Moa Group Limited
Unaudited Financial Statements
for the six months ended
30 September 2013

Moa Group Limited
Unaudited Consolidated Interim Statements of Comprehensive Income
For the 6 months ended 30 September 2013

Unaudited Consolidated Interim Statement of Comprehensive Income
For the 6 months ended 30 September 2013

	Notes	Unaudited 6 months ended 30 September 2013 $'000	Unaudited 6 months ended 30 September 2012 $'000	Audited 6 months ended 31 March 2013 $'000
Revenue	4	1,439	-	2,451
Cost of sales		(1,244)	-	(1,603)
Gross profit		195	-	848
Other income		2	-	-
Other net gains / (losses)		(73)	-	(23)
Expenses:				
Distribution		(361)	-	(492)
Administration		(1,699)	-	(1,436)
Listing expenses		-	-	(395)
Sales and Marketing		(761)	-	(586)
Cellar Door		(27)	-	(31)
Provision for bank guarantee	7	(165)	-	-
Other Expenses	5	(355)	-	-
Operating loss before finance income and expenses		(3,244)	-	(2,115)
Finance income		209	-	206
Finance expenses		(3)	-	(15)
Loss before income tax		(3,038)	-	(1,924)
Income tax expense/(credit)		-	-	-
Loss for the period		(3,038)	-	(1,924)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		(3,038)	-	(1,924)
Loss for the period attributable to:				
Equity holders of Moa Group Limited		(3,038)	-	(1,924)
Losses per share for loss attributable to the ordinary equity holders of the Company during the period:				
Basic losses per share		(10.1) ¢		(7.3)
Diluted losses per share		(10.1) ¢		(7.3)
Attributable to continuing operations:				
Basic losses per share		(10.1) ¢		(7.3)
Diluted losses per share		(10.1) ¢		(7.3)

The Group has issued redeemable shares to employees and non-listed and non-voting shares in lieu of director's fees. Because these are anti-dilutive when calculating losses per share they have been excluded.

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Moa Group Limited
Unaudited Consolidated Interim Statements of Financial Position
As at 30 September 2013

	Notes	Unaudited As at 30 September 2013 $'000	Unaudited As at 30 September 2012 $'000	Audited As at 31 March 2013 $'000
ASSETS				
Current assets				
Cash and cash equivalents		8,006	-	11,485
Trade and other receivables		556	-	1,499
Inventories		1,629	-	777
Tax receivable		3	-	4
Total current assets		10,194	-	13,765
Non-current assets				
Plant and equipment	6	2,994	-	2,369
Deferred tax asset		-	-	-
Total non-current assets		2,994	-	2,369
Total assets		13,188	-	16,134
LIABILITIES				
Current liabilities				
Trade and other payables		1,390	-	1,599
Provision for bank guarantee	7	165	-	-
Derivative financial instruments		11	-	-
Total current liabilities		1,566	-	1,599
Total liabilities		1,566	-	1,599
Net assets		11,622	-	14,535
EQUITY				
Contributed equity	8	16,379	-	16,360
Reserves		205	-	99
Accumulated losses		(4,962)	-	(1,924)
		11,622	-	14,535
Equity attributable to equity holders of Moa Group Limited		11,622	-	14,535

The above statements of financial position should be read in conjunction with the accompanying notes.

	Note	Attributable to equity holders of Moa Group Limited			
		Share capital $'000	Accumulated losses $'000	Reserves $'000	Total equity $'000
Balance on incorporation on 27 August 2012		-	-	-	-
Total comprehensive income for the period		-	-	-	-
Transactions with Owners - Issue of Ordinary shares		-	-	-	-
Balance as at 30 September 2012		-	-	-	-
Loss for the period ended 31 March 2013		-	(1,924)	-	(1,924)
Total comprehensive loss for the period		-	(1,924)	-	(1,924)
Transactions with shareholders					
Share based payments		-	-	99	99
Issue of Ordinary shares:	8				
On acquisition of subsidiary in October 2012		1,670	-	-	1,670
For cash at IPO		16,000	-	-	16,000
IPO share issue cost		(1,310)	-	-	(1,310)
Balance as at 31 March 2013		16,360	(1,924)	99	14,535
Loss for the 6 months ended 30 September 2013		-	(3,038)	-	(3,038)
Total comprehensive loss for the period		-	(3,038)	-	(3,038)
Transactions with shareholders					
Share based payments		-	-	106	106
Issue of Ordinary shares:					
Shares in lieu of directors' fees	10	19	-	-	19
Balance as at 30 September 2013		16,379	(4,962)	205	11,622

The above statements of movements in equity should be read in conjunction with the accompanying notes.

