



Veritas

Investments Limited

Investors in Food, Franchise
and Hospitality Businesses

INTERIM REPORT 2015

For the half year ended 31 December 2015



nosh
FOOD MARKET

THE
BETTER BAR COMPANY
SINCE 1998

KPF KIWI PACIFIC
FOODS LTD

butchery & seafood



Nosh Glen Innes.

the cellar



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Chairman's Report

REPORT TO SHAREHOLDERS



On behalf of the Veritas Board, we present the interim report for Veritas Investments Limited (“Veritas”) for the six months ended 31 December 2015. This six month period was a challenging time for the Board as we continued to integrate the two acquisitions – The Nosh Food Market business and the Better Bar Company group.

The net loss for the period was \$(4,815,958), which is after significant items net of tax of \$(5,292,690) and losses from discontinued operations of \$(486,792). The net profit after tax from continuing operations, excluding significant items was \$963,524.

The Board assessed the carrying values of assets and has recognised asset impairments and other write-offs of \$(5,292,690), net of tax, as a result of a number of factors. These include \$(2,750,000) for the carrying value of Kiwi Pacific Foods due to uncertainty surrounding the arbitration outcome; the loss on sale of the underperforming Hamilton bars of \$(336,053); the current review of unprofitable Mad Butcher stores owned by Veritas and other restructuring costs of \$(2,206,637).

As noted in our preliminary interim results announcement to NZX on 27 January 2016, the overall trading in the second quarter ended 31 December 2015 has been disappointing and below budget, which has impacted on the Group's six-month and annual results.

Accordingly, a committee of the Board is currently working with PricewaterhouseCoopers as external advisers to review the operations across all Veritas businesses to ensure the Group operates on a stronger and more profitable basis for the longer term.

While specific commentary is provided below for each business unit, the Group as a whole experienced highly competitive market conditions during the first half of FY16 with adverse weather conditions impacting on the second quarter results.

Our previous market guidance was for the Group to achieve EBITDA¹ of \$10.5m–\$11m and Underlying NPAT² of \$5.3m–\$5.5m for FY16. Given the trading results for the first six months of FY16, the Board believes it is appropriate to update the guidance for the full year to EBITDA of \$8m–\$9m and Underlying NPAT of \$3.0m–\$3.5m.

¹ EBITDA is earnings before interest, tax, depreciation and amortisation from continued operations excluding significant and/or non-recurring items.

² Underlying NPAT is net profit after tax from continued operations excluding significant and/or non-recurring items.

Mad Butcher

The majority of Mad Butcher stores are trading profitably and the brand continues to be a major contributor to the Group's profitability. Currently, there are five Veritas owned stores in the network that, in spite of extensive support from the franchisor, have consistently failed to achieve budgets for a number of reasons, including location and the inability to find appropriately qualified and experienced franchisees. Two of these stores give indications of potential successful turnaround but the Board believes that the other three stores should be considered impaired assets and is considering a range of options for these stores.

Nosh

Nosh achieved profitability for the month of December 2015 although it failed to achieve budget in the preceding two months. Weekly gains are being experienced in customer traffic and VIP sign-up. Significant efforts are being made around gross margin, cost control and increasing sales and the Board is confident of a continuing track towards business profitability over the next six months. At the end of August 2015, a new store was opened in Pakuranga, Auckland, which

is still in its establishment phase to build a regular and loyal client base. Also, our shareholding in Nosh Constellation Drive was sold to the existing joint venture partner in November 2015 to establish the second fully franchised Nosh outlet, the other being Mt Manganui.

Better Bar Company

All outlets traded profitably and materially to budget for the quarter ended 31 December 2015. We advised the market of the sale of three underperforming Hamilton bars in December, which will impact positively on the long term profitability of the Better Bar Company. Some redevelopment of existing sites is taking place to enhance the customer experience including additional space in the two high profile Viaduct Harbour outlets, Danny Doolans and O'Hagan's.

