

VERITAS INVESTMENTS LIMITED

Investors in Food, Franchise
and Hospitality Businesses



nosh
FOOD MARKET

**MAD
BUTCHER**



Veritas
Investments
**INTERIM
REPORT**

**KIWI
PACIFIC
FOODS**



THE
BETTER BAR COMPANY
SINCE 1998





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Chairman's Report

March 2015

Veritas
INVESTMENTS

DEAR SHAREHOLDERS

On behalf of the Veritas Board, it is my pleasure to provide the interim report for Veritas Investments Limited ("Veritas") for the six months ended 31 December 2014.

This six month period was a demanding time for the Board as we completed two further acquisitions – the Nosh Food Market business in September 2014 which is a turn-around business but with enormous potential, and the Better Bar Company group in late November 2014 which is a transformational acquisition for the Veritas Group.

The Board clearly signaled growth aspirations and have set about that work actively. The time taken to undertake two negotiation and due diligence exercises in that period has been substantial, but gives the Group good scale and synergy opportunities.

We do appreciate that results for food and hospitality businesses can show a degree of unpredictability from seasonal weather and timing of events. In addition the hospitality industry is coming to grips with the new drink-driving laws recently introduced. We are working hard on the performance of the new acquisitions and view them positively for medium to long term shareholder value.

As detailed in our preliminary interim results announcement to NZX on 26 February 2015, a number of one-off items were noted including the gain on acquisition of Nosh, and the acquisition costs for both Nosh and Better Bar Company. Together with the part-period accounting for the new acquisitions, we acknowledge that direct comparisons with prior periods is difficult.

The Board have advised that profit guidance is at the bottom end of the range for the full 2015 financial year, as indicated in the pro-forma forecasts presented at last year's annual general meeting.

NEW DIRECTORS

We were pleased to welcome Richard Sigley and John Moore to the Veritas Board.

Richard was appointed to the Board on 28 November 2014 following Veritas' acquisition of the Better Bar Company group, as approved by shareholders at the 2014 annual general meeting. He brings wide hospitality industry experience to the Board, having been in the industry for 20 years.

John was appointed to the Board as an Independent Director on 1 December 2014, as also communicated at the 2014 annual general meeting. His business experience particularly in investment banking and capital markets are valuable skills for Veritas.

ACCOUNTS

The enclosed financial accounts for the six months ended 31 December 2014 reflect the trading of Veritas and its subsidiary, Mad Butcher Limited for the full period. They include the net contribution from the Kiwi Pacific Foods Limited joint venture which are included using the equity accounting method. Nosh is included from September 2014 and Better Bar Company is included from 28th November 2014. It should also be noted that half year comparatives do not include the Kiwi Pacific Foods, Nosh and Better Bar Company businesses, therefore these figures have limited value for direct comparison purposes.

DIVIDEND

The Board has approved an interim dividend of 2.70 cents per share and at the maximum end of the dividend policy at 70 percent of net profit after tax (NPAT). This includes the effect of the one-off acquisition costs that were expensed. The record date for the interim dividend is 16 March 2015, with payment to occur on 30 March 2015.

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

Regards



Mark Darrow
Chairman

Business Profile

AS AT 31 DECEMBER 2014

Nature of Business	Listed investment company
Share Capital	44,306,618 Ordinary Shares
Share Registrar	Link Market Services Level 7, Zurich House 21 Queen Street, Auckland PO box 91976, Auckland 1142
Directors	Independent Directors Mark Darrow (Chairman) Sharon Hunter Stefan Preston (resigned December 2014) John Moore (appointed December 2014) Non Independent Directors Tim Cook Michael Morton Shane McKillen (resigned September 2014) Richard Sigley (appointed November 2014)
Registered Office	c/- Collins Asset Management Limited Level 3, 4 Viaduct Harbour Avenue Auckland 1010 PO Box 5408, Auckland 1141
Date of Incorporation	23 January 2004
Auditors	PwC 188 Quay Street Private Bag 92162 Auckland 1142
Solicitors	Harmos Horton Lusk Level 37, Vero Centre 48 Shortland Street PO Box 28, Auckland 1010 Jackson Russell Level 13, AIG Building 41 Shortland Street PO Box 3451, Auckland 1010
Investor Enquiries	Veritas Investments Limited c/- PO Box 5408 Auckland 1141 investor@veritasinvestments.co.nz

Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		6 months to 31 Dec 2014	6 months to 31 Dec 2013	12 months to 30 Jun 2014
	NOTE	UNAUDITED \$	UNAUDITED \$	AUDITED \$
Revenue	6	27,410,246	14,517,667	29,972,494
Expenses				
Purchases		17,778,969	9,406,273	19,276,627
Advertising and marketing costs		1,696,778	1,182,650	2,866,918
Employee benefits expense		2,919,562	437,248	943,131
Other expenses		2,112,498	708,627	1,168,479
Depreciation & amortisation expense		325,796	24,980	68,530
		(24,833,603)	(11,759,778)	(24,323,685)
Other operating income		-	-	162,326
Gain on Nosh acquisition	3 (a)	599,778	-	-
Nosh acquisition transaction costs	3 (a)	(338,149)	-	-
BBC acquisition transaction costs	3 (b)	(437,308)	-	-
Share of joint venture's profit, net of tax		208,560	-	250,554
Operating profit		2,609,524	2,757,889	6,061,689
Finance (expense) / income - net		(236,711)	52,405	39,525
Profit before income tax		2,372,813	2,810,294	6,101,214
Income tax expense		(619,264)	(770,000)	(1,611,783)
Total comprehensive income for the period from continuing operations		1,753,549	2,040,294	4,489,431
Net loss from operations held for sale		(45,131)	-	(136,012)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,708,418	2,040,294	4,353,419
Earnings per share attributable to the Ordinary Equity Holders of the Group during the period:				
Weighted average no. of shares		38,629,211	36,938,267	37,138,639
Earnings per Share (cents per share) (basic and diluted)		4.54	5.52	12.09

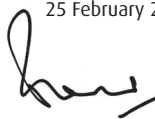
The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 31 DECEMBER 2014

		6 months to 31 Dec 2014	6 months to 31 Dec 2013	12 months to 30 Jun 2014
	NOTE	UNAUDITED \$	UNAUDITED \$	AUDITED \$
ASSETS				
Cash and cash equivalents		5,498,367	4,562,093	3,995,014
Restricted cash		75,000	75,000	75,000
Trade and other receivables	3	4,040,331	2,437,887	2,150,090
Inventories	3	1,608,421	-	-
Assets from operations held for sale		549,831	-	416,357
Total current assets		11,771,950	7,074,980	6,636,461
Property plant and equipment	3	10,836,130	126,995	108,591
Intangibles - other		149,065	87,971	64,517
Sundry receivables		662,936	100,962	-
Investments in joint venture	3	4,342,220	3,478,856	3,762,334
Goodwill	3, 4	32,004,925	-	-
Total non-current assets		47,995,276	3,794,784	3,935,442
TOTAL ASSETS		59,767,226	10,869,764	10,571,903
LIABILITIES				
Trade and other payables	3	7,427,229	1,932,237	1,669,581
Income tax payable		375,911	1,027,165	22,296
Liabilities from operations held for sale		594,961	-	127,827
Borrowings - current	5	8,102,358	-	-
Total current liabilities		16,500,459	2,959,402	1,819,704
Borrowings - non-current	5	29,403,342	2,800,000	2,800,000
Total non-current liabilities		29,403,342	2,800,000	2,800,000
TOTAL LIABILITIES		45,903,801	5,759,402	4,619,704
Net Assets		13,863,425	5,110,362	5,952,199
EQUITY				
Share capital		35,355,187	27,555,187	27,555,187
Retained earnings		(21,491,762)	(22,444,825)	(21,602,988)
Total Equity		13,863,425	5,110,362	5,952,199

