



FUEL FOR THE HUMAN ENGINE



BURGERFUEL
CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

COMPANY DIRECTORY

Registered Office

Grant Thornton New Zealand Limited
152 Fanshawe Street
Auckland

Company Number

1947191

Date of Incorporation

14 June 2007

Directors

Peter Brook - Chairman (Independent)
Alan Dunn (Independent)
Josef Roberts (Executive)

Board Executives

Tyrone Foley (Chief Operating Officer)
Mark Piet (Chief Financial Officer/Company Secretary)

Accountant

Grant Thornton New Zealand Limited
Level 4
152 Fanshawe Street
Auckland

Bankers

ASB Bank Limited
CBA Bank Limited (Australia)
Bank of America Merrill Lynch (USA)
Emirates NBD (UAE)

Solicitors

Kensington Swan
Wiggin and Dana LLP
Anthony Harper
Fragomen, Delrey, Bernsen & Loewy LLP
Corporate Counsel Limited
FC Law Partners Limited
Missingham Law Limited

Business Headquarters

66 Surrey Crescent
Grey Lynn
Auckland

Auditor

Staples Rodway
Level 9, Tower Centre
45 Queen Street
Auckland

BURGERFUEL

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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CHAIRMAN AND CHIEF EXECUTIVE'S REVIEW

FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2018

OVERVIEW

The Directors of Burger Fuel Worldwide Limited (BFW) present the unaudited results for the 6 months to 30 September 2018.

Net Profit after tax for the period was \$646,373 compared to \$65,071 in the same period last year, showing a gain of \$581,302.

Our Group Operating Revenue decreased by 13.3% on the same period last year to \$11.0M. This decrease in revenue is mainly due to the sale of the Indianapolis store and the outsourcing of our packaging distribution. This reduction in revenue was partly offset with the IFRS 15 Revenue adjustment of \$122K which increased the Group revenue for the 6 months to 30 September 2018.

The Group has no debt and as at 30 September 2018 had cash reserves of \$4.5M. The reduction in cash reserves was mainly due to the BFW share buyback from Franchise Brands. This transaction reduced the cash balance by \$1.5M.

BurgerFuel Total System Sales (store sales including franchised stores) are down 4.47% to \$50.3M for the period. This decrease in sales is mainly due to exiting Australia & reduced sales in the Middle Eastern region.

BFW RESULTS (UNAUDITED) FOR THE PERIOD

1 APRIL TO 30 SEPTEMBER 2018

	30 September 2018	30 September 2017
	\$000	\$000
Operating Revenue*	10,967	12,651
Operating Expenses**	(10,108)	(12,247)
Net Profit Before Tax	859	404
Net Profit After Tax	646	65

* Revenue includes; Operating revenue & interest income.

** Expenses include; Operating expenses, depreciation, amortisation & interest expense.

Total system sales down 4.47 % to \$50.3M

AUSTRALASIAN REGION

In New Zealand, the BurgerFuel brand has continued to perform well overall. Focus has remained on maximising the potential of our existing store network, as well as seeking opportunities to franchise any new BurgerFuel locations.

In Australia, as previously advised, reasonable operating margins proved too difficult to achieve despite every effort to move towards profit, and we completed our exit from this market in early FY19, closing all franchised stores.

As communicated by the Board at the AGM, while we remain fully dedicated to supporting the BurgerFuel brand and driving growth within the BurgerFuel business, concentration is now also on the development of other brands, like Winner Winner, the chicken concept purchased by BFW in FY18, as well as exploring new opportunities, as part of our efforts to stimulate financial growth for the Group.

During the period, the Group focused on systemising Winner Winner in preparation for further expansion - as well as the development and launch of a new brand into the New Zealand market. Late last month, we opened the doors to the first store for Shake Out, a fast, modern, simple burger concept developed in-house by the existing BFW team. If proof of concept is achieved with this first store, efforts will be turned to the further expansion of this brand here in New Zealand.

MIDDLE EASTERN REGION

In the Middle East, as previously cautioned, we are facing challenging times in this volatile market and sales are down.

The UAE especially, is continuing to see a significant slowdown in the retail sector, and the competitor market is becoming even more densely populated, both of which have been reflected in the slowing of sales. We are also facing disproportionately high retail rent costs, especially in Dubai, and our Master Franchisees in the Middle East who have already closed a number of sites, are planning to close more sites that are no longer financially viable.