Kiwi Pacific Foods

The market has previously been advised of the arbitration outcome. We also advised the market that we were appealing the arbitrator's decision. Given the uncertain outcome of such appeal and the potential for the arbitration outcome to materially affect the results for Kiwi Pacific Foods, the Board believes it is prudent to recognise a significant impairment to the carrying value

CHAIRMAN'S REPORT CONTINUED

of the business. The Board has subsequently withdrawn the appeal to facilitate commercial discussions with Antares Restaurant Group Limited towards finding a mutually acceptable outcome for Kiwi Pacific Foods' future.

Veritas CEO Search

The Board is continuing to actively seek a suitable candidate for the role of CEO of Veritas, taking into account any considerations raised by the PricewaterhouseCoopers operational review.

Accounts

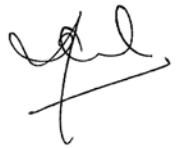
The enclosed financial accounts for the six months ended 31 December 2015 reflect the trading of Veritas and its subsidiaries for the full period. They include the contribution from the Kiwi Pacific Foods joint venture which are included using the equity accounting method.

Interim Dividend

The Board has resolved that no interim dividend will be declared for the half year ended 31 December 2015.

I would like to extend my personal thanks to Board and management for what has been an incredibly demanding and busy period. We appreciate the on-going support from shareholders.

Regards



Tim Cook
Chairman



Business PROFILE

AS AT 31 DECEMBER 2015

Nature of Business

Listed Investment Company

Share Capital

43,306,618 Ordinary Shares

Share Registrar

Link Market Services
Level 7, Zurich House
21 Queen Street, Auckland

Directors

Independent Directors

Tim Cook (Chairman)
Sharon Hunter
John Moore

Non Independent Directors

Michael Morton
Richard Sigley (resigned November 2015)

Registered Office

c/- Mad Butcher Limited
Ground Floor, Building B
95 Ascot Avenue
Greenlane
Auckland
PO Box 17474, Auckland 1546

Investor Enquiries

investor@veritasinvestments.co.nz

Date of Incorporation

23 January 2004

Auditors

PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland 1142

Solicitors

Harmos Horton Lusk
Level 37, Vero Centre
48 Shortland Street
PO Box 28, Auckland 1010

Bankers

ANZ
ASB

Quantitative Breakdown of Directors and Officers

	As at 31 December 2015	As at 30 June 2015	As at 31 December 2014
Male	6	6	6
Female	1	2	2
Total	7	8	8

Consolidated Statement of COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Revenue		31,585,426	17,100,574	45,689,866
Changes in inventories of finished goods		(13,164,988)	(7,469,297)	(18,171,363)
Employee benefits expense		(6,686,684)	(2,919,562)	(9,255,291)
Depreciation and amortisation expenses		(737,566)	(325,796)	(1,033,403)
Interest income		33,275	-	115,470
Interest expense		(902,409)	(236,711)	(1,238,037)
Gain on Nosh acquisition	4	-	599,778	445,735
Loss on closure of warehouse		(36,619)	-	-
Litigation costs in respect of Kiwi Pacific Foods arbitration		(279,459)	-	-
Impairment of carrying value of Kiwi Pacific Foods		(2,750,000)	-	-
Impairment of carrying value of accounts receivable		(1,191,000)	-	-
Loss on disposal of Hamilton bars net of transaction costs		(466,740)	-	-
Other expenses		(8,800,296)	(4,584,733)	(11,856,728)
Share of joint venture's profit, net of tax		19,190	208,560	415,822
Profit / (loss) before income tax from continuing operations		(3,377,870)	2,372,813	5,112,071
Income tax (expense) / benefit	5	91,997	(619,264)	(1,305,967)
Profit / (loss) for the period from continuing operations		(3,285,873)	1,753,549	3,806,104
Loss for the period from discontinued operations (attributable to equity holders of the Parent Company)				
Trading losses		(486,792)	(45,131)	(470,136)
Gain on disposal of Nosh Constellation Drive net of transaction costs		176,120	-	-
Impairment of discontinued stores		(1,219,413)	-	-
Profit / (loss) for the period		(4,815,958)	1,708,418	3,335,968