For and on behalf of the Board of Directors who authorised these financial statements for issue on 25 February 2015:



Mark Darrow (Chairman)
25 February 2015



Michael Morton (Director)
25 February 20145

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

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
	\$	\$	\$
Balance at 1 July 2013	26,955,187	(24,485,119)	2,470,068
Total Comprehensive Income for the period			
Profit for the period	-	2,040,294	2,040,294
Transactions with owners			
Shares issued	600,000	-	600,000
Balance at 30 December 2013 - UNAUDITED	27,555,187	(22,444,825)	5,110,362
Balance at 1 July 2013	26,955,187	(24,485,119)	2,470,068
Total Comprehensive Income for the year			
Profit for the year	-	4,353,419	4,353,419
Transactions with owners			
Shares issued	600,000	-	600,000
Dividends paid		(1,471,288)	(1,471,288)
Total contributions by / distributions to owners	600,000	(1,471,288)	(871,288)
Balance at 30 June 2014 - AUDITED	27,555,187	(21,602,988)	5,952,199
Balance at 1 July 2014	27,555,187	(21,602,988)	5,952,199
Total Comprehensive Income for the period			
Profit 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 30 December 2014 - UNAUDITED	35,355,187	(21,491,762)	13,863,425

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

Statement of Cash Flows

FOR THE HALF YEAR ENDED ENDED 31 DECEMBER 2014

	6 months to 31 Dec 2014 UNAUDITED \$	6 months to 31 Dec 2013 UNAUDITED \$	12 months to 30 Jun 2014 AUDITED \$
Cash from customers	26,191,096	13,273,080	29,196,687
Cash paid to suppliers and employees	(23,837,947)	(11,310,547)	(23,817,770)
Interest / dividends received	55,053	52,439	108,861
Interest paid	(136,585)	(34)	(87,992)
Taxation paid	(265,649)	(3,377)	(1,855,428)
Operations held for sale - operating cash flows	(45,131)	-	(116,268)
Net cash inflows from operating activities	1,960,837	2,011,561	3,428,090
Purchase of property plant and equipment and other intangibles	(562,248)	(106,957)	(20,964)
Operations held for sale - investing cash flows	(288,752)	-	(361,167)
Investment acquisition costs (net of cash acquired)	(25,426,182)	(2,878,856)	(2,911,780)
Net cash used in investing activities	(26,277,182)	(2,985,813)	(3,293,911)
Dividend paid	(1,597,192)	-	(1,471,288)
Bank borrowings drawn	27,774,722	2,800,000	2,800,000
Franchisee advances made	(357,832)	(100,962)	(305,184)
Net cash inflows from financing activities	25,819,698	2,699,038	1,023,528
Net increase in cash and cash equivalents	1,503,353	1,724,786	1,157,707
Cash and cash equivalents at beginning of period	4,070,014	2,912,307	2,912,307
Cash and cash equivalents at end of period	5,573,367	4,637,093	4,070,014
Cash and bank balances	5,498,367	4,562,093	3,995,014
Restricted cash	75,000	75,000	75,000
	5,573,367	4,637,093	4,070,014

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

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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 2013.

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

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

Veritas Investments is domiciled and incorporated in New Zealand. Its registered office is at Level 3, 4 Viaduct Harbour Avenue, Auckland.

The Group is designated as a profit-orientated 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.

During the six month period ending 31 December 2014, Veritas, through its subsidiaries Nosh Group Limited and The Better Bar Company Limited made two acquisitions for the business and assets of Nosh Management Limited and The Better Bar Company Limited respectively. Please refer to note 3 (a) and (b) for further details.

2. BASIS OF PREPARATION

The financial statements for the six month periods ending 31 December 2014 and 31 December 2013 are unaudited. The comparative information for the year ending 30 June 2014 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 2014.

The notes form part of and should be read in conjunction with these Financial Statements.

