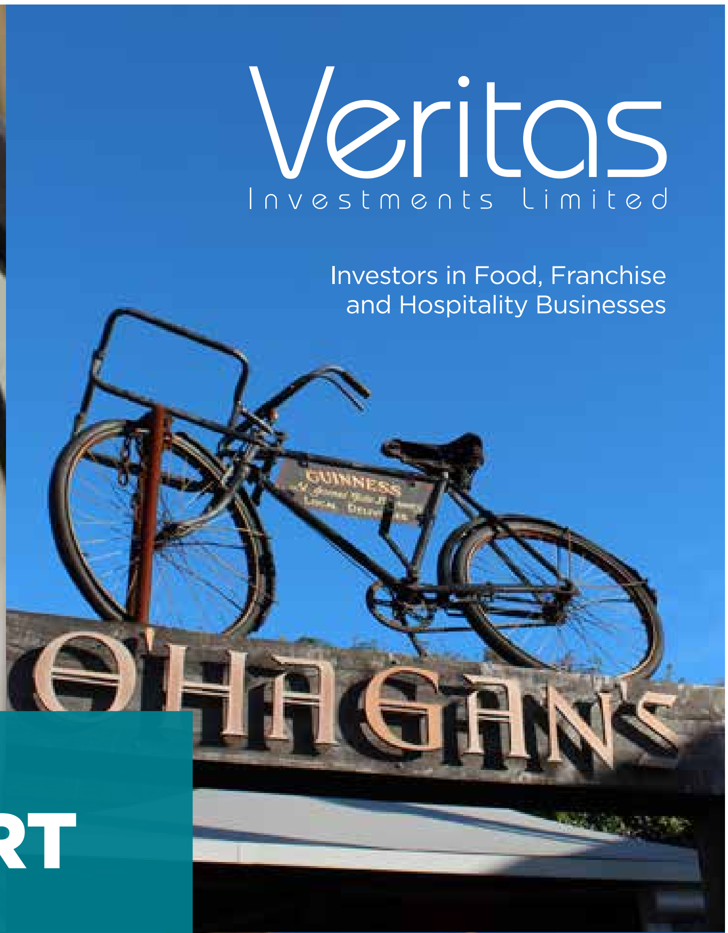
Veritas
Investments Limited

Investors in Food, Franchise and Hospitality Businesses



ANNUAL REPORT 2016

MAD BUTCHER

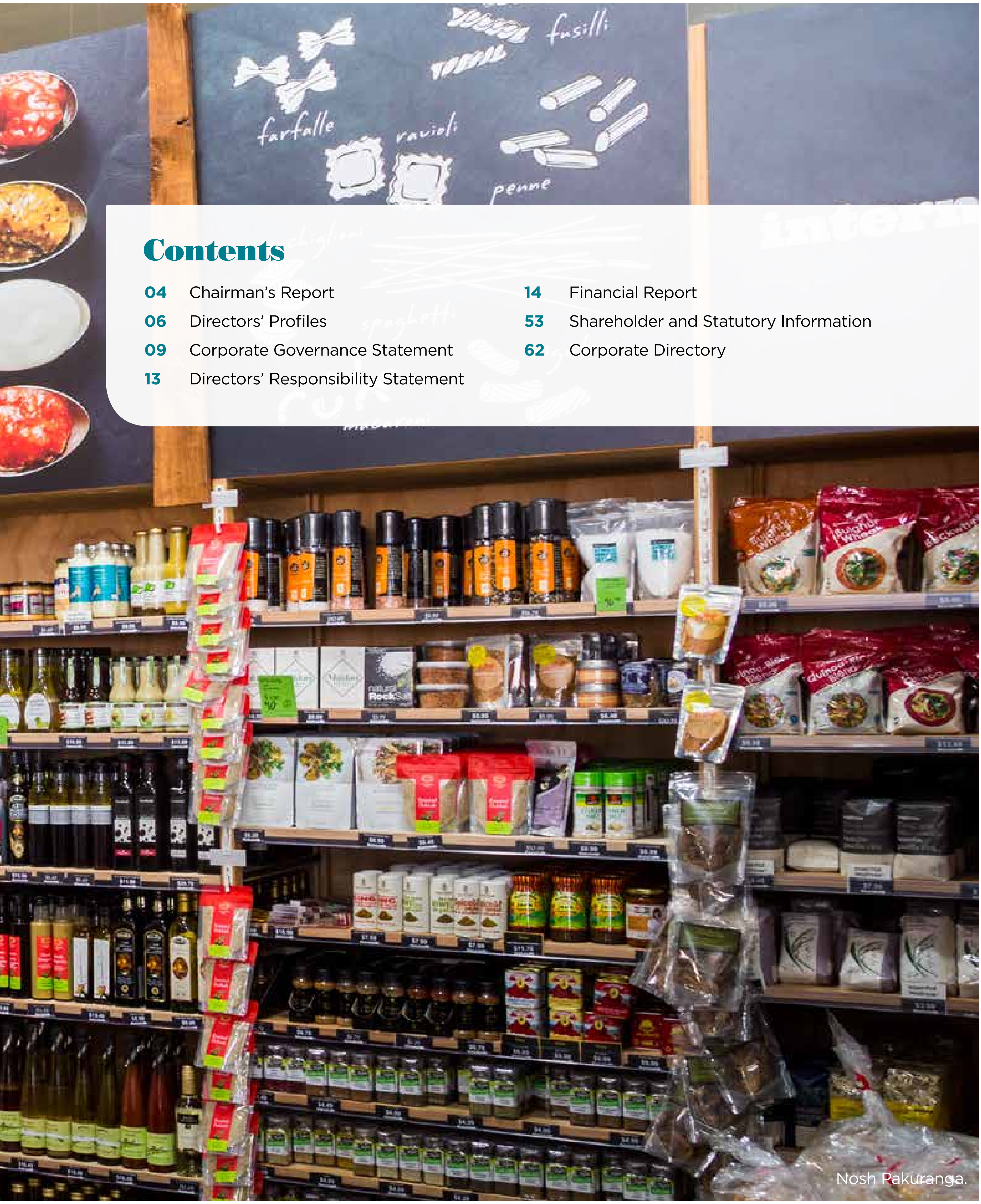
nosh FOOD MARKET

THE BETTER BAR COMPANY SINCE 1998

KPF KIWI PACIFIC FOODS LTD


pasta
A LITTLE
gourmet
everyday
Colavita
Pasta Range
500g
$3.29 ea

Contents



Nosh Pakuranga.

Veritas
Investments Limited

Chairman's Report

REPORT TO SHAREHOLDERS

On behalf of the Veritas Board we present the Annual Report for the year ended 30 June 2016. We have already reported our FY 2016 results on 29 August 2016 and advised the market that our revised forecast range of underlying net profit after tax from continuing operations excluding significant items (underlying NPAT), of $3,159,669, for the year was met.

The Year in Review

This year was challenging as we have proactively addressed the performance of all business units in the group and taken action to improve their sustainable profits. This involved selling off unprofitable bars, closing some unprofitable Mad Butcher stores and recognising that certain assets were impaired and writing them down accordingly.

The net loss for the year was $(4,591,622), which is after significant items net of tax of $(5,598,063) and losses from discontinued operations of $(2,153,228) which comprise trading losses and closure costs. The underlying NPAT was $3,159,669.

This result is a slight improvement to that reported on 27 January 2016 for the six months to 31 December 2015 of an unaudited net loss of $(4,815,958), after significant items net of tax of $(4,249,397) and losses from operations held for sale and discontinued operations of $(1,530,085).

As advised previously, the Board assessed the carrying value of assets and recognised impairments and other write-offs of $(5,598,063), net of tax, made up of $(2,900,000) for the carrying value of Kiwi Pacific Foods Ltd (KPF) following the decision to close this company; a loss of $(339,692) on the sale of three underperforming bars in Hamilton; and write-offs relating to the Mad Butcher business and other restructuring costs of $(2,358,371).

Of the total losses from significant items, operations held for sale and discontinued operations of $(7,751,291) included in the net loss of $(4,591,622) above, it should be noted that $(5,779,482) was recognised in the half year ended 31 December 2015.

A committee of the Board worked with PricewaterhouseCoopers as external advisers to review all operations across all the Veritas businesses, focusing on loss making operations in particular, to identify measures to drive operational improvements to help ensure the Group operates on a stronger and more profitable basis for the longer term.

The Board is pleased to announce that the underlying NPAT for the second half improved to $2,196,145, compared to $963,524 for the first half, giving a total underlying NPAT for the year of $3,159,669.

During the year the operating cash flow improved by $2,198,208, from $(782,597) in 2015 to $1,415,611 million in 2016.

Commentary on the individual businesses is detailed below:

Mad Butcher

The market has been very competitive with supply shortages creating challenges around product choice and pricing. The Board's focus is on ensuring profitability within each store and we are working closely with franchisees to support and maximise their performance. During the second half of FY16, we closed three Veritas owned stores which, in spite of extensive support from the franchisor, were consistently unprofitable.

Despite the challenging environment, the majority of Mad Butcher stores are trading profitably and the brand still continues to be a major contributor to Veritas' profitability generating EBITDA of $4,574,720 in the year, (FY15: $6,358,682). The Mad Butcher business will continue to seek opportunities to grow its network.

There are currently 33 Mad Butcher stores in the Group, 29 of which are franchised and four are owned. The Board is considering a range of options for these Veritas owned stores.

Kiwi Pacific Foods

As previously announced to the market, the joint venture partners of KPF agreed to close the KPF business in March 2016 and we are working to complete this process by December 2016. A sell down of KPF's assets, including land and buildings, has taken place and all of its debt to ANZ Bank has been repaid in full. As previously advised to the market, we have written down the value of KPF to its recoverable value.

Nosh Group Limited

FY16 has been disappointing for Nosh. As reported in Veritas' half year report in March 2016 the Nosh business lost EBITDA of $(1,019,779) for the six months to 31 December 2015. The loss in the second half of FY16 was $(866,414), which, although an improvement, fell short of budget. The full EBITDA loss of $(1,886,193) for the year compares to $(1,193,186) for the previous part year.

A substantial effort from the Board and management continues to focus on gross margins, stock levels and operational improvements to bring the business to profitability.

In April 2016 Veritas announced the commencement of a programme to franchise the existing Nosh stores to appropriately qualified people. A franchise strategy for Nosh has always been part of our vision since we acquired the business nearly two years ago. As at 30 June 2016, we were working through a short list of potential franchise operators. In addition to franchising, the Board are exploring a number of options relating to the future of Nosh.

The Better Bar Company Limited

Following the divestment of three unprofitable Hamilton bars in December 2015, all remaining outlets are now trading profitably and The Better Bar Company exceeded its forecast for the year. Some redevelopment of existing sites is taking place, including the creation of additional space in the two high profile Viaduct Harbour outlets in Auckland, Danny Doolans and O'Hagan's. We may consider acquisition opportunities to enhance the existing portfolio.

A focus on improving the customer experience through enhanced menu and entertainment options has led to improved results with the bars earning EBITDA of $5,509,085 in the year compared to $2,954,174 for the previous part year.

Re-financing

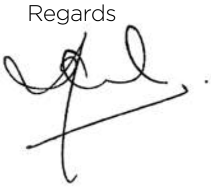
During the second half of the year the Group has been re-negotiating its financing arrangements with its main banker, the ANZ. This has now been concluded and resulted in the group agreeing certain milestones and a new EBITDA covenant, which replaced the existing EBITDA covenant. The debt repayments have now been rescheduled.

No dividend

The Board has resolved that no dividend will be declared for the year ended 30 June 2016.

I would like to extend my thanks to the Board and senior management team for their leadership and support of the business units and the Board appreciates the continued support from our shareholders.