	Notes	Unaudited 6 months ended 30 September 2013 $'000	Unaudited 6 months ended 30 September 2012 $'000	Audited 6 months ended 31 March 2013 $'000
Cash flows from operating activities				
Receipts from customers		2,442	-	3,330
Payments to suppliers and employees		(5,216)	-	(5,378)
Interest received		179	-	146
Interest paid		-	-	(15)
Taxation paid / (received)		(103)	-	26
Net cash inflow / (outflow) from operating activities	11	(2,698)	-	(1,891)
Cash flows from investing activities				
Cash on acquisition of Moa Brewing Company		-	-	90
Payments for plant and equipment		(782)	-	(808)
Sale of plant and equipment		1	-	4
Net cash inflow / (outflow) from investing activities		(781)	-	(714)
Cash flows from financing activities				
Proceeds from borrowings		-	-	400
Repayment of bank borrowings		-	-	(1,000)
Net proceeds from issue of shares		-	-	14,690
Net cash inflow / (outflow) from financing activities		-	-	14,090
Net Increase in cash and cash equivalents		(3,479)	-	11,485
Cash and cash equivalents at the beginning of the period		11,485	-	-
Cash and cash equivalents at end of period		8,006	-	11,485

The above statements of cash flows should be read in conjunction with the accompanying notes.

1 General information

Moa Group Limited ('the Company') and its subsidiary (together 'the Group') operate in the beverage sector, brewing and distributing super premium craft beer and cider. The Group has operations in New Zealand, and sells predominantly to New Zealand businesses, with growing exports to USA, Australia and Asia.

The Group is subject to the impacts of seasonality with the six month period to 30 September 2013 representing the low period of the year. The prior period comparative results to 31 March 2013 represent the equivalent of six months trading post acquisition of Moa Brewing Company Limited and cover the traditional high period of the year.

The Company is a limited liability company incorporated and domiciled in New Zealand.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 19 November 2013.

2 Basis of Preparation of Half Year Report

The Group is a profit-oriented company and this condensed consolidated interim financial information for the six months ended 30 September 2013 has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). These financial statements comply with NZ IAS 34 'Interim Financial Reporting' and with International Accounting Standard 34 (IAS 34). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the period ended 31 March 2013, which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

3 Summary of Significant Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the period ended 31 March 2013.

New accounting standards, or amendments to existing standards, came into effect for periods beginning on or after 1 January 2013. These were:

- NZ IFRS 10 Consolidated Financial Statements
- NZ IFRS 11 Joint Arrangements
- NZ IFRS 12 Disclosure of Interests in Other Entities
- NZ IFRS 13 Fair Value Measurement
- NZ IAS 1 Amendments Presentation of Items of Other Comprehensive Income
- NZ IAS 27 Separate Financial Statements
- NZ IAS 28 Investments in Associates and Joint Ventures

There was no material impact on the accounts when incorporating changes as a consequence of adopting the new standards.

4 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Although certain geographies do not currently meet the NZ IFRS 8 quantitative thresholds, management has concluded that these segments should be reported as they are closely monitored by the chief operating decision maker as potential growth segments and are expected to materially contribute to the Group revenue in the future.

The chief operating decision maker assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis excludes the effects of non-recurring expenditure from operating segments. Interest income and expenses are not allocated to segments as this type of activity is driven by the Group's head office function which manages the cash position of the Group. Head office costs are currently allocated to New Zealand sales.

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	6 months ended 30 September 2013				
	Australia	New Zealand	US	Rest of World	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	79	652	484	224	1,439
Revenue from external customers	79	652	484	224	1,439
EBITDA	(224)	(2,427)	(546)	52	(3,145)
Depreciation and amortisation	-	94	-	-	94
Income tax expense	-	-	-	-	-
Capital expenditure	-	725	-	-	725

	6 months ended 30 September 2012				
	Australia	New Zealand	US	Rest of World	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
EBITDA	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Income tax expense	-	-	-	-	-
Capital expenditure	-	-	-	-	-

	6 months ended 31 March 2013				
	Australia	New Zealand	US	Rest of World	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	216	1,951	87	197	2,451
Revenue from external customers	216	1,951	87	197	2,451
EBITDA	(5)	(1,848)	(217)	46	(2,024)
Depreciation and amortisation	-	82	-	-	82
Income tax expense	-	-	-	-	-
Capital expenditure	-	1,112	-	-	1,112

A reconciliation of EBITDA to the Group's loss before tax for the period is as follows:

	Unaudited 6 months ended 30 September 2013 $'000	Unaudited 6 months ended 30 September 2012 $'000	Audited 6 months ended 31 March 2013 $'000
EBITDA for reportable segments	(3,145)	-	(2,024)
Depreciation and amortisation	(94)	-	(82)
Loss on disposal of assets	(5)	-	(9)
Net finance income	206	-	191
Loss before income tax	(3,038)	-	(1,924)

Revenues from external customers are derived from the sale of goods in the beverage sector.
Revenues of approximately $630,000 (31 March 2013: $1.9 million; 30 September 2012: Nil) are derived from a single external customer. This customer was a distributor of the Group's products throughout New Zealand, however this distributor relationship ceased 1 October 2013 and the Group has changed to a direct distribution model.