The accounting policies adopted are consistent with those of the previous Annual Report, except for new accounting policies adopted as a result of the acquisitions made in the six months ended 31 December 2014 which are stated below:

Inventory

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Goodwill

Goodwill represents the excess of the consideration transferred in an acquisition over the fair value the Group's interest of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3. ACQUISITIONS

(a) Acquisition of Nosh Food Markets

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 following table summarises the consideration paid, and the provisional fair value of assets acquired and liabilities assumed:

Consideration	\$
Cash consideration	1,273,715
Contingent consideration	500,000
Contingent consideration retained	(500,000)
Total consideration	1,273,715

The notes form part of and should be read in conjunction with these Financial Statements.

Recognised amounts of identifiable assets acquired and liabilities assumed:	\$
Trade and other receivables	457,188
Inventories	753,938
Property, plant and equipment	4,490,587
Investment in joint venture	376,990
Trade and other payables	(3,201,228)
Provisions	(1,003,982)
Total identifiable net assets	1,873,493
Gain on acquisition	(599,778)
Total consideration	1,273,715

The acquisition was funded by debt drawn down by Veritas of \$1,273,715. As part of the sale and purchase agreement \$500,000 of the consideration was retained by Veritas to cover any shortfall in the agreed value of net assets acquired. This net asset test was completed in December 2014 resulting in none of the retained amount being payable.

Acquisition related costs of \$338,149 have been expensed to acquisition transaction costs in the statement of comprehensive income for the period.

The acquisition of Nosh includes an investment in Nosh Constellation Limited ("Nosh CD"). Nosh Group Limited owns 49% of this joint venture and accounts for Nosh CD as a joint venture in accordance with NZ IFRS 11 Joint Arrangements.

A gain on acquisition has been recorded for the excess provisional fair value of the acquired net assets over the purchase price. This gain has arisen due to the distressed state the business was in and the speed of the purchase, as well as Veritas's intention and plans to invigorate the business and improve performance going forward.

(b) Acquisition of The Better Bar Group

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

The following table summarises the provisional consideration paid, and the provisional fair value of assets acquired and liabilities assumed:

Consideration as at 28 November 2014	\$
Cash consideration	20,400,000
Share consideration	7,800,000
Contingent consideration	3,000,000
Total consideration	31,200,000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	1,143,180
Trade and other receivables	204,671
Inventory	359,303
Property plant and equipment	6,085,048
Trade and other payables	(1,245,434)
Provisions	(420,713)
Borrowings	(6,930,978)
Total identifiable net assets	(804,925)
Goodwill on acquisition	32,004,925
Total consideration	31,200,000

The acquisition was funded by debt draw down by Veritas of \$23.4 million as well as the issue of 6,964,286 new shares at \$1.12 per share.

Acquisition related costs of \$437,308 have been expensed to acquisition transaction costs in the statement of comprehensive income for the period.

The goodwill arising from the acquisition reflects the future profitability prospects of The Better Bar Company Limited.

The contingent consideration for The BBC is subject to a final net asset calculation as per certain clauses in the sale and purchase agreement and are due to be finalised subsequent to the release of these interim financial statements.

4. GOODWILL

Cost

Opening Balance as at 1 July 2013, 31 December 2013, 30 June 2014

Additions

Cost as at 31 December 2014

Carrying amounts

As at 31 December 2014

Total \$
-
32,004,925
32,004,925
32,004,925

5. BORROWINGS

Non-current

Bank borrowings

Lion borrowings

Current

Bank borrowings

Lion borrowings

Total borrowings

	December 2014 \$	December 2013 \$	June 2014 \$
Bank borrowings	27,098,195	2,800,000	2,800,000
Lion borrowings	2,305,147	-	-
	29,403,342	2,800,000	2,800,000
Bank borrowings	6,329,283	-	-
Lion borrowings	1,773,075	-	-
	8,102,358	-	-
Total borrowings	37,505,700	2,800,000	2,800,000

(a) Bank borrowings

As a result of the acquisition of The BBC, The Group entered into a new banking facilities agreement with the bank. This included 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.