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Total comprehensive income / (losses) for the period attributable to the owners of the parent arises from:			
Continuing operations	(3,285,873)	1,753,549	3,806,104
Discontinuing operations	(1,530,085)	(45,131)	(470,136)
	(4,815,958)	1,708,418	3,335,968
Earnings per share from continuing and discontinued operations attributable to equity holders of the Parent Company during the period:			
(basic and diluted)			
Weighted average number of shares	43,306,618	38,629,21	40,821,499
From continuing operations	(7.59)	4.54	9.32
From discontinued operations	(3.53)	(0.12)	(1.15)
From profit / (loss) for the period	(11.12)	4.42	8.17

Consolidated Statement of FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
ASSETS				
Cash and cash equivalents		1,923,381	5,498,367	3,452,822
Restricted cash		75,000	75,000	176,000
Trade and other receivables	6	3,524,413	4,040,331	4,685,137
Current tax asset		243,036	-	-
Inventories		1,900,575	1,608,421	1,375,998
Assets from operations classified as held for sale	7	1,971,859	921,157	1,664,625
Total current assets		9,638,264	12,143,276	11,354,582
Property plant and equipment		8,742,044	10,836,130	9,708,584
Trade and other receivables		469,832	662,936	155,260
Deferred tax asset		598,635	-	265,155
Investment in joint venture	11	1,447,346	3,970,894	4,178,156
Intangible assets		30,765,461	32,153,990	30,751,552
Total non-current assets		42,023,318	47,623,950	45,058,707
TOTAL ASSETS		51,661,582	59,767,226	56,413,289

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

	Note	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
LIABILITIES				
Trade and other payables		6,495,522	7,427,229	5,473,240
Income tax payable		-	375,911	171,107
Liabilities from operations classified as held for sale	7	2,020,054	594,961	272,915
Borrowings - current	8	15,906,666	8,102,358	6,275,438
Total current liabilities		24,422,242	16,500,459	12,192,700
Borrowings - non-current	8	19,410,274	29,403,342	31,045,893
TOTAL LIABILITIES		43,832,516	45,903,801	43,238,593
NET ASSETS		7,829,066	13,863,425	13,174,696
EQUITY				
Share capital		34,177,606	35,355,187	34,235,187
Retained Earnings / (Losses)		(26,348,540)	(21,491,762)	(21,060,491)
TOTAL EQUITY		7,829,066	13,863,425	13,174,696

For and on behalf of the Board of Directors, who authorised these Financial Statements on 23 February 2016.



Tim Cook
Acting Chairman



Sharon Hunter
Director

Consolidated Statement of CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015

	SHARE CAPITAL \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2014	27,555,187	(21,602,988)	5,952,199
Profit for the period	-	1,708,418	1,708,418
Total comprehensive income for the period	-	1,708,418	1,708,418
Transactions with owners			
Shares issued	7,800,000	-	7,800,000
Dividends paid	-	(1,597,192)	(1,597,192)
Total contributions by / (distributions to) owners	7,800,000	(1,597,192)	6,202,808
Balance at 31 December 2014 - Unaudited	35,355,187	(21,491,762)	13,863,425
Balance at 1 July 2014	27,555,187	(21,602,988)	5,952,199
Profit for the year	-	3,335,968	3,335,968
Total comprehensive income for the year	-	3,335,968	3,335,968
Transactions with owners			
Shares issued	6,680,000	-	6,680,000
Dividends paid	-	(2,793,471)	(2,793,471)
Total contributions by / (distributions to) owners	6,680,000	(2,793,471)	3,886,529
Balance at 30 June 2015 - Audited	34,235,187	(21,060,491)	13,174,696

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
	\$	\$	\$
Balance at 1 July 2015	34,235,187	(21,060,491)	13,174,696
Profit / (loss) for the period	-	(4,815,958)	(4,815,958)
Total comprehensive income for the period	-	(4,815,958)	(4,815,958)
Transactions with owners			
Costs of share cancellation	(57,581)	-	(57,581)
Dividends paid	-	(472,091)	(472,091)
Total contributions by / (distributions to) owners	(57,581)	(472,091)	(529,672)
Balance at 31 December 2015 - Unaudited	34,177,606	(26,348,540)	7,829,066