Regards



Tim Cook
Chairman,
Veritas Investments Limited

DIRECTORS PROFILES

TIM COOK CMInstD

Independent Chairman

Tim is a Director of a number of companies within Veritas. He is also Chairman of SaferSleep NZ Limited, SaferSleep USA, Flossie.com and The Auckland Heart Group, NZ's largest private cardiology practice. He is a Director of MyWave Limited, MyWave Holdings Limited, NZX Listed Plexure Group Limited and Molemap NZ Limited.

He chairs the Remuneration Committee and Audit Committee for Veritas.

His earlier management career includes senior retail and operational management roles in the supermarket, retail, franchising, food and fashion industry sectors.

From 2006 to 2011 he was a Director of NZX listed Charlie's Group Limited, representing Collins Asset Management who was the cornerstone shareholder at 19.69%. He was a member of the Finance and Audit Committee and Chairman of the Remuneration Committee. He was heavily involved in its sale to Asahi Group for $129 million in 2011.

O'Hagans.

MICHAEL MORTON

MBA (Massey)

Director

Michael Morton has extensive management experience and over 16 years' experience as CEO of the Mad Butcher business.

Michael's first management position was Assistant Manager at Stallone's Pizza Delivery Company; a South Island based pizza chain which later became Eagle Boys Pizza. He was later appointed Operations Manager of that company.

Michael next worked for PepsiCo as Assistant Manager of KFC and then Operations Manager, before moving to Restaurant Brands New Zealand Limited to become General Manager of the Pizza Hut business. In 2000, Michael left Restaurant Brands and joined the Mad Butcher Holdings Limited as CEO under Sir Peter Leitch's ownership. In 2007, Michael completed the acquisition of the Mad Business Holdings Limited.

Since Michael joined the Mad Butcher business as CEO in 2000, the number of Mad Butcher stores throughout New Zealand has more than doubled to 33.

Following on from the successful acquisition of the Mad Butcher Holdings Limited by Veritas, Michael joined the Board of Veritas and continued his role as CEO of the Mad Butcher.

SHARON HUNTER

Independent Director

Sharon is one of New Zealand's best-known and respected business women. In 1989 she co-founded PC Direct which rapidly became New Zealand's largest and most successful personal computer company.

After selling the company in 1997, she and Tenby Powell formed Hunter Powell Investments Partners Ltd (HPIP) in 1999.

Their first acquisition was Continental Distributors, subsequently re-launched as Euro Pacific Foods. After that business doubled in size, it was sold to Delmaine Fine Foods. Later they purchased Hirepool from Owens Group with private equity partners Goldman Sachs JB Were.

Sharon currently sits on the Investment Advisory panel for the Government's Primary Growth Partnership and was previously a member of the Advisory Board for Rugby World Cup 2011. Sharon is a non-executive director for Spicer's Portfolio Management, and chair of corporate advisory and finance firm Cranleigh New Zealand. She is also a Director of The Skin Institute Group, NZX listed Plexure Group Limited, Flossie.com and Antarctica New Zealand.

In addition to her business activities, Sharon is actively involved in the not-for-profit sector. She is a trustee of the Starship Foundation and past Chair and Board member of the Robin Hood Foundation.

Sharon joined the Board in February 2014.

JOHN MOORE

B.Com (Hons), LLB (Hons)
– University of Queensland

Independent Director

John is an experienced investment banker and corporate adviser who has worked in Australia, Hong Kong, Singapore and New Zealand.

John started his career with CS First Boston in Australia in 1993, before moving to Ord Minnett / Jardine Fleming, transferring to Hong Kong in 1997. Joining ABN AMRO in Hong Kong in 1997, he then had various roles in both Equity Capital Markets and Mergers & Acquisitions for ABN AMRO, including being responsible for NZ ECM (2001 – 2003) and holding senior positions in the group's investment banking operations in Asia between 2004 and 2009.

John has been based in New Zealand since 2009 and, from 2010 to early 2014, was Head of ECM for Craigs Investment Partners.

John has experience working with a range of New Zealand companies, including working on the IPOs of Freightways, Skellerup, Summerset, Moa, SLI Systems and the Fonterra Shareholders Fund, as well as transactions for Veritas (the acquisition of Mad Butcher Holdings and the associated equity raising), Goodman Property, Contact Energy and Arrium.

In May 2014, John established Miro Capital Advisory Limited, an advisory firm focused on providing capital markets advice to small and medium sized companies in New Zealand, both listed and unlisted. Miro Capital is an NZX Sponsor firm as well as being an accredited NXT Market Advisor.

Corporate GOVERNANCE STATEMENT

The overall responsibility for ensuring that the company is properly managed to enhance investor confidence through corporate governance and accountability lies with the Board of Directors.

The Cav.

The Board and Management are committed to ensuring that the Group maintains Corporate Governance structures which ensure that the Group operates efficiently and effectively in shareholders' best interests.

VIL's corporate governance processes do not materially differ from the principles set out in NZX's Corporate Governance Best Practice Code. The Board will continue to monitor best practice in the governance area and update the Group's policies to ensure it maintains the most appropriate standards.

Role and Composition of the Board

The business and affairs of the Group are managed under the direction of the Board of Directors, which has overall responsibility for decision making within the Group. At a general level, the Board is elected by the shareholders to:

- Establish the Group's objectives;
- Develop major strategies for achieving the Group's objectives;
- Approve all material transactions relating to the Group;
- Set investment parameters for management;
- Monitor management's performance with respect to these matters;
- Ensure legislative compliance;
- Communicate with shareholders and other stakeholders;
- Approve the annual and half-year financial reports.

The Board of Directors currently consists of three independent Directors and one non-independent Director who all have a diverse range of experience and expertise (profiles of the individual Directors can be found on pages 6-8) and are committed to use this to benefit the Group.

As at 30 June 2016, the Board consisted of:

Tim Cook	Chairman and Independent Director
John Moore	Independent Director
Sharon Hunter	Independent Director
Michael Morton	Director

A Director is "independent" when he or she does not have any direct or indirect interest or relationship with the Group which could reasonably influence, in a material way, that Director's decisions relating to the Group. The Board will consider all relevant circumstances when determining independence, but is of the view that a Director cannot be independent where the Director, or an associated person of the Director:

- is a substantial security holder in the Group;
- has a relationship with the Group (other than being a Director of the Group) under which the Director or associated person is likely to derive a substantial portion (generally 10% or more) of their annual revenue or income from the Group;

Quantitative Breakdown of Directors and Officers

	At 30 June 2016	At 30 June 2015
Male	5	6
Female	1	2
TOTAL	6	8

Richard Sigley resigned from his role as a Director of Veritas on 19 November 2015. Adrienne Roberts resigned from her role as the chief financial officer effective on 19 November 2015.

Nomination and Appointment of Directors

The Board is responsible for identifying and recommending candidates. Directors may also be nominated by shareholders under NZX Listing Rule 3.3.5.

A Director may be appointed by ordinary resolution and all Directors are subject to removal by ordinary resolution.

The Board may at any time appoint additional Directors. A Director appointed by the Board shall only hold office until the next annual meeting of the Group but shall be eligible for election at that meeting.

The procedures for the appointment and removal of Directors are governed by the Group's constitution. The constitution provides for one third of the Group's Directors (rounded down to the nearest whole number) to retire and stand for re-election at every Annual General Meeting. The Directors who must retire are those who have been in office the longest since last elected or deemed to be elected.

Any increase in the total Directors' remuneration is approved by shareholders at the Group's Annual Shareholders' Meeting, upon the recommendation of the Board as a whole. Within that cap, the Board is responsible for determining the remuneration paid to each Director.

Disclosure of Interests by Directors

The Code sets out the procedures to be followed where Directors have an interest in a transaction of proposed transaction or are faced with a potential conduct of interest requiring the disclosure of that conduct to the Board.

Veritas maintains an Interest Register that contains all the relevant and material Directorships held by the members of the Board. Entries in the Interests Register made in the financial year ended 30 June 2016 are shown on pages 57 – 59.

Ethical Conduct

The Group has adopted a Code of Conduct, which sets out the ethical and behavioural standards expected of Veritas' Directors and employees. The Code of Conduct outlines the Group's policies in respect of conflicts of interest, competing corporate opportunities, maintaining confidentiality of information, acceptance of gifts and compliance with laws and Group policies. Procedures for dealing with breaches of these policies are contained within the Code of Conduct, which forms part of each employee's conditions of employment.

Share Dealings

Veritas' Directors and employees must comply with the Group's Securities Trading Policy and Procedures, to ensure that no trades in shares are effected whilst that person is in possession of material information which is not generally available to the market.

Indemnification and Insurance of Directors and Officers

The Group has D&O insurance with Vero which ensures that generally, Directors and officers will incur no monetary loss as a result of actions undertaken by them. The Group entered into an indemnity in favour of its Directors under a policy dated 8 May 2013.

Shareholder Relations

VIL is committed to providing comprehensive and timely information to its shareholders. Shareholders are encouraged to participate in annual meetings and the Group encourages queries from shareholders outside formal meetings.

Board Processes

The Board (past and current members) and Audit Committee met formally 17 times for the financial year ended 30 June 2016 for the purpose of reviewing the progress of the Group, approving communications with shareholders and the maintenance of all internal procedures and governance.

These formal meetings included discussions relating to the Investment, Audit and Remuneration Committees. There were a number of informal meetings throughout the financial year, but these are not included in the table below.

Board Members	Meetings Attended
Tim Cook (Chairman)	14
Michael Morton	11
Sharon Hunter	14
Richard Sigley (resigned Nov 2015)	5
John Moore	14

Committees

The Board has 3 formally constituted committees. These committees, established by the Board, review and analyse policies and strategies as developed by the Board. The committees examine proposals and where appropriate make recommendations to the Board. Committees do not take action or make decisions on behalf of the Board unless specifically authorised to do so by the Board.

Audit Committee

The Group's Audit Committee has been established to monitor audit and risk management processes (including treasury and financing policies). It specifically ensures adequate financial reporting and regulatory conformance. The committee is accountable to the Board for considering and, if necessary or desirable, adopting the recommendations of the external Auditor and addressing the adequacy of the external audit function.

The committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the group's annual report, including all financial information released through NZX.

A number of the Board meetings incorporated Audit Committee discussions. For the financial year ended 30 June 2016, the Audit Committee had three formal meetings. These formal meetings are intended to continue for the financial year ending 30 June 2017.

Audit Committee Members	Meetings Attended
Tim Cook, Chairman	3
John Moore	3
Sharon Hunter	3

PricewaterhouseCoopers are the Group's external Auditor. During the year they provided the Group with advisory services. Notwithstanding this, the Group is satisfied with PricewaterhouseCoopers independence and the quality of the audit it provides.

PricewaterhouseCoopers have undertaken the audit of the financial statements for the year ended 30 June 2016.

Investment Committee

The Board has a separate Investment Committee. A number of the Board meetings incorporated Investment Committee discussions. For the financial year ended 30 June 2016, the Investment Committee had no formal meetings. It has been agreed that these formal meetings will be held as and when required.

Members of the Investment Committee are John Moore (Chairman) and Michael Morton.

Remuneration Committee

The Remuneration Committee is responsible for overseeing management succession planning, establishing employee incentive schemes, reviewing and approving the compensation arrangements for the executive Directors and senior management and recommending to the full Board the remuneration of Directors. A number of the Board meetings incorporated Remuneration Committee discussions. For the year ended 30 June 2016, the Remuneration Committee had no formal meetings. It has been agreed that these formal meetings will be held as and when required.

Members of the Remuneration Committee are Tim Cook (Chairman), John Moore and Sharon Hunter.

Managing Risk

The Board has overall responsibility for the Group system of risk management and internal control and has procedures in place to provide effective control within the management and reporting structure. The Board has in place policies and procedures to identify significant business risks and to implement procedures for effectively managing those risks. Key risk management tools used by Veritas include the Audit Committee and Investment Committee functions, outsourcing of certain functions to experts, internal controls, financial and compliance reporting procedures and adequate insurance cover.