As communicated at the 2018 BFW AGM, these closures are consistent with our Master Franchisees strategy to relocate high rent stores to lower rent, key residential areas so as to reduce overheads, while maintaining customer reach. To further assist this strategy, our partners in Dubai have been driving forward with the development of a home delivery service in order to maximise revenue.

Our licensed business in Saudi Arabia has continued to see satisfactory sales, but like our other Middle Eastern markets, they are also facing high retail rent, increasing labour costs and staff shortages due to work visa changes. In-line with our other Middle Eastern markets, our partners in Saudi are also optimising locations, working to reduce overheads and increase customer reach.

Iraq too, is facing significant challenges, and while the brand has experienced positive traction in this market, the political and economic climate is experiencing some volatility, and this is having an impact on trade. We will monitor the situation closely and continue to support our Iraqi partners.

Overall, we caution the market as to the future of the Middle Eastern region for BurgerFuel - these countries remain uncertain and we anticipate further declines in our revenue from this market. That said, we remain committed to supporting the BurgerFuel business in this region and will continue working closely with our partners in each market.

UNITED STATES

In the United States we have one licenced store in Broad Ripple, Indianapolis, operated by our Licencee, Chris Mason. Whilst the store has experienced a decline in sales in the past 12 months since opening, Chris remains focused on his search for an established US partner.

GROUP OUTLOOK / SUMMARY

The past six months have been pivotal for BFW, and the Group now has three brands operating within the New Zealand market.

As previously advised, since the loss of Franchise Brands as our international partner, the reality of global expansion and development has become an expensive and risky proposition. Accordingly, we are now focusing our resources on expansion within New Zealand, where we have an intimate knowledge of the market and the ability to better contain costs.

During the past 6 months the board has sought input from KPMG's Corporate Finance team on potential opportunities and options that could help accelerate the company, beyond what is currently an organic growth strategy. As a result of their input the board has now requested that KMPG Corporate Finance undertake a full strategic options review of the business. This review is now underway, and we will update the market further on any material developments.

BFW remains in a strong position financially, as well as from a resource and intellectual property perspective, putting the Group in good stead for further growth as we continue our efforts to drive forward. We thank all shareholders, staff, franchisees, suppliers and of course our valued customers for their support and wish you all a safe and Merry Christmas and a prosperous New Year.

Best regards



Peter Brook
Chairman



Josef Roberts
Group CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

		Unaudited 30 Sep 2018 6 months \$'000	Unaudited 30 Sep 2017 6 months \$'000	Audited 31 Mar 2018 Full Year \$'000
	Note			
Revenue		10,920	12,612	24,689
Operating expenses		(9,728)	(11,858)	(24,153)
Profit before interest, taxation, depreciation and amortisation		1,192	754	536
Depreciation	4	275	329	535
Amortisation	4	96	57	118
		371	386	653
Profit / (Loss) before Interest and Taxation		821	368	(117)
Interest income		47	39	85
Interest expense		(9)	(3)	(4)
		38	36	81
Profit / (Loss) before Taxation		859	404	(36)
Income tax expense		213	339	427
Net Profit / (Loss) attributable to shareholders		646	65	(463)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement in foreign currency translation reserve		(127)	(4)	34
Total comprehensive income		519	61	(429)
Basic Net Earnings per Share (cents)		1.10	0.11	(0.78)
Diluted Earnings per Share (cents)		1.10	0.11	(0.78)

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Note	Unaudited 30 Sep 2018 6 months \$'000	Unaudited 30 Sep 2017 6 months \$'000	Audited 31 Mar 2018 Full Year \$'000
Shareholders' Equity				
Contributed equity		14,519	16,034	16,034
Retained earnings	12	(3,774)	(1,809)	(2,337)
IPO capital costs		(223)	(223)	(223)
Other reserves		(398)	(309)	(271)
		10,124	13,693	13,203
Current assets				
Cash and cash equivalents		4,526	5,309	6,301
Trade and other receivables		3,458	3,471	3,031
Income tax receivable		201	-	-
Inventories		590	1,290	1,079
Loans		129	133	133
		8,904	10,203	10,544
Non-current assets				
Property, plant and equipment		2,600	3,729	2,387
Deferred tax asset		160	95	188
Intangible assets		2,508	2,413	2,525
		5,268	6,237	5,100
Total assets		14,172	16,440	15,644
Current liabilities				
Trade and other payables	12	3,654	1,945	1,657
Tax payable		-	323	449
Provisions		357	443	298
		4,011	2,711	2,404
Non-current liabilities				
Provisions		37	36	37
		37	36	37
Total liabilities		4,048	2,747	2,441
Net assets		10,124	13,693	13,203
Net Tangible Assets per Share (cents)		12.7	19.0	18.0