Consolidated Statement of CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Receipts from customers		31,548,384	26,191,096	43,443,271
Payments to suppliers and employees		(27,689,652)	(23,837,947)	(41,382,930)
Interest received		27,519	55,053	115,470
Interest paid		(962,090)	(136,585)	(1,238,037)
Taxation paid		(655,000)	(265,649)	(1,155,377)
Advances to stores		-	-	(94,858)
Discontinued - operating cash flows		(486,792)	(45,131)	(470,136)
Net cash (outflows) / inflows from operating activities	15	1,782,369	1,960,837	(782,597)
Sale of property plant and equipment and other intangibles		1,400,000	-	-
Purchase of property plant and equipment and other intangibles		(1,583,964)	(562,248)	(655,769)
Acquisition of businesses held for sale		(600,821)	(288,752)	(93,592)
Acquisition of subsidiaries (net of cash acquired, including transaction costs)		-	(25,426,182)	(23,807,116)
Net cash used in investing activities		(784,785)	(26,277,182)	(24,556,477)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Dividends paid	(472,091)	(1,597,192)	(2,793,471)
Repayment of borrowings	(5,653,768)	-	(1,560,258)
Franchisee advances made	54,670	(357,832)	-
Bank borrowings drawn	3,824,861	27,774,722	28,869,914
Net cash (outflows) / inflows from financing activities	(2,246,328)	25,819,698	24,516,185
Net (decrease) / increase in cash and cash equivalents	(1,248,744)	1,503,353	(822,889)
Cash and cash equivalents at beginning of period	3,172,125	3,995,014	3,995,014
Cash and cash equivalents at end of period	1,923,381	5,498,367	3,172,125
Cash and bank balances	1,923,381	5,498,367	3,452,822
Overdraft	-	-	(280,697)
	1,923,381	5,498,367	3,172,125

Notes to the FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. General Information

These interim financial statements are for Veritas Investments Limited (“Veritas”) and its subsidiaries (together “the Group”). Veritas Investments Limited, the parent, is a company registered in New Zealand under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of The Financial Markets Conduct Act 2014.

The interim financial statements have been prepared in accordance with the requirements of the NZX Main Board Listing Rules.

Veritas is an investment company with shareholdings in a range of New Zealand businesses in the food and beverage and hospitality sectors.

Veritas is domiciled and incorporated in New Zealand. Its registered office is c/o Mad Butcher Limited, Ground Floor, Building B, Ascot Business Park, 95 Ascot Avenue, Greenlane 1051, Auckland.

The Group is designated as a profit-oriented entity for financial reporting purposes.

The Group has adopted the External Reporting Board A1 reporting framework and is a tier 1 entity under this framework.

2. Basis of Preparation

The financial statements for the six month periods ending 31 December 2015 and 31 December 2014 are unaudited. The comparative information for the year ending 30 June 2015 is audited.

These interim financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (“NZ GAAP”), IAS 34: Interim Financial Reporting and NZ IAS 34: Interim Financial Reporting and consequently, do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2015. The accounting policies adopted are consistent with those of the previous Annual Report.

In preparing the financial statements, the Directors have assessed the Group's ability to continue as a going concern, particularly in light of the recent poor financial performance of the Group. In making this assessment, Directors conducted a comprehensive review of the financial position of the Group, the carrying value of its assets and the level of debt and facilities the Group had at 31 December 2015 and its forecast financial results. Consideration was also given to the ongoing operational review and the various initiatives that are being put in place to re-focus the Group on core business and debt reduction.

Having taken into account the financial position of the Group, after recognising the write-downs of impaired assets at balance date, the projected financial performance of the Group, compliance with its banking covenants, it is the considered view of the Directors that the Company is a going concern.

3. Non-GAAP Reporting Measures

Additional reporting measures have been referenced in the notes to the financial statements. The following non-GAAP measures are relevant to the understanding of the Group's financial performance.