Financial Statements are prepared monthly and reviewed by the Board to monitor performance against budget goals and objectives. The Board also requires management to identify and respond to risk exposures.

A structure framework is in place for capital expenditure, including appropriate authorisations and approval levels.

The Board maintains an overall view of the risk profile of the Group and is responsible for monitoring corporate risk assessment processes.

Disclosure

The Group adheres to the NZX continuous disclosure requirements which govern the release of all material information that may affect the value of the Group's listed shares. The Board and senior management team have processes in place to ensure that all material information is promptly provided to the Chairman and disclosed to the market as appropriate.

Directors' RESPONSIBILITY STATEMENT

The Board of Directors have pleasure in presenting the financial statements and audit report for Veritas Investments Limited for the year ended 30 June 2016.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly the financial position of the Group as at 30 June 2016 and financial performance and cash flows for the year ended on that date.

The Directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Board of Directors of the Group authorised these financial statements presented on pages 14 to 52 for issue on 20 September 2016. This Annual Report is dated 20 September 2016.

For and on behalf of the Board

Tim Cook
Chairman, Veritas Investments Limited
Audit Committee Chairman

John Moore
Independent Director

FINANCIAL REPORT

Doolan Brothers Lynfield.

Independent auditor's report

To the shareholders of Veritas Investments Limited

We have audited the Veritas Investments Limited consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for qualified opinion

The Group's investment in the Nosh cash generating business unit, is carried at $4.6m in the consolidated statement of financial position as at 30 June 2016. We were unable to obtain sufficient appropriate audit evidence to support the carrying amount of that operating unit. Consequently, we were unable to determine whether any adjustments to the carrying value was necessary at 30 June 2016. We refer to note 3 that discloses the Directors basis for recognition of the $4.6m carrying value. We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

With the exception of the matter referred to above we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of due diligence, tax compliance, and other advisory and consulting services. The provision of these other services has not impaired our independence as auditors of the Group.

Emphasis of Matter

Without further qualifying our opinion, we also draw attention to Note 1 and Note 19 in the financial statements which indicates the going concern assumption is dependent on the ability of the Group to continue meeting its obligations under its bank facility agreement. If the Group is unable to comply with its bank covenants, and in the event of any non-compliance is unable to renegotiate its facility or obtain alternative sources of funding, then this indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page5.aspx

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
20 September 2016

Auckland

Consolidated Statement of
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue	7	56,542,347	45,689,866
Changes in inventories of finished goods		(22,704,675)	(18,171,363)
Employee benefits expense		(12,295,301)	(9,255,291)
Depreciation and amortisation expense	6,14	(1,194,394)	(1,033,403)
Interest income		54,899	115,470
Interest expense		(1,733,890)	(1,238,037)
Other expenses	9	(14,317,492)	(10,918,624)
Share of joint venture's profit, net of tax	17	19,190	415,822
Significant items:			
Gain on Nosh acquisition	5	-	445,735
Nosh acquisition transaction costs	5	-	(342,640)
BBC acquisition transaction costs	5	-	(499,278)
Other acquisition transaction costs	5	-	(96,186)
Loss on closure of warehouse		(45,951)	-
Restructuring costs		(220,159)	-
Litigation costs in respect of Kiwi Pacific Foods arbitration		(315,362)	-
Impairment of carrying value of Kiwi Pacific Foods	17	(2,900,000)	-
Impairment of carrying value of accounts receivable	11	(2,175,877)	-
Loss on disposal of Hamilton bars	5	(471,795)	-
Operating profit / (loss) before income tax		**(1,758,460)**	**5,112,071**
Income tax benefit / (expense)	10	(679,935)	(1,305,967)
Profit / (loss) for the year from continuing operations		**(2,438,395)**	**3,806,104**
Loss for the year from discontinued operations (attributable to equity holders of the Parent Company)			
Trading losses	13	(1,236,195)	(470,136)
Gain on disposal of Constellation Drive net of transaction costs	5,13	199,850	-
Impairment of discontinued stores	13	(1,116,882)	-
Profit / (loss) for the year		**(4,591,622)**	**3,335,968**
Total comprehensive profit / (losses) for the year attributable to the owners of the Parent Company arises from:			
Continuing operations		(2,438,395)	3,806,104
Discontinuing operations		(2,153,227)	(470,136)
		(4,591,622)	**3,335,968**
Earnings per share (losses) from continuing and discontinued operations attributable to equity holders of the Parent Company during the year:			
(basic and diluted)			
From continuing operations	21	(5.63)	9.32
From discontinued operations		(4.97)	(1.15)
From profit / (loss) for the year		**(10.60)**	**8.17**

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

Consolidated Statement of
FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
ASSETS			
Cash and cash equivalents	24	1,708,471	3,452,822
Restricted cash	24	75,000	176,000
Trade and other receivables	11	2,109,573	4,685,137
Inventories	12	1,298,091	1,375,998
Assets from operations classified as held for sale	13	620,728	1,664,625
Assets of discontinued operations held for realisation	13	644,359	-
Investment held for realisation	17	386,011	-
Total current assets		**6,842,233**	**11,354,582**
Property, plant and equipment	14	8,159,074	9,708,584
Trade and other receivables	11	-	155,260
Deferred tax asset	15	480,748	265,155
Investment in joint venture	17	-	4,178,156
Intangible assets	6	30,727,006	30,751,552
Total non-current assets		**39,366,828**	**45,058,707**
TOTAL ASSETS		**46,209,061**	**56,413,289**
LIABILITIES			
Trade and other payables	18	3,754,289	5,473,240
Income tax payable	15	147,060	171,107
Liabilities from operations classified as held for sale	13	224,274	272,915
Liabilities of discontinued stores	13	757,377	-
Borrowings	19	16,561,666	6,275,438
Total current liabilities		**21,444,666**	**12,192,700**
Borrowings	19	16,751,939	31,045,893
TOTAL LIABILITIES		**38,196,605**	**43,238,593**
NET ASSETS		**8,012,456**	**13,174,696**
EQUITY			
Share capital	20	34,136,660	34,235,187
Retained Earnings		(26,124,204)	(21,060,491)
TOTAL EQUITY		**8,012,456**	**13,174,696**

For and on behalf of the Board of Directors, who authorised these Financial Statements on 20 September 2016.

Tim Cook
Chairman

John Moore
Director

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

Consolidated Statement of CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	SHARE CAPITAL $	RETAINED EARNINGS $	TOTAL EQUITY $
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	22	-	(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		**34,235,187**	**(21,060,491)**	**13,174,696**
Loss for the year		-	(4,591,622)	(4,591,622)
Total comprehensive loss for the year		**-**	**(4,591,622)**	**(4,591,622)**
Transactions with owners:				
Shares issued	20	(98,527)	-	(98,527)
Dividends paid	22	-	(472,091)	(472,091)
Total contributions by / (distributions) to owners		**(98,527)**	**(472,091)**	**(570,618)**
Balance at 30 June 2016		**34,136,660**	**(26,124,204)**	**8,012,456**

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

Consolidated Statement of CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Receipts from customers		56,902,955	43,443,271
Payments to suppliers and employees		(51,017,440)	(41,382,930)
Interest received		54,899	115,470
Interest paid		(1,733,890)	(1,238,037)
Taxes paid	15	(513,256)	(1,155,377)
Advances to stores		-	(94,858)
Cash outflows from significant items		(581,472)	-
Discontinued - operating cash flows		(1,696,185)	(470,136)
Net cash inflows/(outflows) from operating activities	**28**	**1,415,611**	**(782,597)**
Sale of property, plant and equipment, and intangibles		1,426,297	-
Distribution received from Kiwi Pacific Foods	17	911,335	-
Sale of associate		439,252	-
Purchase of property, plant and equipment, and intangibles		(1,335,876)	(655,769)
Acquisition of businesses held for sale	5	-	(93,592)
Acquisition of subsidiaries (net of cash acquired, including transaction costs)	5	-	(23,807,116)
Net cash inflows/(outflows) from investing activities		**1,441,008**	**(24,556,477)**
Dividends paid	22	(472,091)	(2,793,471)
Transaction costs of share cancellation	20	(98,527)	-
Repayment of borrowings		(8,929,186)	(1,560,258)
Bank borrowings drawn down		5,179,531	28,869,914
Net cash inflows/(outflows) from financing activities		**(4,320,273)**	**24,516,185**
Net decrease in cash and cash equivalents		**(1,463,654)**	**(822,889)**
Cash and cash equivalents at beginning of the year		3,172,125	3,995,014
Cash and cash equivalents at end of the year		**1,708,471**	**3,172,125**
Cash and bank balances	24	1,708,471	3,452,822
Overdraft	19	-	(280,697)
		1,708,471	**3,172,125**

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

Notes to the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. General Information

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

Entities reporting

These financial statements are for Veritas Investments Limited ("Veritas") and its subsidiaries (together "the Group").

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

Statutory base

Veritas Investments Limited 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.

Veritas Investments is domiciled and incorporated in New Zealand. Its registered office is at Ground Floor, Building B, Ascot Business Park, 95 Ascot Avenue, Greenlane, Auckland 1051.

During the comparative year ending 30 June 2015, Veritas, through newly incorporated subsidiaries Nosh Group Limited and The Better Bar Company Limited made two large acquisitions for the business and assets of Nosh Management Limited and The Better Bar Group respectively. Please refer to note 5 for further details.

There have been no changes made to accounting policies unless otherwise stated.

Going Concern

The Group reported a loss of $(4.6) million during the year. However, its free cash flow (operating and investing cash flows) was $2.9 million, resulting in the Group being able to repay net debt of $3.7 million during the year. At 30 June 2016 the Group has current liabilities of $21.4 million, significantly higher than its current assets of $6.8 million. In preparing the financial statements, the Board have assessed the Group's ability to continue as a going concern, in light of the recent poor financial performance, particularly in the first half of the year. In making this assessment, the Board 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 has at 30 June 2016 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.

As set out in note 19, subsequent to year end, the Group has received a committed term sheet (CTS) from the ANZ Bank (ANZ) which extends the debt obligation terms, reduces the monthly principal repayment amounts and increases the ANZ's interest margin. The CTS agrees additional reporting, operational and financial covenants and includes other undertakings by the Group to make operational decisions and to prepare a strategic plan.

The ability of the Group to remain in compliance with its banking covenants has been considered by the Directors in the adoption of the going concern assumption, during the preparation of the financial statements. The Directors forecast that the Group can trade at levels appropriate to meet its banking covenants for the period of 12 months from the date of authorisation of the financial statements. In reaching this conclusion the Directors have considered the achievability of the financial performance forecast and cash flow forecasts approved by the Board, including the appropriateness of the assumptions underlying those forecasts.

The Directors acknowledge that if the Group is unable to continue meeting its obligations under its banking facility agreement and the undertakings as outlined in the CTS, and is unable to renegotiate that facility or obtain alternative sources of funding, this would indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

These financial statements do not include any adjustments that may be made to reflect that situation should the Group be unable to continue as a going concern. Such adjustments may include realising assets at other than the amounts at which they are recorded in the financial statements. In addition, the Group may have to provide for further liabilities that may arise and to reclassify certain non current assets and liabilities as current.

Notwithstanding the above, having taken into account the financial position of the Group, after recognising the write-down of impaired assets at balance date, the projected financial performance of the Group, compliance with it's banking covenants, it is the considered view of the Board that the Group is a going concern.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules as applicable to the NZX Main Board. In accordance with the Financial Markets Conduct Act 2013 because group financial statements are prepared and presented for Veritas Investments Limited and its subsidiaries, separate financial statements for the Parent are no longer required to be prepared and presented.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets and liabilities as identified in the specific accounting policies below.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of all subsidiaries of Veritas Investments Limited ("Parent") as at the reporting date. Veritas Investments Limited and its subsidiaries together are referred to in these financial statements as the "Group" or the consolidated entity.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are included in the consolidated financial statements using the acquisition method of consolidation. They are fully consolidated from the date on which control is transferred to the Parent. They are de-consolidated from the date that control ceases or they cease to be part of the Group.