Total non-current assets are $3.0 million, all of which are located in New Zealand.

Segment assets and liabilities are not included within the reporting to the chief operating decision maker and hence have not been included within the segment information tables above.

5 Other Expenses

The Group had one off costs totalling $355,000. The main items included the termination expense in respect of the Australian Agency agreement, the gross profit content of inventory returned to the Group as a result of the distribution agreement with Treasury Wine Estates Limited ceasing and stock adjustments including a product loss in transit to an offshore market not covered by insurance.

6 Plant and equipment

	Unaudited 6 months ended 30 September 2013 $'000	Unaudited 6 months ended 30 September 2012 $'000	Audited 6 months ended 31 March 2013 $'000
Opening net book amount	2,369	-	-
Acquisition of subsidiary	-	-	1,353
Additions	725	-	1,112
Disposals	(6)	-	(14)
Depreciation charge	(94)	-	(82)
Closing net book amount	2,994	-	2,369

Additions during the period were $412,000 of equipment for the brewery and $235,000 incurred in the resource consenting process for the brewery expansion. The remaining $78,000 relates to furniture and office equipment, cellar door and marketing and trade equipment.

7 Provision for bank guarantee

Clooney (San Francisco) Limited is a New Zealand entity with interests in a venture operating a restaurant and bar in San Francisco which commenced in time for the America's Cup competition. Moa Brewing Company Limited has provided a guarantee to the Bank of New Zealand in respect of a Committed Cash Advance Facility of $675,000 in favour of Clooney (San Francisco) Limited to support the financing of the venture. As at 30 September 2013 the balance of the facility was $525,000.

The Group routinely monitors the financial performance of Clooney (San Francisco) Limited which operates the temporary hospitality facility. The bank guarantee is a contingent liability however it is anticipated that the guarantee will be partially called upon prior to 31 March 2014 following completion of trading, payment of final creditors and sale of the fixed assets. A provision of $164,500 has been recognised in the current period.

There are no other known contingent liabilities.

8 Contributed equity

Ordinary Listed and Voting Shares	**Number**	**$'000**
Balance on incorporation on 27 August 2012	1	-
At 30 September 2012	1	-
Net assets of subsidiary acquired	6,175,384	1,670
Shares issued in respect of cashless option exercise	401,428	-
Shares issued from share split	10,719,736	-
Proceeds from shares issued at IPO	12,800,000	16,000
IPO share issue costs	-	(1,310)
At 31 March 2013	30,096,549	16,360
At 30 September 2013	30,096,549	16,360

The total number of ordinary shares is 30,096,549 shares. All issued shares are fully paid.

Redeemable Shares and Ordinary Non-Listed and Non-Voting Shares	**Number**	**$'000**
Balance on incorporation on 27 August 2012	-	-
At 30 September 2012	-	-
Net assets of subsidiary acquired	115,384	-
Shares issued from share split	188,068	-
Shares issued post IPO	1,752,000	-
At 31 March 2013	2,055,452	-
Non-listed and non-voting shares issued in lieu of directors fees	16,499	19
IPO share issue costs	-	-
At 30 September 2013	2,071,951	19

Directors' Remuneration

Under the terms of the Company's constitution directors can elect to take directors' fees in shares at average market prices for the period instead of cash. All directors agree to apply 20% of their after tax directors' fees to the purchase on market, or by subscription of shares in lieu of a cash payment. Both The Business Bakery LP and Pioneer Capital on behalf of Grant Baker, Geoff Ross and Craig Styris have elected to take shares in lieu of directors' fees.

Shares in Lieu of Cash

On 5 September 2013 10,760 shares were issued to The Business Bakery LP, 5,739 shares were issued to Pioneer Capital in satisfaction of directors' fees for Grant Baker, Geoff Ross and Craig Styris, net of applicable withholding taxes.

On market purchase of shares

Allan Scott, Kim Ellis and Alistair Ryan purchased the following shares in June 2013 to fulfil their obligation to apply 20% of after tax directors' fees:

	Number of Ordinary Shares
Allan Scott	2,350
Kim Ellis	2,300
Alistair Ryan	2,300
6 months ending September 2013	6,950

9 Financial instruments

All financial assets other than derivatives are classified as loans and receivables. All financial liabilities other than derivatives are classified as measured at amortised cost. The fair value of financial assets and liabilities approximates their carrying value.