*EBITDA (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortisation, excluding significant items, as reported in the financial statements.

*Total comprehensive income from continued operations after tax, excluding significant items (a non-GAAP measure) represents profit for the period (a GAAP measure) from continuing operations, less tax, excluding significant items.

3. Non-GAAP Reporting Measures continued

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Profit / (loss) for the period (after tax)	(4,815,958)	1,708,418	3,335,968
Significant items (net of tax):			
Gain on Nosh acquisition	-	(599,778)	(445,735)
Nosh acquisition transaction costs	-	338,149	342,640
BBC acquisition transaction costs	-	437,308	499,278
Loss on closure of warehouse	26,366	-	-
Kiwi Pacific Foods litigation costs	279,459	-	-
Impairment of carrying value of Kiwi Pacific Foods	2,750,000	-	-
Impairment of carrying value of accounts receivable	857,520	-	-
Loss on disposal of Hamilton bars net of transaction costs	336,053	-	-
Gain on disposal of Nosh Constellation Drive net of transaction costs	(176,120)	-	-
Other transaction costs	-	-	96,186
Impairment of discontinued stores	1,219,413	-	-
Total comprehensive loss from discontinued operations	486,792	45,131	470,136
Total comprehensive income from continued operations after tax excluding significant items	963,524	1,929,228	4,298,473

4. Acquisitions and Disposals

On 8 September 2014, Nosh Group Limited, a subsidiary of Veritas, acquired 100% of the business of Nosh Food Markets ('Nosh') from Nosh Management Limited. Nosh is a chain of specialty food stores based in New Zealand.

The consideration paid was \$1,273,715 and resulted in a gain on acquisition being recorded in the Statement of Comprehensive Income of \$445,735 at June 2015 and \$599,778 at December 2014.

The acquisition of Nosh included an investment in Nosh Constellation Limited ("Nosh CD"). Nosh Group Limited owned 49% of this associate and, at acquisition, accounted for Nosh CD as an associate in accordance with NZ IAS 28 Investments in Associates and Joint Ventures. At 30 June 2015 the associate was held for sale in accordance with NZ IFRS 5, Non Current Assets Held for Sale and Discontinued Operations. The investment has been reclassified in the comparative balances at 31 December 2014.

The interest in this associate was sold on 2 November 2015 for a gain on sale of \$176,120, including transaction costs. The business is now a franchisee store and its results are not recorded as part of the Veritas Group, except for the transactions between it and Nosh Group Limited.

On 28 November 2014 The Better Bar Company Limited ("The BBC"), a subsidiary of Veritas, acquired 100% of the business of The Better Bar Group from The Better Bar Group ("The BBG"). The BBG was the combination of the legal entities of Danny Doolans Limited, O'Hagan's Limited and Doolan Brothers Limited that the business of The BBC were previously held in. The BBC is a chain of hospitality outlets based in Auckland and Hamilton.

On 7 December The BBC sold three of its Hamilton bars that were not trading to expectations for a total consideration of \$1,000,000. The loss on sale of these bars, including transactions costs was \$466,740.

As master franchisor, from time to time Mad Butcher will buy stores from a franchisee who chooses to exit from the business. As it is beneficial to keep these stores open, these are run on normal business terms and are held for sale until a new franchisee is confirmed. During the prior year four stores were purchased for a total consideration of \$808,489 and are currently classified as held for sale. No stores have been purchased in the current period.

5. Tax Expense / (Benefit)

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
The income tax expense consists of the following:			
Profit / (loss) before income tax from continuing operations	(3,377,870)	2,372,813	5,112,071
Income tax expense calculated at 28%	(945,804)	664,388	1,431,380
Non deductible expenses	848,249	110,720	112,520
Joint venture results reported net of tax	(5,373)	(58,397)	(116,430)
Non assessable gain on sale	-	(167,938)	(124,806)
Other	10,931	70,491	3,303
Tax expense / (benefit)	(91,997)	619,264	1,305,967
Current tax expense	241,483	619,264	1,334,030
Deferred tax benefit	(333,480)	-	(28,063)
Tax expense / (benefit)	(91,997)	619,264	1,305,967