The results of the entities acquired or disposed of during the year are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial asset or financial liability is recognised in accordance with NZ IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised direct in the profit and loss component of the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Associates and joint venture investments
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint venture investments are those entities in which the Group has joint control over financial and operating policies. Associates and joint venture investments are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

(c) Segment reporting
Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-making body. The chief operating decision-making body responsible for allocating resources and assessing performance of operating segments is the Board of Directors.

(d) Functional and presentation currency
The presentation currency of the Group is New Zealand Dollars ($). Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rate at balance date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(e) Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax and discounts, to the extent that it is probable that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured.

Store and bar sales - Store and bar sales are recognised when the Group sells to the customer. Store and bar sales are usually in cash and the recorded revenue is the amount of the sale, net of any applicable discounts.

Carcass rebates - Mad Butcher Limited (MBL) acts as an agent for the sale of carcasses. Net revenue is recognised when the carcasses are received by the franchise stores.

Supplier rebates - The Group acts as an agent for the sale of products. Supplier rebates on these products are recognised as revenue when the goods are received by the franchise store.

Advertising fees - Contracted annual advertising charges are recognised in the period to which they relate.

Franchise fees - Franchise fees are recognised in the period to which they relate.

Other income - Management fees and gaming income are recognised in other income in the period to which they relate. Door cover charges are recognised when they are received.

(f) Interest bearing liabilities
Interest bearing loans and borrowings are initially measured at fair value, less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(g) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short term deposits with an original maturity of greater than three months are also included within cash and cash equivalents if the term deposit can be terminated at an earlier date, without incurring penalties.

Restricted cash comprises deposits held by the NZX on behalf of Veritas, and gaming accounts held on account for Trillian Trust Inc.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an on-going basis and a provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. Financial difficulties of the debtor, or amounts significantly overdue are considered objective evidence of impairment. The amount of the loss is recognised in the profit and loss component of the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited to the profit and loss component of the statement of comprehensive income.

(i) Inventories

Raw materials and finished goods are stated at the lower of cost, determined on a weighted average basis, 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.

(j) Goods and Service Tax (“GST”)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(k) Income tax

The income tax expense or benefit for the period is the tax payable on the current period’s taxable income adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period’s taxable income. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are recognised for temporary differences at the balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

The income tax expense or revenue attributable to amounts recognised directly in equity are also recognised directly in equity.

(l) Property, plant and equipment

Property, plant and equipment is initially recorded at cost, including costs directly attributable to bring the asset to its working condition, less accumulated depreciation and any accumulated impairment losses. Any expenditure that increases the economic benefits derived from the asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

Depreciation of property, plant and equipment is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives. The rates are as follows:

Fixtures plant and office equipment	8 - 50%
Vehicles	12 - 30%
Computer equipment	20 - 50%
Lease improvements	4 - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss component of the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

(m) Other intangible assets
Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses.

Computer software - Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

An intangible asset is derecognised on disposal, or when no future economic benefit is expected from use. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(n) Goodwill
Goodwill represents the excess of the consideration transferred in an acquisition over the fair value of 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 cash generating unit (CGU) or groups of CGU's 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.

(o) Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time and value of money and the risks specific to the asset for which the estimates of future cash have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(p) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group by suppliers in the ordinary course of business prior to the end of the financial year that are unpaid and arise when the Group become obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within normal business trading terms. The Group acts as an agent for some carcass transactions. The income and expense is shown as a net amount in the statement of comprehensive income, however as the Group bears the credit risk, the trade payables show the full amount payable.

(q) Employee entitlements

Liabilities for wages, salaries and annual leave are recognised in the provision for employee benefits and measured at the amounts expected to be paid when the liabilities are settled. The employee benefit liability expected to be settled within twelve months from balance date is recognised in current liabilities.

(r) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys the right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating leases - Group as lessee

Where the Group is the lessee, leases where the lessor retains substantially all the risks and benefits of ownership of assets are classified as operating leases. Net rental payments and incentives, excluding contingent payments, are recognised as an expense in profit or loss on a straight-line basis over the period of the lease.

(s) Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is computed based on the weighted average number of ordinary shares outstanding during the period. Diluted EPS is computed based on the weighted average number of ordinary shares plus the effect of dilutive potential ordinary shares outstanding during the period

(v) Discontinued operations / assets held for sale / assets held for realisation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of financial performance and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Where operations have been shut the remaining assets are held for realisation and have been written down to their expected recoverable value.

(w) 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 year (a GAAP measure) from continuing operations, less tax, excluding significant items.

	2016 $	2015 $
Profit / (loss) for the year (after tax)	**(4,591,622)**	**3,335,968**
Significant items (net of tax):		
Gain on Nosh acquisition	-	(445,735)
Nosh acquisition transaction costs	-	342,640
BBC acquisition transaction costs	-	499,278
Other transaction costs	-	96,186
Loss on closure of warehouse	33,085	-
Restructuring costs	158,514	-
Litigation costs in respect of Kiwi Pacific Foods arbitration	227,061	-
Impairment of carrying value of Kiwi Pacific Foods	2,900,000	-
Impairment of carrying value of accounts receivable	1,566,631	-
Loss on disposal of Hamilton bars	339,692	-
Gain on disposal of Constellation Drive net of transaction costs	(199,850)	-
Impairment of discontinued stores	1,116,882	-
Total comprehensive loss from discontinued operations	1,236,195	470,136
Tax expense in respect of prior year	373,080	-
Total comprehensive income from continued operations after tax excluding significant items	**3,159,669**	**4,298,473**

3. Critical Accounting Estimates, Judgements And Assumptions

In application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the Group's critical judgements and estimates:

Carrying value of indefinite life intangible assets

Impairment reviews are performed by the Group to assess the carrying value of indefinite life intangible assets including goodwill. These reviews include making assumptions in relation to the future performance and growth as well as determining the period of expected benefits and appropriate discount rates in the value in use models. Refer to Note 6 for key assumptions made.

The carrying value of the Group's assets principally rely on the expectation of continued growth in bar sales, which supports the current assessment that there are no impairments. If those growth expectations change, or the expected profitability of the Group otherwise changes, there may be impairments of the Group and/or Group's assets in future periods.

Property plant and equipment

The fair value of property, plant and equipment acquired on a business combination is determined using a combination of market comparisons and the depreciated replacement cost approach. These approaches include estimations and assumptions regarding useful lives, residual values, maintenance and technical obsolescence.

The estimations and assumptions used are subjective in nature and can have a significant impact on their fair value determined.

Trade and other receivables

Where trade and other receivables are outstanding beyond their normal trading terms, the likelihood of the recovery of these trade receivables is assessed by management. The Group reviews the standing of each trade receivable balance to determine what provision, if any, is required.

For some balances that are outside of normal trading terms, new terms have been re-negotiated and based on these renegotiations the Board is of the view that these amounts are collectable.

For outstanding advances to Mad Butcher stores, these are considered normal operations for a large group of stores. In some cases additional collateral has been received from the debtor to support collectability, otherwise the Group has various guarantees in place that can be initiated if required. The Group reviews the standing of each advance balance to determine what provision, if any, is required.

Acquisitions

The consideration transferred in an acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred.

In relation to The BBC settlement agreement, a share buy-back of 1,000,000 shares at a nominal value of $1 was agreed with the vendors. This was subject to normal shareholder approval at the Annual General Meeting held on 19 November 2015. The effect of this buy-back was reflected in the financial statements at June 2015.

Assets from operations classified as held for sale

From time to time Mad Butcher will buy stores from a franchisee who choses to exit from the business. During the comparative year four stores were purchased and were classified as held for sale until a new franchisee was identified and a sale process completed. During the current year two of these stores have been closed along with another company owned store. Steps are being undertaken to improve the results of two stores, which at June 2016 remain wholly owned by the Group.

Impairment reviews are performed by the Group to assess the carrying value of the assets from operations held for sale. These reviews include making assumptions on what sales price would be achieved on each asset, less the cost to sell, to assess the likelihood of recovery of these assets held for sale. The Board have reviewed the recent history of sales prices achieved for similar assets and based on this analysis have determined that an additional impairment provision is not required.

Investment in joint venture

In preparing the financial statements, the Directors have assessed the Group's accounting for its associate, Kiwi Pacific Foods Limited (KPF). On 29 March 2016 the Group announced that it had reached agreement with Antares Restaurant Group Limited ("ARG") to commence an orderly wind down of KPF by closing the business and selling its assets and to use the proceeds to repay all external obligations and then to return the surplus funds to the shareholders. Accordingly, in accordance with its accounting policies, the Directors have reclassified the investment in KPF to current assets, as an investment held for realisation, with effect from 31 December 2015, when the investment was first impaired, and have ceased to equity account KPF as from that date.

KPF ceased operations in May 2016 and sold their land and buildings with settlement received on 30 June 2016. On 30 June 2016 KPF repaid all their bank debt and then distributed the capital profits made on the sale of the land to the two shareholders. The company is in the process of being wound up, which is expected to occur by 31 December 2016. The investment has been held as its estimated recoverable value.

Carrying value of Nosh

During the year Nosh recorded an EBITDA loss of $(1.9) million. The Group has identified that Nosh faces particular challenges, as it operates in an industry dominated by two major supermarket chains, with a number of other competitors. The Board is considering a number of options concerning Nosh, and has implemented a number of strategies and initiatives to achieve an appropriate improvement in the earnings. The value of Nosh's total assets is $6.2 million.

The Group has prepared a discounted cash flow to identify the value of the business as a franchise model. This shows a recoverable amount in excess of the carrying value at 30 June 2016. The Board have also considered the value of Nosh from a disposal process, either as a going concern or as individual stores.

The key assumptions used for the value in use calculations are as follows:

	2016
Pre tax discount rate	13.9%
Cash flow forecast period	3 years
Terminal growth rate	2%
Cumulative sales growth rate over three years	15%
Cumulative gross margin improvement over three years	3.5%
Terminal year EBIT	$700,000

The Board have adopted reasonable assumptions in preparing the discounted cash flow model, however as Nosh faces uncertain market conditions that make it difficult to predict future profitability, it is possible that changes in these assumptions would cause the carrying value to exceed the recoverable value. Changes to the key assumptions will result in a change in the recoverable value.

Assumption changes	**Effect on recoverable value - / + $**
1 percent increase / decrease in the discount rate	655,614
10 percent decrease / increase in the terminal year EBIT	496,431

Subsequent to balance date, as referred to in note 19, the Group is considering restructuring opportunities. If the recoverable value of Nosh does not realise at least the carrying value, then there could be a future impairment.

4. New Standards, Amendments and Interpretation

Standards, amendments and interpretations not effective in the current year

Relevant standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group are:

Standard / interpretation	Effective for annual reporting period beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 9 'Financial Instruments' - Addresses measurement and recognition of financial assets and liabilities	1 January 2018	30 June 2019
NZ IFRS 15 'Revenue from Contracts with Customers' - Establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers	1 January 2018	30 June 2019
NZ IFRS 16 'Leases' - Addresses measurement and recognition of leases and will require all leases to be on balance sheet, except for certain short term, low value assets	1 January 2019	30 June 2020

The financial statement impact of adoption of NZ IFRS 9 is not expected to have a material measurement impact on the financial statements reported by the Group, however there will be additional disclosure requirements.

NZ IFRS 15 is yet to be considered to establish whether it will have a material measurement impact on the financial statements reported by the Group.

The Group intends to adopt NZ IFRS 16 on its effective date. The Group is yet to assess the full impact of the new standard, however as per note 25, the value of operating lease commitments is $18.5 million. Approximately this value will come on balance sheet increasing property, plant and equipment, and current and term liabilities. Interest expense and depreciation expense will increase, but this will largely be offset by a decrease in operating expenses. Accordingly we do not expect there to be a significant change to the net profit / (loss) for the year.