Bank borrowings mature in the period to November 2017 and had an effective interest rate for this period of 5.61% (2013: 5.86%). 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 investments.

The notes form part of and should be read in conjunction with these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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

	December 2014 \$	December 2013 \$	June 2014 \$
6 months or less	37,505,700	2,800,000	2,800,000

The carrying amounts and fair value of the non-current borrowings are as follows:

	December 2014 \$	December 2013 \$	June 2014 \$
Carrying Amount			
Bank borrowings	27,098,195	2,800,000	2,800,000
Lion borrowings	2,305,147	-	-
	29,403,342	2,800,000	2,800,000
Fair Value			
Bank borrowings	27,098,195	2,800,000	2,800,000
Lion borrowings	2,305,147	-	-
	29,403,342	2,800,000	2,800,000

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowed rate of 5.61% (2013: 5.86%) and are within level 2 of the fair value hierarchy.

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

	December 2014 \$	December 2013 \$	June 2014 \$
The Group has the following undrawn borrowing facilities:			
Expiring within one year	3,637,523	1,000,000	1,000,000
Expiring beyond one year	-	200,000	200,000
Total	3,637,523	1,200,000	1,200,000

The facilities expiring within one year are annual facilities subject to review at various dates during 2015.

The notes form part of and should be read in conjunction with these Financial Statements.

(b) Lion borrowings

Following the purchase of The BBC, Veritas assumed liabilities from Lion - Beer, Spirits and Wine (NZ) Limited. The borrowings mature up until December 2020 and had an effective interest rate for the period of 4.36%. Lion borrowings are secured by a General Security Agreement over the assets of the BBC and a Financial Guarantee held with the ANZ for \$500,000.

6. SEGMENT REPORTING

Following the acquisitions of Nosh and the BBC new segments have been created reflecting the changes in the Group. The Group is organised into the following business segments:

The Mad Butcher

This segment represents the activities of the Mad Butcher franchisor business.

Nosh

This segment includes the business activities of Nosh Group Limited, a chain of stores as well as its joint venture investment in Nosh Constellation Limited from the date of acquisition, 8 September 2014. Refer to note 3(a) for further information.

The BBC

This segment includes the business activities of The Better Bar Company Limited which operates eleven sites across Auckland and Hamilton from the date of acquisition, 28 November 2014. Refer to note 3(b) for further information.

Kiwi Pacific Foods

This segment includes the 50% joint venture interest Veritas has in Kiwi Pacific Foods. It produces and distributes meat patties to the Burger King Franchise in New Zealand and other customers. In the segment analysis below 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 as well as the Group's joint venture investment in Kiwi Pacific Foods Limited.

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.

The notes form part of and should be read in conjunction with these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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.

	6 months to 31 Dec 2014		6 months to 31 Dec 2013		12 months to 30 Jun 2014	
	UNAUDITED \$		UNAUDITED \$		AUDITED \$	
	REVENUE \$	EBITDA \$	REVENUE \$	EBITDA \$	REVENUE \$	EBITDA \$
INCOME STATEMENT						
Mad Butcher	16,614,859	2,940,869	14,517,667	3,092,846	29,965,202	6,325,337
Nosh	7,990,747	(250,978)	-	-	-	-
The BBC	2,798,389	666,017	-	-	-	-
Kiwi Pacific Foods	-	359,252	-	-	-	414,710
Other	6,251	(453,469)	-	(309,977)	7,292	(445,672)
Group	27,410,246	3,261,691	14,517,667	2,782,869	29,972,494	6,294,375
Gain on acquisition		599,778		-		-
Acquisition transaction costs		(775,457)		-		-
Depreciation and amortisation		(354,309)		(24,980)		(100,339)
Finance income - net		(270,990)		52,405		4,575
Share of joint venture's taxation		(87,900)		-		(97,397)
Profit before income tax		2,372,813		2,810,294		6,101,214

The notes form part of and should be read in conjunction with these Financial Statements.