6. Trade and Other Receivables

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
Trade and other receivables	4,715,413	4,040,331	4,685,137
Impairment of carrying value of accounts receivable	(1,191,000)	-	-
	3,524,413	4,040,331	4,685,137

7. Operations Classified as Held For Sale

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
Assets from operations classified as held for sale:			
Mad Butcher stores	1,971,859	549,831	1,425,223
Nosh CD	-	371,326	239,402
	1,971,859	921,157	1,664,625
Liabilities from operations classified as held for sale			
Impairment of discontinued stores	326,425	594,961	272,915
	1,693,629	-	-
	2,020,054	594,961	272,915

8. Borrowings

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
Current			
Bank overdraft	-	-	280,697
Bank borrowings	15,906,666	6,329,283	4,221,667
Lion borrowings	-	1,773,075	1,773,074
Total current	15,906,666	8,102,358	6,275,438
Non-current			
Bank borrowings	19,410,274	27,098,195	29,627,283
Lion borrowings	-	2,305,147	1,418,610
Total non-current	19,410,274	29,403,342	31,045,893
Total borrowings	35,316,940	37,505,700	37,321,331

(a) Bank borrowings

The Group's banking facilities agreement includes a number of external bank covenants relating to the debt facilities. The financial covenants in place include an EBITDA Interest Cover Ratio and a Fixed Charge Cover ratio. There have been no breaches of covenants or events in review for the current or prior period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Bank borrowings mature in the period to November 2017 and had an effective interest rate for this period of 4.83% (June 2015 5.47%; December 2014 5.61%). They are secured by a General Security Agreement over all of the assets of the Group, with the exception of the assets of the joint venture investment and associate. Items classified as current at December 2015 include loans maturing within 12 months and facilities repayable on demand.

(b) Lion borrowings

Following the purchase of The BBC, Veritas assumed liabilities from Lion - Beer, Spirits and Wine (NZ) Limited. The borrowings matured up until December 2020 and had an effective interest rate for the period of 3.98% (June 2015 3.98%; 2014: 4.36%). The Lion borrowings were secured by a First Ranking General Security Agreement over the assets of the BBC up to \$5 million, and a Financial Guarantee was held with the ANZ for \$500,000. During the period the loans were repaid by a drawdown of bank borrowings.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
6 months or less	35,316,940	37,505,700	37,321,331

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

All of the Group's borrowings are denominated in NZ dollars.

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
Expiring within one year	1,660,000	3,637,523	2,856,050
Total	1,660,000	3,637,523	2,856,050

The Group has the following undrawn borrowing facilities:

Expiring within one year	1,660,000	3,637,523	2,856,050
Total	1,660,000	3,637,523	2,856,050

The facilities expiring within one year are annual facilities subject to review at various dates.

The Group has \$15.9 million of current borrowings. Non-current borrowings of \$17.4 million expire in November 2017 and \$2.0 million in September 2019. As the Group's current liabilities are now significantly in excess of its current assets, the Directors intend to renegotiate its various loans and facilities with its main banker, the ANZ. It is expected that the outcome of this will be to place the

Group in a more sound financial position and will help ensure that it operates on a stronger and more profitable basis for the longer term.

9. Segment Reporting

The Group is organised into the following business segments:

The Mad Butcher

This segment represents the activities of the Mad Butcher franchisor business, as well as one owned retail store. The Mad Butcher franchisor comprises the brand, franchise system and franchisor rights for Mad Butcher stores across New Zealand. Mad Butcher stores are retail butchers.

Nosh

This segment includes the business activities of Nosh Group Limited. Nosh is a chain of specialty food stores based in New Zealand.

The BBC

This segment includes the business activities of The Better Bar Company Limited which operates a chain of bars based in Auckland and Hamilton.

Kiwi Pacific Foods

This segment includes the 50% joint venture interest Veritas has in Kiwi Pacific Foods Limited. It produces and distributes meat patties to the Burger King Franchise in New Zealand and other customers. In the segment analysis that follows, Kiwi Pacific Foods, results are shown at EBITDA, in line with management reporting and consistent with other segment reporting. In the Statement of Comprehensive Income results are shown as net profit after tax.