Standards, amendments and interpretations effective in the current year

There have been no new standards, amendments and interpretations that are effective in the current year, which have a material impact on the financial statements.

5. Acquisitions and Disposals

Nosh Group Limited

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. Acquisition costs of $342,640 were incurred.

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 interest in this associate was sold on 2 November 2015 for a gain on sale of $199,850, 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.

The Better Bar Company 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") for a total consideration of $29,257,579, consisting of cash paid of $22,577,579 and the issue of 6,964,286 shares valued at $6,680,000. It was later agreed that Veritas would buy back 1,000,000 shares at a nominal value of $1. 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. Acquisition costs of $499,278 were incurred.

On 7 December 2015 The BBC sold three of its Hamilton bars that were not trading to expectations for a total consideration of $1,012,256. The loss on sale of these bars, including transactions costs was $471,795.

Mad Butcher stores

As master franchisor, from time to time Mad Butcher will buy stores from a franchisee who chooses to exit from the business. If 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 were classified as held for sale. Acquisition costs of $17,941 were incurred. No stores have been purchased in the current year.

As at 30 June 2016, three stores have been closed and the remaining two wholly owned stores are held for sale in accordance with NZ IFRS 5.

6. Intangible Assets

	Goodwill $	Computer Software $	Total $
Year ended 30 June 2016			
Opening balance net book value	30,593,167	158,385	30,751,552
Reclassifications from other assets	-	47,020	47,020
Additions	-	68,158	68,158
Amortisation charge	-	(139,724)	(139,724)
Closing net book value	**30,593,167**	**133,839**	**30,727,006**
At 30 June 2016			
Cost	30,593,167	358,871	30,952,038
Accumulated amortisation	-	(225,032)	(225,032)
Net book value	**30,593,167**	**133,839**	**30,727,006**
Year ended 30 June 2015			
Opening balance net book value	-	64,517	64,517
Acquisition of businesses	30,593,167	68,295	30,661,462
Additions	-	185,486	185,486
Amortisation charge	-	(159,913)	(159,913)
Closing net book value	**30,593,167**	**158,385**	**30,751,552**
At 30 June 2015			
Cost	30,593,167	386,736	30,979,903
Accumulated amortisation	-	(228,351)	(228,351)
Net book value	**30,593,167**	**158,385**	**30,751,552**

Goodwill arose on the acquisition of The BBC and has been allocated to it's CGU's. A CGU is a bar or a group of bars that share operational facilities. For all CGU's on an annual basis, the recoverable amount of the goodwill is determined based on value in use calculations for each CGU to which the goodwill relates. Goodwill was tested for impairment in June 2016.

The value in use calculations are initially based on financial budgets and business plans approved by the Directors. Cash flows beyond this period are extrapolated using the estimated growth rates below. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates.

The carrying values of the Group's assets principally rely on the expectation of continued growth in bar sales, which supports the current assessment that there are no impairments. If those growth expectations change, or the expected profitability of the Group otherwise changes, there may be impairments of the Group assets in future periods. Management believe that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount.

The key assumptions used for the value in use calculations in all models are as follows:

	2016	2015
Pre tax discount rate	13.9%	12.8%
Cash flow forecast period	3 years	5 years
Terminal growth rate	2.0%	2.5%
Annual sales growth rate	2% - 3%	2% - 10%

Goodwill has been allocated to the following bars:

	2016 $	2015 $
Danny Doolans	11,701,000	11,701,000
O'Hagan's	6,083,000	6,083,000
Other	12,809,167	12,809,167
	30,593,167	**30,593,167**

7. Revenue

	2016 $	2015 $
Store and bar sales	47,007,946	33,459,350
Carcass rebates	1,218,884	1,472,871
Supplier rebates	4,614,206	5,000,597
Advertising income	3,092,439	3,573,736
Franchise fees	596,371	1,104,817
Other income	12,501	1,078,495
	56,542,347	**45,689,866**

8. Segment Reporting

Following the acquisition of Nosh and The BBC new segments have been created reflecting the changes in the operating segment of the Group. The Group is organised into the following business segments, predominantly reflecting trading divisions in the Group:

The Mad Butcher

This segment represents the activities of the Mad Butcher franchisor business, as well as one owned retail store in 2015 which has been reclassified to assets held for sale in 2016. 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. Refer to note 5 for further information.

The BBC

This segment includes the business activities of The Better Bar Company Limited which operates a chain of eight bars based in Auckland and Hamilton. Refer to note 5 for further information.

Kiwi Pacific Foods

This segment includes the 50% joint venture interest Veritas has in Kiwi Pacific Foods Limited. It produced and distributed 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. See note 3 for further information.

Other

Includes the activities of the Parent Company.

The Board of Directors ("The Board") continues to be the Chief 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.

Statement of Comprehensive Income

	2016 Revenue $	2016 EBITDA $	2015 Revenue $	2015 EBITDA $
Mad Butcher	9,890,701	4,574,720	12,123,549	6,358,682
Nosh	22,544,981	(1,886,193)	18,429,270	(1,193,186)
The BBC	24,094,164	5,509,085	15,124,547	2,954,174
Kiwi Pacific Foods	-	182,741	-	725,888
Other	12,501	(961,334)	12,500	(775,082)
Group	**56,542,547**	**7,419,019**	**45,689,866**	**8,070,476**
Gain on acquisition		-		445,735
Acquisition transaction costs		-		(938,104)
Loss on closure of warehouse		(45,951)		-
Restructuring costs		(220,159)		-
Litigation costs in respect of Kiwi Pacific Foods arbitration		(315,362)		-
Impairment of carrying value of Kiwi Pacific Foods		(2,900,000)		-
Impairment of carrying value of accounts receivable		(2,175,877)		-
Loss on disposal of Hamilton bars		(471,795)		-
Depreciation and amortisation		(1,194,394)		(1,033,403)
Finance expense (net of income)		(1,678,991)		(1,122,567)
Share of joint venture's depreciation, finance and taxation expenses		(163,551)		(310,066)
Profit /(loss) before income tax from continuing operations		**(1,747,061)**		**5,112,071**

Statement of Financial Position

	2016 Segment Assets $	2016 Segment Liabilities $	2015 Segment Assets $	2015 Segment Liabilities $
Mad Butcher	1,859,369	1,301,913	4,670,009	1,469,110
Nosh	6,227,418	7,763,149	5,693,442	1,896,792
The BBC	35,243,715	25,053,837	37,533,979	39,471,901
Kiwi Pacific Foods	386,011	-	4,178,156	-
Other	1,227,461	3,096,055	2,673,078	127,875
Operations held for sale	1,265,087	981,651	1,664,625	272,915
Group	**46,209,061**	**38,196,605**	**56,413,289**	**43,238,593**

Geographical
Veritas and its subsidiaries operate within New Zealand, and derived no revenue from foreign countries for the year ended 30 June 2016 (2015: nil).

Information about major customers
No single customer contributed 10% or more to the Group's revenue for the year ended 30 June 2016 (2015: nil).

Capital expenditure (including software)

	2016 $	2015 $
Capital expenditure for each reporting segment for the year:		
Mad Butcher	62,718	63,928
Nosh	1,103,195	324,518
The BBC	169,963	267,323
	1,335,876	**655,769**

9. Other Expenses

	2016 $	2015 $
Other expenses include:		
Advertising and marketing costs	5,980,008	3,752,217
Property expenses including lease costs	5,579,461	3,707,112
Professional and other advisory costs	273,437	717,260
Equipment hire	57,396	245,778
Insurance	93,693	158,971
Travel expenses	90,034	98,057
Bad debts written off	455	78,296
Other	2,243,007	2,160,933
	14,317,492	**10,918,624**
Remuneration to auditors included:		
Audit of the financial statements	226,650	157,500
Agreed upon procedures in relation to the interim financial statements	18,165	10,500
Other fees paid to Auditors*	108,965	-
Other fees paid to Auditors - due diligence**	-	200,425
Other fees paid to Auditors - tax compliance services	28,615	4,040
Total remuneration paid or payable to auditors	**382,395**	**372,465**

** Other fees relate to understanding and analysis of historical and projected financial information as well as the Group's performance improvement plans to assist in reporting to our funding provider.*
*** Due diligence fees relate to costs prior to PwC being appointed as auditors.*

10. Tax Expense / (Benefit)

	2016 $	2015 $
The income tax expense consists of the following:		
Profit / (loss) before income tax from continuing operations	(1,758,460)	5,112,071
Income tax expense / (benefit) calculated at 28% (2015: 28%)	(492,369)	1,431,380
Non deductible expenses	813,337	112,520
Joint venture results reported net of tax	(5,373)	(116,430)
Tax in respect of prior years	373,080	-
Non assessable income	(8,740)	(124,806)
Other	-	3,303
Tax expense / (benefit)	**679,935**	**1,305,967**
Current tax expense	895,527	1,334,030
Deferred tax benefit	(215,592)	(28,063)
Tax expense / (benefit)	**679,935**	**1,305,967**
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2015: 28%)	1,150,601	822,707

The imputed portions of any dividend recommended after 30 June 2016 will be imputed out of the existing imputation credits.

11. Trade and Other Receivables

	2016 $	2015 $
Trade receivables	2,075,129	4,361,748
Related party receivables (note 23)	118,117	191,858
Advances to stores	275,915	231,042
	2,469,161	**4,784,648**
Prepayments	138,752	105,141
Provision for doubtful debts	(498,340)	(204,652)
Total current	**2,109,573**	**4,685,137**
Trade receivables	-	155,260
Total non current	**-**	**155,260**

The fair value of trade and other receivables approximates their carrying value. Non current trade receivables relate to customers where the terms of payment have been renegotiated. The Directors consider there is no evidence that the customer will not pay the amount due.

Aging of trade and related party receivables, and advances to stores

The aging analysis of trade and other receivables is as follows:

	2016 $	2015 $
Up to 3 months	1,695,558	3,475,207
3 to 6 months	486,361	1,042,466
More than 6 months	287,242	266,975
Total	**2,469,161**	**4,784,648**

As at 30 June 2016 in regard to receivables which are past due but not impaired, for some balances new terms have been renegotiated and, based on these renegotiations, the Board views that these amounts are collectable. In some cases additional support has been received from the debtor to support collectability, otherwise the Group has various guarantees in place that can be initiated if required. For any receivable which may be considered impaired, the Board have established a provision against these as below.

Provision for doubtful debts

	2016 $	2015 $
Opening balance	(204,652)	-
Acquisition of businesses	-	(114,209)
Impairment of carrying value of accounts receivable	(2,175,877)	-
Provision recognised during the year	(3,191)	(168,739)
Receivables written off during the year	1,885,380	78,296
As at 30 June 2016	**(498,340)**	**(204,652)**

12. Inventories

	2016 $	2015 $
Raw materials	87,734	155,287
Finished goods	1,210,357	1,270,711
Inventory provision	-	(50,000)
	1,298,091	**1,375,998**

13. Discounted Operations Held for Sale and Realisation

	2016 $	2015 $
Assets from operations classified as held for sale:		
Mad Butcher stores	620,728	1,425,223
Nosh Constellation Limited	-	239,402
	620,728	**1,664,625**
Liabilities from operations classified as held for sale:		
Mad Butcher stores	224,274	272,915
	224,274	**272,915**
Net loss for the year from operations classified as held for sale and discontinued operations:		
Mad Butcher stores (see (a) below)	(1,158,053)	(332,548)
Nosh Constellation Limited (see (c) below)	(78,142)	(137,588)
	(1,236,195)	**(470,136)**
Gain on sale of Nosh Constellation Limited		
Gain on disposal of Nosh Constellation Limited net of transaction costs	199,850	-
	199,850	**-**

	2016 $	2015 $
(a) Combined summary trading result from Mad Butcher stores classified as held for sale and/or discontinued during the year		
Revenue	9,053,978	5,542,736
Expenses	(10,662,385)	(6,004,608)
Loss before tax	(1,608,407)	(461,872)
Tax benefit	450,354	129,324
Loss for the year	**(1,158,053)**	**(332,548)**

(b) Mad Butcher Limited

As master franchisor, from time to time Mad Butcher will buy stores from a franchisee who choses to exit from the business. If 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 current year no stores were purchased and were classified as held for sale (2015 four stores). Refer note 5.

