the extent of cash outflow and improve revenue growth.

The Directors continue to consider other opportunities to further improve the Group's cash position which include discussing collaborations with partners overseas, negotiations with potential strategic equity partners, investigating new facility lines and greater focus on improving existing business activities.

After taking into account all available information, the Directors remain of the same view that they expressed in the 31 March 2018 financial statements, namely that there are reasonable grounds to believe that the forecasts and plans are achievable, the Group will be able to pay its debts as and when they become due and payable, and the basis of preparation of the financial report on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

7. SUBSEQUENT EVENTS

As noted in the 31 March 2018 audited financial statements, the Board of Directors made the decision to restructure the China business of Beijing Esquires Management Co Ltd (BEML) in the prior year and had progressed the introduction of a new local partner to inject significant new capital into the business in return for a majority stake in the China operation. It was the judgment of the Directors that the Group had lost control of BEML with effect from 1 October 2017 and that it was appropriate to treat the entity not as a subsidiary but as an associate in which it had a minority stake and equity account for it from the effective date that control was lost.

While non-binding Term Sheets had been signed and the restructure of the business significantly advanced, a formal shareholder agreement had yet to be executed and all structural formalities completed. In early January 2019 the shareholder agreement was formally executed. The expectation is that the final company structural formalities will be completed prior to year end.

The Company has been in correspondence with the Financial Markets Authority (FMA) regarding the valuation of its interest in the restructured China business in accordance with accounting standards as at 31 March 2018. The FMA is not satisfied that the current carrying value is substantiated. The Directors remain of the view that the assessment of fair value of the Company's 21% investment in the China business, as recorded in the Annual Report for the year ended 31 March 2018, is reasonable. However, the Directors have agreed to the FMA's recommendation to engage an independent valuation expert to reassess the valuation of the Company's minority interest as at 31 March 2018.

The Board has appointed Censere to complete a valuation of the China business. Censere have extensive valuation experience throughout Asia and the South Pacific. The valuation is expected to be completed in time for our Annual Accounts. The Company will make an announcement to market of the results of this valuation exercise as soon as it completes and the detail of any adjustments required.

Prior to 30 September 2018, the Company announced to the market that it had entered into a conditional agreement to acquire 100% of the shares in Mojo Coffee Cartel for approximately $14 million. The acquisition was however conditional on the arrangement of appropriate financing which had to be satisfied by 24 October 2018. This date was subsequently extended to 31 October 2018 and on that date, with finance not arranged, the transaction was terminated.

After continuing discussions with Mojo shareholders, the Company believes that any further opportunity to take an equity stake in Mojo is unlikely at this point in time. As such the Company is currently pursuing other investment opportunities with a potential funding partner.

The Company has in the meantime agreed to extend the date out to 31 March 2019 by which Cooks Investment Holdings Limited (CIHL), a company associated with Executive Chairman Keith Jackson, must satisfy the terms of the equity underwriting agreement entered into in March 2017. This is to enable the underwritten shares to be available as part of the broader funding discussions being undertaken with this other potential funding party.

There were no other material events subsequent to the end of the six-month period ended 30 September 2018 that would require disclosure.

8. NZ IFRS 15 “REVENUE FROM CONTRACT WITH CUSTOMERS”

NZ IFRS 15 Introduces a five-step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group elected to apply the retrospective cumulative effect method, with no restatement of comparative period amounts. The cumulative effect of applying the new standard is included as an adjustment to the opening balance of retained earnings recognised in the Statement of Changes in Equity for the six months ended 30 September 2018.

This adjustment to opening retained earnings & trade and other payables, for the Franchise & Licence fee income was $1,212,000 and will be spread over the life of the existing franchise & licence agreements. From the 1st April 2018 any new franchise income or licence fee income will be spread over the life of the agreement.

For the 6 months ending 30 September 2018, the additional income generated from this IFRS 15 adjustment amounts to $69,000 and is included in the segment information as Revenue.

The above has no cash effect to the Group and the change is for financial reporting purposes only.

9. NZ IFRS 9 “FINANCIAL INSTRUMENTS”

NZ IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39.

The Group considers financial assets to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. Based on historic information and experience, the Group has assessed that there is low risk with its financial assets. The Group has not made any adjustments for the application of the new standard for the six months ended 30 September 2018 or comparable interim periods.

10. UNAUDITED SEGMENT INFORMATION

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).

Following the opening of new stores in Portugal and Romania, Cooks has combined the results from these countries with its highly-successful Irish business into a new European segment from a management and operational perspective.

Segment information for the reporting period is as follows:

30 September 2018			**Continuing operations**			
Global operational splits	**Global franchising & design $'000**	**UK franchising & retail $'000**	**Europe franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	**847**	**1,387**	**720**	**417**	**(443)**	**2,928**
Other income	**-**	**5**	**-**	**2**	**-**	**7**
Cost of inventories sold	**(37)**	**(191)**	**(2)**	**(322)**	**-**	**(552)**
Depreciation and amortisation	**(15)**	**(81)**	**(18)**	**-**	**(4)**	**(117)**
Other expenses	**(827)**	**(1,588)**	**(637)**	**(208)**	**(517)**	**(3,777)**
Operating (loss)/profit	**(32)**	**(468)**	**64**	**(111)**	**(964)**	**(1,511)**
Non-current assets						
Intangible assets	**62**	**873**	**482**	**-**	**1,480**	**2,897**
Property, plant and equipment	**23**	**247**	**28**	**2**	**23**	**323**

30 September 2017			**Continuing operations**			
Global operational splits	**Global franchising & design $'000**	**UK franchising & retail $'000**	**Europe franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	631	1,198	529	346	-	2,704
Other income	-	85	-	-	-	85
Cost of inventories sold	(96)	(96)	-	(293)	-	(485)
Depreciation and amortisation	(18)	(82)	(16)	-	(5)	(121)
Other expenses	(585)	(1,320)	(490)	(189)	(587)	(3,171)
Operating (loss)/profit	(68)	(215)	23	(136)	(592)	(988)
Non-current assets						
Intangible assets	58	928	513	-	1,478	2,977
Property, plant and equipment	76	244	22	3	24	369

30 September 2017		**Discontinued operations**	
Global operational splits	**China $'000**	**Supply $'000**	**Total $'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)
Operating (loss)	(1,368)	71	(1,297)
Non-current assets			
Intangible assets	1,550	-	1,550
Property, plant and equipment	460	-	460

COMPANY DIRECTORY
AS AT 30 SEPTEMBER 2018

Directors
Michael George Rae Hutcheson
Zhe Hui
Graeme Keith Jackson
Andrew Malcolm Kerslake
Peihuan Wang

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2089337

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2008

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