Other

Includes the activities of the Parent Company.

The Board of Directors (“The Board”) continues to be the Chief Operating Decision Maker (“CODM”) for the Group as they are responsible for allocating resources and assessing performance across the Group. For each of the entities the Board reviews management reports on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment EBITDA as included in the management reports that are reviewed by the Board. Segment EBITDA is used to measure performance as the Board believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

9. Segment Reporting continued

6 months to
31 December 2015
Unaudited

	Revenue \$	EBITDA \$
Statement of Comprehensive Income		
Mad Butcher	6,380,422	1,916,933
Nosh	12,451,562	(1,019,779)
The BBC	12,747,193	2,654,912
Kiwi Pacific Foods	-	182,741
Other	6,250	(618,608)
Group	31,585,427	3,116,199
Gain on acquisition		-
Acquisition transaction costs		-
Loss on closure of warehouse		(36,619)
Litigation costs in respect of Kiwi Pacific Foods arbitration		(279,459)
Impairment of carrying value of Kiwi Pacific Foods		(2,750,000)
Impairment of carrying value of accounts receivable		(1,191,000)
Loss on disposal of Hamilton bars net of transaction costs		(466,740)
Depreciation and amortisation		(737,566)
Finance (expense) / income - net		(869,134)
Share of joint venture's depreciation, finance and taxation expenses		(163,551)
Profit / (loss) before income tax from continuing operations		(3,377,870)

31 December 2015
Unaudited

	Segment Assets \$	Segment Liabilities \$
Statement of Financial Position		
Mad Butcher	3,327,271	2,796,001
Nosh	7,291,779	7,002,439
The BBC	35,567,456	28,422,959
Kiwi Pacific Foods	1,447,300	2,800,000
Other	2,055,916	791,062
Operations held for sale	1,971,859	2,020,054
Group	51,661,581	43,832,515

6 months to 31 December 2014 Unaudited		12 months to 30 June 2015 Audited	
Revenue \$	EBIDTA \$	Revenue \$	EBITDA \$
6,305,187	2,940,869	12,123,549	6,358,682
7,990,747	(250,978)	18,429,270	(1,193,186)
2,798,389	666,017	15,124,547	2,954,174
-	359,252	-	725,888
6,251	(453,469)	12,500	(775,082)
17,100,574	3,261,691	45,689,866	8,070,476
	599,778		445,735
	(775,457)		(938,104)
	-		-
	-		-
	-		-
	-		-
	(354,309)		(1,033,403)
	(270,990)		(1,122,567)
	(87,900)		(310,066)
	2,372,813		5,112,071
31 December 2014 Unaudited		30 June 2015 Audited	
Segment Assets \$	Segment Liabilities \$	Segment Assets \$	Segment Liabilities \$
5,907,157	2,901,320	4,670,009	1,469,110
7,346,757	7,482,547	5,693,442	1,896,792
40,488,052	32,681,926	37,533,979	39,471,901
3,970,894	-	4,178,156	-
1,133,209	2,243,047	2,673,078	127,875
921,157	594,961	1,664,625	272,915
59,767,226	45,903,801	56,413,289	43,238,593

10. Subsidiaries and Joint Ventures

Subsidiary	Activity	Place of Business	Interest	Interest	Interest
			31 Dec 2015	31 Dec 2014	30 June 2015
Mad Butcher Limited	Procurement and Management of Franchise Business	New Zealand	100%	100%	100%
Midas Foods Limited	Holding Company	New Zealand	100%	100%	100%
Kiwi Choice Limited	Management of Food Processing Business	New Zealand	100%	100%	100%
Nosh Group Limited	Speciality Food Retailer	New Zealand	100%	100%	100%
The Better Bar Company Limited	Hospitality Business	New Zealand	100%	100%	100%
Associate					
Nosh Constellation Limited	Speciality Food Retailer	New Zealand	0%	49%	49%
Joint Venture					
Kiwi Pacific Foods Limited	Food Processing Business	New Zealand	50%	50%	50%