Mad Butcher Invercargill was previously fully consolidated. The store has been closed during the year along with the Kapiti and Glenfield stores. The trading loss for the year has been recognised in (a) above. The assets of the stores have been written down to their realisable value and have been separately disclosed as assets held for realisation. The liabilities of the discontinued stores have been seperately disclosed as liabilities from discontinued stores. At June 2016 two stores remain as held for sale as per note 3 whose assets and liabilites are recognised as held for sale above.

	2016 $	2015 $
Assets from discontinued operations held for realisation:		
Mad Butcher discontinued stores	644,359	-
	644,359	**-**
Liabilities from discontinued operations:		
Mad Butcher discontinued stores	50,294	-
Discontinued stores provision for make good and onerous leases	707,083	-
	757,377	**-**

(c) Nosh Constellation Limited

As part of Veritas acquisition of Nosh, a 49.9% investment in associate Nosh Constellation Limited was acquired, refer note 5. The fair value of the investment acquired at date of acquisition was $376,990. Following the acquisition the Board made the decision to sell this investment. The interest in this associate was sold on 2 November 2015 for a gain on sale of $199,850, including transaction costs. The business is now a franchise store and its results are not recorded as part of the Veritas Group, except for transactions between it and Nosh Group Limited.

	2016 $	2015 $
Opening investment in associate	239,402	376,990
Share of loss for the year from discontinued operation	(78,142)	(137,588)
Investment disposed of during the year	(161,260)	-
Assets from operations classified as held for sale	**-**	**239,402**

14. Property, Plant and Equipment

	Vehicles	Fixtures Plant, Office Equipment	Computer Equipment	Lease Improvement	Total
	$	$	$	$	$
Year ended 30 June 2016					
Opening balance net book value	65,973	3,492,030	30,157	6,120,424	9,708,584
Reclassifications to other assets including assets of discontinued operations held for realisation	(2,505)	(447,489)	56,245	57,488	(336,261)
Additions	-	280,312	49,379	938,027	1,267,718
Disposals	(5,647)	(457,602)	(1,218)	(961,830)	(1,426,297)
Depreciation charge	(17,195)	(450,833)	(32,326)	(554,317)	(1,054,670)
Closing net book value	**40,626**	**2,416,418**	**102,237**	**5,599,793**	**8,159,074**
At 30 June 2016					
Cost	81,546	3,239,229	159,759	6,575,224	10,055,758
Accumulated depreciation	(40,920)	(822,811)	(57,522)	(975,431)	(1,896,684)
Net book value	**40,626**	**2,416,418**	**102,237**	**5,599,793**	**8,159,074**
Year ended 30 June 2015					
Opening balance net book value	81,546	430	7,713	18,902	108,591
Acquisition of businesses (note 5)	7,096	3,357,395	13,278	6,324,458	9,702,227
Assets transferred from held for sale	6,520	309,790	5,284	-	321,594
Additions	-	223,185	14,914	232,184	470,283
Disposals	(420)	14,594	(544)	(34,251)	(20,621)
Depreciation charge	(28,769)	(413,364)	(10,488)	(420,869)	(873,490)
Closing net book value	**65,973**	**3,492,030**	**30,157**	**6,120,424**	**9,708,584**
At 30 June 2015					
Cost	175,600	3,935,624	74,720	6,541,293	10,727,237
Accumulated depreciation	(109,627)	(443,594)	(44,563)	(420,869)	(1,018,653)
Net book value	**65,973**	**3,492,030**	**30,157**	**6,120,424**	**9,708,584**

15. Tax Balances

	2016 $	2015 $
Income tax payable		
Opening balance	171,107	22,296
Tax expense / (benefit)	895,527	1,334,030
Cash tax paid	(513,256)	(1,155,377)
Offset against losses from discontinued stores	(406,318)	(29,842)
Balance at 30 June 2016	**147,060**	**171,107**
Deferred tax asset		
Opening balance	265,155	-
Tax (expense) / benefit	215,592	28,063
Acquisition of businesses	-	237,092
Balance at 30 June 2016	**480,748**	**265,155**
The deferred tax asset consists of:		
Provision for annual leave	177,911	182,261
Provision for doubtful debts	139,535	10,055
Provision for store closures	123,587	-
Other provisions	39,714	72,838
	480,748	**265,155**

16. Subsidiaries and Joint Ventures

Subsidiary	Activity	Place of Business	Interest 2016	Interest 2015
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%	100%
The Better Bar Company Limited	Hospitality Business	New Zealand	100%	100%
Associate (note 13)				
Nosh Constellation Limited	Speciality Food Retailer	New Zealand	0%	49%
Joint Venture (note 13)				
Kiwi Pacific Foods Limited	Food Processing Business	New Zealand	50%	50%

17. Investment in Joint Venture

In 2014, Veritas Investments Limited, through it's subsidiary, Midas Foods Limited, purchased a 50% shareholding in KPF. KPF's main business was the manufacture of burger patties in New Zealand.

Consideration paid was $2.8 million in cash and $0.6 million in Veritas shares (434,783 shares issued). The $2.8 million cash element was funded by a 3 year, $3 million banking facility.

The joint venture agreement between the parties determined how they would manage KPF and their relationship (including supply/purchasing obligations) and dealings with KPF. On 24 April 2015 Antares Restaurant Group Limited (ARG) gave notice to KPF, Midas Foods Limited ("Midas") and Kiwi Choice Limited ("Kiwi Choice") that they would terminate the joint venture agreement between the parties on 24 April 2016. Midas and Kiwi Choice disputed the termination notice and the dispute was heard by an independent arbitrator. The arbitrator issued his finding on 29 September 2015 in favour of ARG. Midas and Kiwi Choice lodged an appeal with the High Court on 23 December 2015 to seek leave to appeal the arbitrator's award. On 29 February 2016 Midas and Kiwi Choice withdrew their application for leave to appeal the arbitrator's declaration on 29 September 2015 that ARG's notice to terminate the Kiwi Pacific Foods joint venture agreement was valid. The application was withdrawn to facilitate commercial discussions between the parties towards finding a mutually acceptable outcome for the Company's future.

In April 2016 the parties agreed to wind down the operations of KPF and after paying off all staff, secured creditors and unsecured creditors, resolved to pay back the net proceeds to the shareholders and to formally dissolve the company from the New Zealand register.

The Group wrote down it's investment in KPF at 31 December 2015 by $2,750,000 and ceased to equity account its results. At 30 June 2016 the asset was written down by a further $150,000 so that the total impairment of KPF for the year ended 30 June 2016 is $2,900,000. It has transferred the investment to current assets, as an investment held for realisation.

	2016 $	2015 $
Opening investment in joint venture	4,178,156	3,762,334
Share of joint venture profit, net of tax to 31 December 2015 (30 June 2015)	19,190	415,822
Impairment of asset	(2,900,000)	-
Distribution of capital gain on sale of land	(911,335)	-
Reclassification of investment to current assets	(386,011)	-
Closing investment in joint venture	**-**	**4,178,156**

Kiwi Pacific Foods Limited - Summarised financial Information

	6 months to 31 Dec 2015 $	12 months to 30 June 2015 $
Financial Performance		
Total revenue	8,401,691	16,265,516
Net profit before tax	103,784	1,182,344
Net profit after tax and total comprehensive income	38,380	831,644

	As at 30 June 2016 $	As at 30 June 2015 $
Financial Position		
Current assets	-	8,178,395
Non current assets	-	1,041,274
Total assets	**-**	**9,219,669**
Current liabilities	-	7,038,061
Non current liabilities	-	-
Total liabilities	**-**	**7,038,061**
Net assets	**-**	**2,181,608**

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

	2016 $	2015 $
Opening net assets	2,181,608	1,349,964
Profit for the period	38,380	831,644
	2,219,988	**2,181,608**
Interest in joint venture 50%	1,109,994	1,090,804
Excess consideration	3,087,352	3,087,352
Impairment of asset	(2,900,000)	-
Distribution of capital gain on sale of land	(911,335)	-
Reclassification of investment to current assets	(386,011)	-
Carrying value	**-**	**4,178,156**
Investment held for realisation		
Opening net asset	-	-
Reclassification of investment above	386,011	-
	386,011	**-**

Since 30 June 2016 the Group has received $300,000 in a further settlement of the wind-up proceeds from KPF.

18. Trade and Other Payables

	2016 $	2015 $
Trade payables	2,213,154	3,239,227
Accrued expenses	531,559	918,411
GST payable	446,332	373,528
Employee entitlements	563,244	942,074
	3,754,289	**5,473,240**

The fair value of trade and other payables approximates their carrying value.

19. Borrowings

	2016 $	2015 $
Non-current		
Bank borrowings	16,751,939	29,627,283
Lion borrowings	-	1,418,610
Total non-current	**16,751,939**	**31,045,893**
Current		
Bank overdraft	-	280,697
Bank borrowings	16,561,666	4,221,667
Lion borrowings	-	1,773,074
Total current	**16,561,666**	**6,275,438**
Total borrowings	**33,313,605**	**37,321,331**

(a) Bank borrowings

As a result of the acquisition of The BBC, the Group entered into a new banking facilities agreement in 2015. 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 year.

Bank borrowings mature in the period to November 2017 and had an effective interest rate for this year of 5.24% (2015: 5.47%). 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 June 2016 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 mature up until December 2020 and had an effective interest rate for the period of 3.98% (2015: 3.98%). 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 year 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:

	2016 $	2015 $
6 months or less	33,313,605	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.

	2016 $	2015 $
The Group has the following undrawn borrowing facilities:		
Expiring within one year	360,000	2,856,050
Expiring beyond one year	-	-
Total	**360,000**	**2,856,050**

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

The Group has $16.6 million of current borrowings. Non-current borrowings of $13.5 million expire in November 2017 and in total $3.3 million expires on a monthly basis out to September 2019. As the Group's current liabilities are now significantly in excess of its current assets, the Directors renegotiated the repayment terms of its various loans and facilities with its main banker, the ANZ. During the year the ANZ agreed to reduce the Group's total debt repayments from $548,000 to $333,000 per month for July to September 2016.

On 8 September 2016 the ANZ provided a CTS, which the Directors have accepted, reflecting a rescheduling of the Group's debt obligations and confirmed the reduction in the debt repayments referred to above, from October 2016. The Directors have confirmed that no dividend will be paid for the year and have agreed that future dividends will only be paid with the approval of the ANZ. The Directors are considering a number of options for the loss making operations of Nosh and the two owned Mad Butcher stores. Accordingly the Group and the ANZ have agreed certain milestones including preparation of a strategic plan within an agreed timeframe involving future restructuring of the businesses. The directors have also agreed to prepare a plan by 28 February 2017 to address the Group's capital structure. The CTS has replaced the EBITDA Interest Cover Ratio financial covenant referred to in (a) above, with a EBITDA Negative Variance to Forecast financial covenant. The ANZ will issue a revised facility agreement based on the CTS. This has yet to be finalised, documented and signed by the respective parties.

20. Share Capital

	2016		2015	
	Shares	**$**	**Shares**	**$**
Issued and paid-up capital - ordinary shares				
Balance at beginning of the year	43,306,618	34,235,187	37,342,332	27,555,187
Shares issued	-	-	6,964,286	6,680,000
Share buyback	-	(98,527)	(1,000,000)	-
Balance at end of year	**43,306,618**	**34,136,660**	**43,306,618**	**34,235,187**

All ordinary shares carry equal rights in respect of voting and the receipt of dividends. Ordinary shares do not have a par value.