	Unaudited As at 30 September 2013 $'000	Unaudited As at 30 September 2012 $'000	Audited As at 31 March 2013 $'000
Trade and other receivables	302	-	1,261
Cash and cash equivalents	8,006	-	11,485
Total loans and receivables	8,308	-	12,746
Trade and other payables	1,283	-	1,476
Financial liabilities measured at amortised cost	1,283	-	1,476
Forward foreign exchange contracts	(11)	-	-
Derivative liabilities at fair value through profit and loss - held for trading	(11)	-	-

Financial instruments are measured at fair value using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

All the Group's financial instruments have been measured at the fair value measurement hierarchy of level 2.

Financial liabilities measured at amortised cost are fair valued using the contractual cash flows. The effects of discounting are generally insignificant.

Forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market.

10 Related party transactions

(a) Directors

The Directors during the period were:

		Date of appointment
Grant Baker	Non-Executive Chairman	27 August 2012
Geoff Ross	Chief Executive Officer	27 August 2012
Craig Styris	Non-Executive Director	27 August 2012
Allan Scott	Non-Executive Director	27 August 2012
Alistair Ryan	Independent Director	27 August 2012
Kim Ellis	Independent Director	27 August 2012

(b) Key management and personnel compensation

Chief Executive Officer Geoff Ross and Chairman Grant Baker provide consulting services to the Group through an associated company, The Business Bakery LP. Independent directors' fees for the period were payable to Alistair Ryan and Kim Ellis. Refer to Note 8 for details of shares issued in lieu of fees. Under the agreement between Moa Group Limited and The Business Bakery dated 10 October 2012, The Business Bakery provided executive services to the Group during the period, including access to the Chief Executive Officer for a fee of $120,000.

	Unaudited 6 months ended 30 September 2013 $'000	Unaudited 6 months ended 30 September 2012 $'000	Audited 6 months ended 31 March 2013 $'000
Director Fees	117	-	131
Management Fees	120	-	132
Senior employees' short term benefits	327	-	358
Share based payments	106	-	99
	670	-	720

(c) Other transactions

The Group incurred a number of costs via its major shareholders:

The Business Bakery charged for serviced office accommodation and parking to the Group at its premises in Quay Street, Auckland totalling $63,000 during the period. The Business Bakery was reimbursed for purchases made on behalf of the Group during the period of $26,000.

Pioneer Capital Management Limited provided advisory services during the period relating to the Group's strategic initiatives, capital structure, funding alternatives, liquidity options and financial modelling totalling $12,500, per a services agreement between Moa Brewing Company and Pioneer Capital Management dated 17 September 2010.

Moa Brewing Company leases its Jackson Road, Marlborough premises from Allan Scott Wine Estates Ltd (ASWEL) under a Deed of Lease agreement between ASWEL and the company dated 17 September 2010. ASWEL also provides various warehousing, maintenance, and production services to the company pursuant to a services agreement dated 17 September 2010. These totalled $18,000 for the period. The company also purchased packaging materials totalling $9,000 from ASWEL and sold packaging materials totalling $12,000 to ASWEL.

	Unaudited As at 30 September 2013 $'000	Unaudited As at 30 September 2012 $'000	Audited As at 31 March 2013 $'000
Receivables from related parties:			
- ASWEL	14	-	7
- Pioneer Capital	-	-	2
	14	-	9
Payables to related parties:			
- Non-executive directors	40	-	28
- The Business Bakery	97	-	49
- Independent directors	20	-	20
	157	-	97

11 Reconciliation of loss after income tax to net cash flows from operating activities

	Unaudited 6 months ended 30 September 2013 $'000	Unaudited 6 months ended 30 September 2012 $'000	Audited 6 months ended 31 March 2013 $'000
Loss for the period	(3,038)	-	(1,924)
Depreciation and amortisation	94	-	82
Loss on disposal of fixed assets	5	-	9
Foreign exchange (gains)/losses	57	-	(5)
Fair value loss on derivative financial instruments	11		
Shares in lieu of directors' fees	19	-	-
Share based payments	106	-	99
Movements in working capital:			
Increase in inventories	(852)	-	(136)
Decrease in trade and other receivables	950	-	42
(Increase)/Decrease in tax provisions	1	-	(4)
Decrease in trade and other payables	(51)	-	(54)
Net cash outflow from operating activities	(2,698)	-	(1,891)

12 Capital commitments

The Group has agreed to purchase plant relating to its brewery development at a cost of $763,000.

13 Events occurring after balance date

As announced to the market in separate market updates on 12 August and 4 November 2013 as well as the 2013 Annual meeting held on 20 August, effective 1 October 2013 the distribution agreement with Treasury Wine Estates Limited ceased and a new distribution model was adopted where the Group would resume its own sales initiatives for the New Zealand market.