11. Investment in Joint Venture

The 50% shareholding in Kiwi Pacific Foods Limited consists of:

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Opening investment in joint venture	4,178,156	3,762,334	3,762,334
Share of joint venture profit, net of tax	19,190	208,560	415,822
Impairment of asset	(2,750,000)	-	-
Closing investment in joint venture	1,447,346	3,970,894	4,178,156

Kiwi Pacific Foods Limited - Summarised financial information

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Financial Performance			
Total revenue	8,401,691	7,813,339	16,265,516
Net profit before tax	103,784	579,333	1,182,344
Net profit after tax and total comprehensive income	38,380	417,120	831,644
	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$

Financial Position

Current assets	6,135,901	3,135,677	8,178,395
Non-current assets	1,052,428	1,118,945	1,041,274
Total assets	7,188,329	4,254,622	9,219,669
Current liabilities	4,968,431	2,904,658	7,038,061
Non-current liabilities	-	-	-
Total liabilities	4,968,431	2,904,658	7,038,061
Net assets	2,219,898	1,349,964	2,181,608

11. Investment in Joint Venture continued

Reconciliation of summarised financial information presented to the carrying amount of interests in joint venture:

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
Opening net assets	2,181,608	1,349,964	1,349,964
Profit for the period	38,380	417,120	831,644
Closing net assets	2,219,988	1,767,084	2,181,608
Interest in joint venture 50%	1,109,994	883,542	1,090,804
Excess consideration representing goodwill	3,087,352	3,087,352	3,087,352
Impairment of asset	(2,750,000)	-	-
Carrying value	1,447,346	3,970,894	4,178,156

12. Commitments

The Group has no capital commitments as at 31 December 2015 (30 June 2015 \$nil; 31 December 2014 \$nil).

The Group has no other commitments as at 31 December 2015 (30 June 2015 \$123,250; 31 December 2014 \$nil).

13. Contingent Liabilities

The Group has no contingent liabilities as at 31 December 2015 (30 June 2015 \$nil; 31 December 2014 \$nil).

14. Operating Leases

Leases as Lessee

	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	30 June 2015 Audited \$
Lease commitments expire as follows:			
Within one year	2,877,057	2,943,150	3,205,425
One to two years	2,296,927	2,731,496	2,797,085
Two to five years	6,190,295	6,695,434	7,311,707
More than five years	6,371,638	7,593,360	6,555,176
Total	17,735,917	19,963,440	19,869,394

The Group leases various retail and hospitality outlets, offices and equipment under operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

15. Reconciliation of Profit to Cash Flow from Operations

	6 months to 31 Dec 2015 Unaudited \$	6 months to 31 Dec 2014 Unaudited \$	12 months to 30 June 2015 Audited \$
Profit / (loss) for the year	(4,815,958)	1,708,418	3,335,968
Adjusted for:			
Depreciation and amortisation	737,566	325,796	1,033,403
Share of net profit of joint venture	(19,190)	(208,560)	(415,822)
Loss on closure of warehouse	36,619	-	-
Impairment of carrying value of Kiwi Pacific Foods	2,750,000	-	-
Impairment of carrying value of accounts receivable	1,191,000	-	-
Loss on disposal of Hamilton bars and transaction costs	466,740	-	-
Gain on disposal of Nosh Constellation Drive and transaction costs	(176,120)	-	-
Gain on acquisition	-	(599,778)	(445,735)
Acquisition transaction costs	-	775,457	841,918
Impairment of discontinued stores	1,219,413	-	-
Other	188,863	-	(718)
Decrease / (increase) in receivables and prepayments	(79,758)	(1,378,208)	(2,246,595)
Decrease / (increase) in inventories	(524,577)	(495,180)	(262,757)
Increase / (decrease) in trade and other payables	1,470,050	1,479,277	(2,771,070)
Increase / (decrease) in income tax payable	(662,279)	353,615	148,811
Net cash (outflows) / inflows from operating activities	1,782,369	1,960,837	(782,597)



Veritas
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