The actual ordinary shares in issue as at 30 June 2015 were 44,306,618.

As part of The BBC business acquisition settlement adjustment the Directors agreed to buy back 1,000,000 shares at a nominal value of $1. For the purpose of earnings per share these were considered unissued from the date of acquisition, 28 November 2014, and were excluded from the calculation in note 21. The buy back was subject to normal shareholder approval at the Annual General Meeting held on 19 November 2015. Refer to note 5. The costs of the buyback of $98,527 have been recognised in the current year against opening share capital.

21. Earnings Per Share

	2016 $	2015 $
Profit / (loss) for the year from continuing operations	(2,438,395)	3,806,104
Profit / (loss) for the year	(4,591,622)	3,335,968
Issued Ordinary Shares	43,306,618	43,306,618
Weighted average no. of shares	43,306,618	40,821,499
	cents	**cents**
Basic and diluted earnings per share (losses) from continuing operations	(5.63)	9.32
Basic and diluted earnings per share (losses)	(10.60)	8.17

In 2015 the weighted average number of shares calculation excludes the 1,000,000 share buy-back expected. Refer note 5 and note 20.

22. Dividend Paid or Authorised

Veritas paid dividends amounting to $472,091 during the year (2015: $2,793,471).

	2016 Cents per share	2015 Cents per share
Final dividend for the prior year	1.07	4.22
Interim dividend for the current year	-	2.70

23. Related Parties

All subsidiaries and joint ventures disclosed in note 16 are classified as related parties. Transactions and balances between these related parties are as follows:

Nosh Group Limited purchase certain butchery products from Mad Butcher franchisee stores on normal arms length basis. The total purchases for the year were $484,000 (2015: $559,604). Amount owing at balance date is nil (2015: $3,498).

Transactions With Key Management

Mad Butcher franchisees and Nosh purchased Christmas Club services from Hampsta NZ Limited of which Michael Morton (a Director and Shareholder of the Group) is a Shareholder. Hampsta NZ Limited sold their business during the year and are no longer considered a related party. Total purchases for 2015 were $70,932 and no amount was owing at 30 June 2015.

Mad Butcher Limited sub leased office space to Hampsta NZ Limited. This was charged on a normal arms length basis. Total rent income in 2015 was $19,877. Amount owing at 30 June 2015 was $22,858.

Mad Butcher Limited receives advertising and franchisee fees from the Mad Butcher stores. Michael Morton owns three Mad Butcher stores (2015 three). Mt Roskill and Upper Hutt were owned throughout the year. Wanganui was sold in the year and Manukau was purchased in the year. Total fees received for the year from these stores were $110,185 (2015: $187,084). Mad Butcher Limited waived certain fees during the year totalling $201,808 (2015: $120,826) and provided advances to these stores for the year for the amount of $11,124 (2015: $169,000). At 30 June 2015 an advance of $169,000 was incorrectly recorded as owing from Michael Morton's owned stores. This has been corrected this year with the amount written off during the year.

Trade debtor amounts owing at balance date for these stores is $118,117 (2015: $26,982).

During the year Michael Morton hosted a function at one of the BBC's venues. The bill was for $8,875. Amount owing at 30 June 2016 was nil.

Nourish Group, Crab Shack and Euro Bar all of which Richard Sigley (a Shareholder of the Group) is a Shareholder, supply chef services to The BBC as and when required on a normal arms length basis. As Mr Sigley resigned as a director on 19 November 2015, these are no longer considered a related party transaction. Total transactions in 2015 were $7,811. Amounts owing at 30 June 2015 were $200.

Euro Bar Limited of which Richard Sigley is a Shareholder, purchased food stock from The BBC on a normal arms length basis. Total transactions in 2015 were $3,073. There was no amount owing at 30 June 2015.

Immigrant's Son Coffee Limited of which Richard Sigley is a Shareholder, supplies coffee to The Better Bar Company on a normal arms length basis. Total transactions in 2015 were $3,993. Amount owing at 30 June 2015 was $414.

Cook Executive Recruitment Limited of which Tim Cook (Chairman and Shareholder of the Group) is a Shareholder, supplies recruitment services to the Group as and when required on a normal arms length basis. Total transactions for the year were $72,853 (2015: $40,930). There was no amount owing at balance date (2015: nil).

Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the year was as follows:

	2016 $	2015 $
Short-term benefits	1,072,659	1,116,476

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

24. Financial Instruments

Capital management

The Group manages its capital to ensure that entities in the Group are able to continue as a going concern (see note 1) while maximising the return to shareholders, and to optimise the debt and equity balances to reduce the cost of capital.

The Group is not subject to any externally imposed capital requirements with the exception of covenants discussed in note 19. As stated in note 19 the Group has agreed that future dividends will only be paid with the approval of the ANZ.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves and retained earnings) of the Group.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by net debt plus total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is shown in the consolidated statement of financial position.

As at 30 June 2016 the Group has negative working capital. This is managed on an on-going basis through cash flows from future profitability and undrawn borrowing facilities.

Financial risk management

The Group engages business in New Zealand and in the normal course of business is exposed to a variety of financial risk which includes:

- Market risk,
- Credit risk, and
- Liquidity risk.

The Group's risk management and treasury policy recognises the unpredictability of consumer and financial markets and seeks to minimise the potential adverse effects of market movements. The management of these risks is performed in accordance with the risk management and treasury policy approved by the Board or Directors. This policy covers specific areas such as interest rate risk, credit risk and liquidity risk.

The Group hold the following financial instruments:

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	1,708,471	3,452,822
Restricted cash	75,000	176,000
Trade and other receivables (excluding prepayments)	1,970,821	4,579,996
	3,754,292	**8,208,818**
Financial liabilities		
Bank borrowings	33,313,605	33,848,950
Lion borrowings	-	3,191,684
Bank overdraft	-	280,697
Trade and other payables (excluding GST and employee entitlements)	2,744,713	4,157,638
	36,058,318	**41,478,969**

Market risk

Interest rate risk

The Group's primary interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the business to cash flow interest rate risk. The Group's risk management and treasury policy allows the potential use of derivative financial instruments to manage interest rate risk. However, for the year ended 30 June 2016 the Group did not enter into any derivative financial instruments (2015: nil).

As at 30 June 2016 the Group had $33,313,605 drawn on a facility provided by the bank (2015: $37,040,634).

If interest rates had moved by + / - 1% with all other variables held constant, Group profit before income tax, and equity for the year ended 30 June 2016 would have decreased / increased by $352,000 (2015: $338,000).

Credit risk

Exposure to credit risk arises from the potential default of the counterparty, with the maximum exposure equal to the carrying amount of the financial assets. The Group's credit risk arises from the Group's financial assets, which include cash and cash equivalents and trade and other receivables. Financial assets, with the exception of those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been impacted as a result of one or more events that occurred after the initial recognition of the financial asset.

For banks and financial institutions, only independently rated parties with a minimum long term rating of A are accepted. The Group has a concentration of credit risk with its cash and cash equivalents, which are held with two banks. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets summarised above. On occasion the Group holds security on the Personal Property Security Register for amounts outstanding from franchisees.

The Group's risk management and treasury policy also sets the maximum counterparty credit exposure to any individual bank or financial institution.

Liquidity risk
Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligation to repay its financial liabilities as and when they fall due.

The Group maintains sufficient cash and the availability of funding through undrawn facilities as part of its management of liquidity risk.

The Group had access to the following borrowing facilities at the reporting date:

	2016 $	2015 $
Borrowing facilities		
(of which $33,313,605 drawn, 2015: $37,321,331)	33,783,605	40,256,685
	33,783,605	**40,256,685**

The following table details the Group's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, including loans repayable on demand. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rates, the undiscounted cash flow are derived from the interest rate at 30 June.

	0 - 3 Mths $	3 - 12 Mths $	Year 2 $	Years 3 - 5 $
As 30 June 2016				
Interest bearing liabilities	8,756,031	8,718,094	7,035,848	11,713,889
Trade and other payables	2,213,154	-	-	-
	10,969,185	**8,718,094**	**7,035,848**	**11,713,889**
As 30 June 2015				
Interest bearing liabilities	2,075,699	6,126,533	8,151,949	24,895,900
Trade and other payables	3,239,227	-	-	-
	5,314,926	**6,126,533**	**8,151,949**	**24,895,900**

25. Operating Leases

Leases as lessee

Lease commitments expire as follows:

	2016 $	2015 $
Within one year	2,872,459	3,205,425
One to two years	2,702,266	2,797,085
Two to five years	7,342,061	7,311,707
More than five years	5,625,675	6,555,176
Total	**18,542,461**	**19,869,393**

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 lease commitments are for the following business units:

	2016 $	2015 $
Mad Butcher	924,582	240,345
Nosh	3,540,092	5,712,048
The BBC	14,077,787	13,917,000
	18,542,461	**19,869,393**

26. Commitments

The Group has capital commitments of $120,000 as at 30 June 2016 (2015: $nil).

The Group has other commitments of $350,000 as at 30 June 2016 (2015: $123,250).

27. Contingent Liabilities

The Group has no contingent liabilities as at 30 June 2016 (2015: $nil).

28. Reconciliation of Profit to Cash Flow from Operations

	2016 $	2015 $
Profit / (loss) for the year	**(4,591,622)**	**3,335,968**
Adjusted for:		
Depreciation and amortisation	1,194,394	1,033,403
Share of net profit of joint venture	(19,190)	(415,822)
Gain on acquisition	-	(445,735)
Acquisition transaction costs	-	841,918
Impairment of carrying value of Kiwi Pacific Foods	2,900,000	-
Impairment of carrying value of accounts receivable	2,175,877	-
Loss on disposal of Hamilton bars	471,795	-
Impairment of discontinued stores	1,116,882	-
Sale of associate	(199,850)	-
Other	(177,718)	(718)
Changes in assets and liabilities		
Decrease / (increase) in receivables and prepayments	360,608	(2,246,595)
Decrease / (increase) in inventories	42,026	(262,757)
Increase / (decrease) in trade payables and accruals	(1,617,951)	(2,771,070)
Increase / (decrease) in income tax payable	(239,640)	148,811
Net cash (outflows) / inflows from operating activities	**1,415,611**	**(782,597)**

29. Events After Balance Date

Dividend not recognised at the end of the year

The Board have not declared an interim or final dividend for the year. Subsequent to 30 June 2015, the Directors approved the payment of a final dividend of 1.07 cents per ordinary share or $472,091 in total, which was paid during the year ended 30 June 2016.