	31 Dec 2014		31 Dec 2013		30 Jun 2014	
	UNAUDITED \$		UNAUDITED \$		AUDITED \$	
	SEGMENT ASSETS \$	SEGMENT LIABILITIES \$	SEGMENT ASSETS \$	SEGMENT LIABILITIES \$	SEGMENT ASSETS \$	SEGMENT LIABILITIES \$
BALANCE SHEET						
Mad Butcher	5,907,157	2,901,320	3,946,082	2,459,489	3,297,789	1,349,781
Nosh Food Market	7,346,757	7,482,547	-	-	-	-
Better Bar Company	40,488,052	32,681,926	-	-	-	-
Kiwi Pacific Foods	3,970,894	-	3,478,856	-	3,762,334	-
Other	2,054,366	2,838,008	3,444,826	3,299,913	3,511,780	3,269,923
Group	59,767,226	45,903,801	10,869,764	5,759,402	10,571,903	4,619,704

7. OPERATING LEASES

Leases as lessee

Lease commitments expire as follows:

	2014	2013
Within one year	2,943,150	137,688
One to two years	2,731,496	156,904
Two to five years	6,695,434	52,104
More than five years	7,593,360	151,970
Total	19,963,440	498,666

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.

The notes form part of and should be read in conjunction with these Financial Statements.

8. RELATED PARTY TRANSACTIONS

The following are changes in Director shareholdings during the period:

Mr Timothy Cook, a Director of Veritas Investment Limited and Collins Asset Management Limited, held 624,300 shares in the Company as at 31 December 2014 (December 2013: 600,000).

Mr Mark Darrow, Chairman of Veritas held 240,000 shares in the Company as at 31 December 2014 (December 2013: 208,431).

Mr John Moore, a Director of Veritas Investments Limited held 50,000 shares in the Company as at 31 December 2014 (December 2013: nil).

Mr Richard Sigley, a Director of Veritas Investments Limited held 3,408,688 shares in the Company as at 31 December 2014 (December 2013: nil).

9. PRINCIPAL SUBSIDIARIES

Principal subsidiaries	Activity	Country of Incorporation	Interest	Interest
			2014	2013
Mad Butcher Limited	Procurement and Management of Franchise Business	New Zealand	100%	100%
Midas Foods Limited	Holding Company	New Zealand	100%	100%
Kiwi Choice Limited	Management of Food Processing Business	New Zealand	100%	100%
Nosh Group Limited	Speciality Food Retailer	New Zealand	100%	0%
The Better Bar Company Limited	Hospitality Business	New Zealand	100%	0%
Joint Ventures				
Kiwi Pacific Foods Limited	Food Processing Business	New Zealand	50%	50%
Nosh Constellation Limited	Speciality Food Retailer	New Zealand	49%	0%

The notes form part of and should be read in conjunction with these Financial Statements.

10. COMMITMENTS

The Group has no capital commitments as at 31 December 2014 (31 December 2013: \$nil; 30 June 2014: \$nil).

11. CONTINGENT LIABILITIES

In the ordinary course of business the Group has certain guarantees in place on which no loss is anticipated (refer note 7). (31 December 2013: \$nil; 30 June 2014: \$nil).

12. DIVIDEND PAID OR AUTHORISED

Veritas paid dividends amounting to \$1,597,192 during the six month period ended 31 December 2014 (6 months ended 31 December 2013: \$nil, 12 months to 30 June 2014: \$1,471,288).

13. DIVIDENDS NOT RECOGNISED AT THE END OF THE HALF YEAR

Subsequent to 31 December 2014, the Directors have approved the payment of an interim dividend of 2.70 cents per ordinary share. The aggregate amount of the proposed dividend, expected to be paid on 30 March 2015 but not recognised as a liability at 31 December 2014 is \$1,196,279.

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