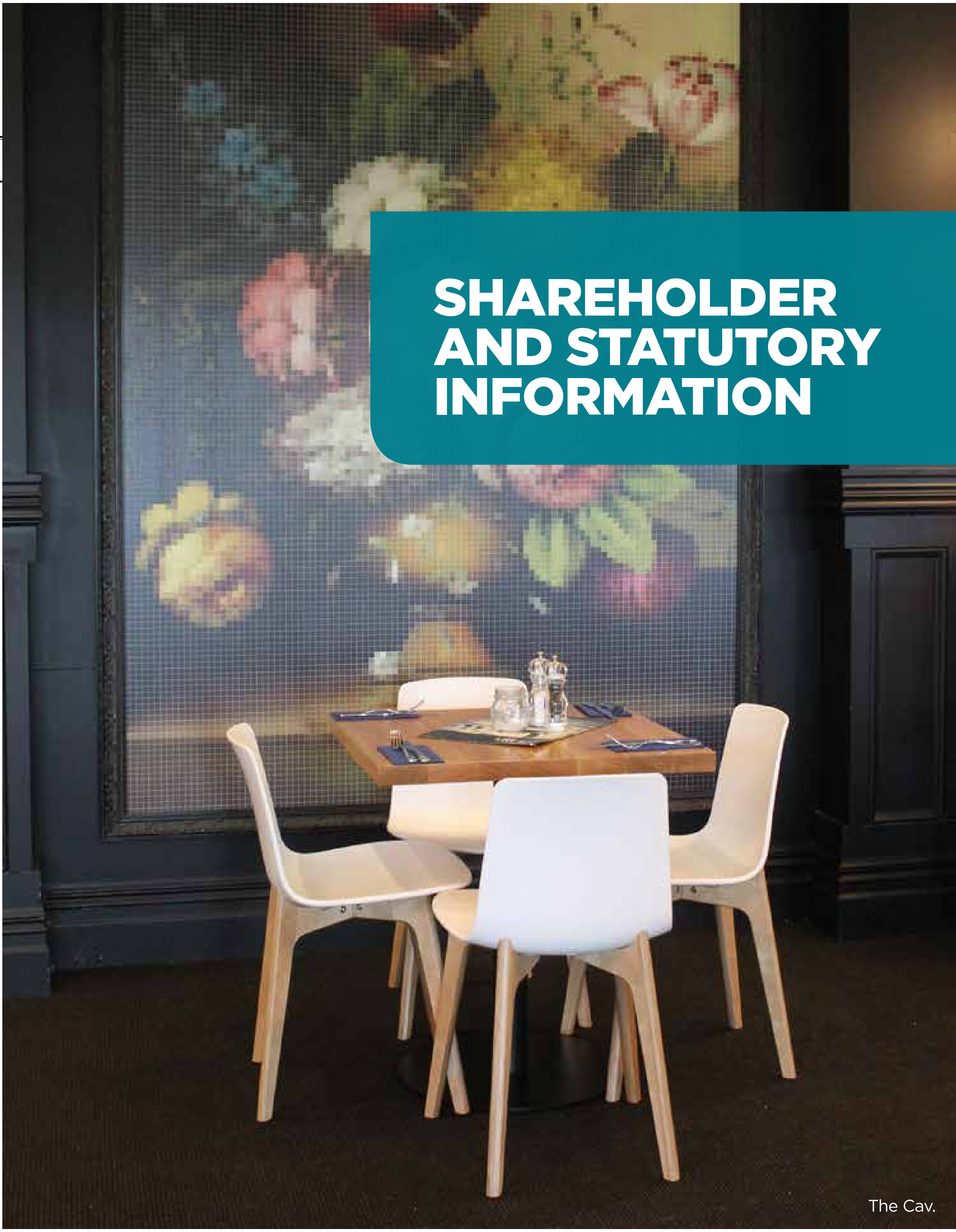
Committed term sheet received

The Board have received a CTS from the ANZ which reschedules the Group's debt obligations and reduces the monthly principal repayments, see note 19.

Acquisition of Mad Butcher stores

Since balance date the Group has acquired the business of the Mad Butcher Pt Chev and Silverdale stores.

SHAREHOLDER AND STATUTORY INFORMATION



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Investments Limited

Quotation of shares

The Company's shares are listed and quoted on the main board equity security market operated by NZX Limited under the ticker code "VIL".

Size of Shareholding as at 20 September 2016

Size of shareholding	Number of shareholders	Number of ordinary shares	% of total ordinary shares on issue
1 – 1,000	208	84,971	0.20
1,001 – 5,000	197	617,928	1.43
5,001 – 10,000	95	777,156	1.79
10,001 – 50,000	95	2,265,191	5.23
50,001 – 100,000	18	1,415,515	3.27
100,001 plus	28	38,145,857	88.08
Total	**641**	**43,306,618**	**100.00**

Substantial Product Holders

Pursuant to section 280 of the Financial Markets Conduct Act 2013, the following shareholders have filed notices with the Company that they are Substantial Product Holders in the Company as at 30 June 2016 (there being a total of 43,306,618 shares on issue at that date).

Shareholder	Number of ordinary shares	%
Michael John Morton and WBM Trustee Limited as trustees of the Michael Morton No. 2 Family Trust	15,384,615	35.52
Collins Asset Management Limited	6,166,684	13.92
Veritas Investments Limited	5,964,286	13.77
Salt Funds Management Limited	3,378,600	7.80
Timothy Burcher, Graham Jackson and Richard Sigley as trustees of the Marakesh Trust	2,919,235	6.74
Geoffrey Eamon Tuttle and Carl David Sowter as trustees of the GET Investment Trust	2,385,714	5.51

Directors' Security Holdings as at 30 June 2016

Name	Beneficial Shareholding (number of ordinary shares)	Non-Beneficial Shareholding (number of ordinary shares)
Tim Cook	665,000	-
Michael Morton*	15,384,615	-
John Moore	110,000	-
Sharon Hunter	-	-

** Held by Michael John Morton and WBM Trustee Limited as trustees of the Michael Morton No. 2 Family Trust.*

Top 20 Shareholders

The following table shows the names and holdings of the top 20 shareholders of the Company as at 20 September 2016.

Shareholder		Shares held	% of Total
1	Michael John Morton & Wbm Trustee Limited	15,384,615	35.52
2	Collins Asset Management Limited	6,166,684	14.24
3	New Zealand Central Securities Depository Limited	3,813,759	8.81
4	Timothy John Burcher & Graham Edward Jackson & Richard Christopher Guy Sigley	2,847,235	6.57
5	Geoffrey Eamon Tuttle & Carl David Sowter	2,385,714	5.51
6	Ambrosia Trustees Limited	1,538,462	3.55
7	Bruce Howden Blake	700,296	1.62
8	Timothy John Cook	665,000	1.54
9	Philip James Clark & Michelle June Harrison	659,337	1.52
10	Laphroaig Trustee Company (NZ) Limited	467,205	1.08
11	Custodial Services Limited	372,466	0.86
12	JBWERE (NZ) Nominees Limited	300,000	0.69
13	Richard George Anthony Kroon	272,629	0.63
14	Roger Leslie Thompson	261,914	0.60
15	Timothy James Mahoney & Patricia Mary Carter & Wylie McDonald Trustees No. 13 Limited	217,392	0.50
16	John Charles Wilkinson & Howard Roger Hill & Henrietta Wilkinson	217,391	0.50
17	Kenneth Alfred Eaves & Anthony Christopher Edward	205,000	0.47
18	Colin Bruce Spence	190,992	0.44
19	Lapauge Limited	181,901	0.42
20	Matthew Charles Goodson & Dianna Dawn Perron & Goodson & Perron Independent T Limited	180,000	0.42

Directors Remuneration and other Benefits

The table below sets out the total remuneration received by each Director from the Group for the year ended 30 June 2016.

Name	Directors Fees	Chairman Fees	Committee Chair Fees	Salary
Tim Cook	$40,000	$70,000	$10,000	
Michael Morton				$271,961*
Sharon Hunter	$40,000			
Richard Sigley (resigned Nov 2015)	$23,333			
John Moore	$29,166			

** Salary from the Mad Butcher Business*

Indemnity and Insurance

Veritas Investments Limited has insured and indemnified all of its Directors and Officers against liabilities and costs referred to in sections 162(3), 162(4) and 162(5) of the Companies Act 1993. The insurance and indemnities do not cover liabilities arising from criminal activities.

Employees Remuneration

During the year, the number of employees, not being a Director or a member of the Group, who received remuneration and the value of other benefits exceeding NZ$100,000 was as follows:

Range $$	No of Employees
120,000 - 129,999	1
140,000 - 149,999	1
150,000 - 159,999	1
170,000 - 179,999	1
180,000 - 189,999	1
190,000 - 199,999	1
200,000 - 219,999	1

Audit Fees

The amount paid to PwC, as auditor of the Group, is as set out in the notes to the financial statements.

Donations

No donations have been made by the Group for the year ended 30 June 2016.

Disclosure of Interests

Entries in the Interests Register made during the year and disclosed pursuant to sections 140(1), 148(2)(b) and 211(e) of the Companies Act 1993 are as follows:

Share Dealings by Directors

Directors held interests in the following shares and transactions in respect of the Group in the year ended 30 June 2016.

Director	Nature of interest/transaction	Date	Number of shares	Consideration $
Richard Sigley	Disposed under the share buy-back approved by shareholders on 19 November 2015	20 November 2016	1,000,000	1
Tim Cook	Acquired under general on-market trading	29 January 2016	30,000	9,410
John Moore	Acquired under general on-market trading	29 January 2016	30,000	9,410

General disclosure of interests

General disclosure of interests as at 20 September 2016 given by Directors pursuant to section 140(2) of the Companies Act 1993.

Director	Company/Entity	Office
Tim Cook	Churchill Trust	Director
	Cook Executive Recruitment Limited	Director
	Corporate Advisory Limited	Director
	Kiwi Pacific Foods Limited	Chairman
	Mad Butcher Limited	Chairman
	MB Henderson Limited	Director
	MB Onehunga Limited	Director
	MyWave Holdings Limited	Director
	MyWave Limited	Director
	Nosh Group Limited	Chairman
	Safer Sleep Holdings (NZ) Limited	Chairman
	Safer Sleep Limited	Chairman
	The Better Bar Company Limited	Chairman
	The Heart Institute Limited	Chairman
	Veritas Investments Limited	Chairman and Shareholder
	Molemap NZ Limited	Director
	JKCP Limited	Director
	Midas Foods Limited	Chairman
	Kiwi Choice Limited	Chairman
	Plexure Group Limited	Director
	Flossie.com Limited	Chairman

Michael Morton	Funky Chicken Limited	Director
	Clipper Horizons Limited	Director
	Hampsta NZ Limited	Director
	Kiwi Choice Limited	Director
	Kiwi Pacific Foods Limited	Director
	Mad Butcher Limited	Director
	MB Bacon Company Limited	Director
	MB Henderson Limited	Director
	MB Onehunga Limited	Director
	MB Upper Hutt Limited	Director
	Midas Foods Limited	Director
	MJM Bloodstock Limited	Director
	MJM Trustees (No. 1) Limited	Director and Shareholder
	Nosh Group Limited	Director
	The Better Bar Company Limited	Director
	Triple X Motorsport	Director
	Veritas Investments Limited	Director
	Waipak Limited	Director and Shareholder
	WDMMGM Limited	Director and Shareholder
	JKCP Limited	Director
	Yogg Limited	Director and Shareholder
	Yogg Mission Bay Limited	Director and Shareholder
Sharon Hunter	Cranleigh Strategic Limited	Director
	Foundry	Non-Exec Director
	Hunter Powell Investments Limited	Director and Shareholder
	Hunter Powell Trustee Limited	Director and Shareholder
	Hunter Powell Ventures Limited	Director and Shareholder
	Mad Butcher Limited	Director
	Nosh Group Limited	Director
	Skin Institute Group	Director
	The Better Bar Company Limited	Director
	Veritas Investments Limited	Director
	Flossie.com Limited	Director
	Antarctica New Zealand	Director
	Plexure Group Limited	Director

John Moore	Mad Butcher Limited	Director
	Miro Capital Advisory Limited	Director and Shareholder
	Nosh Group Limited	Director
	The Better Bar Company Limited	Director
	The Islay (No 2) Trust	Trustee and Beneficiary
	The Islay Trust	Trustee and Beneficiary
	The Moore / Rokela Trust	Trustee
	The New Hapkin Trust	Trustee and Beneficiary
	Veritas Investments Limited	Director and Shareholder

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Corporate DIRECTORY

Nature of Business
Listed Investment Company

Independent Directors
Tim Cook (Chairman)
Sharon Hunter
John Moore

Non Independent Director
Michael Morton

Chief Financial Officer
John Hames

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

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

Auditors
PricewaterhouseCoopers
Chartered Accountants
188 Quay Street, Auckland
Private Bag 92162, Auckland 1142

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

Investor Enquiries
investor@veritasinvestments.co.nz

Bankers
ANZ
ASB

Veritas
Investments Limited

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