For and on behalf of the board on 6th December 2018



Director



Director

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

September 2018

	Note	Share capital \$'000	Foreign currency translation reserve \$'000	IPO capital costs \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 April 2018		16,034	(271)	(223)	(2,337)	13,203
IFRS 15 Revenue adjustment to Retained Earnings	12	-	-	-	(2,083)	(2,083)
Buy Back and Share cancellation	10	(1,515)	-	-	-	(1,515)
Movement in foreign currency translation reserve recognised in other comprehensive income		-	(127)	-	-	(127)
Net Profit for the period ended 30 September 2018		-	-	-	646	646
Balance as at 30 September 2018		14,519	(398)	(223)	(3,774)	10,124

September 2017

	Note	Share capital \$'000	Foreign currency translation reserve \$'000	IPO capital costs \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 April 2017		16,034	(305)	(223)	(1,874)	13,632
Movement in foreign currency translation reserve recognised in other comprehensive income		-	(4)	-	-	(4)
Net Profit for the period ended 30 September 2017		-	-	-	65	65
Balance as at 30 September 2017		16,034	(309)	(223)	(1,809)	13,693

March 2018

	Note	Share capital \$'000	Foreign currency translation reserve \$'000	IPO capital costs \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 April 2017		16,034	(305)	(223)	(1,874)	13,632
Movement in foreign currency translation reserve recognised in other comprehensive income		-	34	-	-	34
Net Loss for the year ended 31 March 2018		-	-	-	(463)	(463)
Balance as at 31 March 2018		16,034	(271)	(223)	(2,337)	13,203

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

		Unaudited	Unaudited	Audited
		30 Sep 2018	30 Sep 2017	31 Mar 2018
	Note	6 months	6 months	12 months
		\$'000	\$'000	\$'000
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		10,385	11,566	24,089
Interest received		47	39	85
Goods and services tax received		29	60	(16)
		10,461	11,665	24,158
<i>Cash was applied to:</i>				
Operating expenses		(9,300)	(11,865)	(23,226)
Interest paid		(9)	(3)	(4)
Taxes paid		(834)	(41)	(98)
		(10,143)	(11,909)	(23,328)
Net cash flow provided from / (applied to) operating activities	5	318	(244)	830
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		9	-	1,176
		9	-	1,176
<i>Cash was applied to:</i>				
Acquisition of intangible assets		(79)	(46)	(219)
Advance to Supplier		-	-	-
Acquisition of property, plant & equipment		(520)	(821)	(1,899)
BFW Share buy back & cancellation		(1,515)	-	-
Acquisition of subsidiary		-	-	-
		(2,114)	(867)	(2,118)
Net cash flow applied to investing activities		(2,105)	(867)	(942)
Net movement in cash and cash equivalents				
Exchange gains/(losses) on cash and cash equivalents		12	7	-
Opening cash and cash equivalents		6,301	6,413	6,413
Closing cash and cash equivalents		4,526	5,309	6,301

The attached notes form part of these financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1) REPORTING ENTITIES AND STATUTORY BASE

Burger Fuel Worldwide Limited is a company registered under the Companies Act 1993 and is listed with the New Zealand Alternative Stock Exchange (NZAX). The company is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with that Act.

The financial statements presented are those of Burger Fuel Worldwide Limited (the 'Group'). A list of its wholly owned subsidiaries is listed in note 2 of the financial statements.

BurgerFuel operates as a franchisor of gourmet burger restaurants and is a for-profit oriented entity, incorporated and domiciled in New Zealand.

2) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1) STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements for the six months ended 30 September 2018 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with NZ IFRS.

2.2) BASIS OF PREPARATION

2.2.1) REPORTING ENTITY

The consolidated financial statements for the Group are for the economic entity comprising Burger Fuel Worldwide Limited and its subsidiaries;

Burger Fuel (Dubai) NZ Limited
Burger Fuel (ME) DMCC
Burger Fuel International Limited
Burger Fuel (Australia) Pty Limited
Burger Fuel (Australia) No2 Pty Limited
Burger Fuel International Management Limited
Burger Fuel Limited
BurgerFuel Henderson Limited
Burger Fuel Takapuna Limited
Winner Winner Limited
Shake Out Limited
Burger Fuel Pty Limited (formerly Kincro Holdings Pty Limited)
Burger Fuel Australia Pty Limited
Burger Fuel (USA) Inc.
Burger Fuel (USA) Management Inc.
Burger Fuel (USA) Franchising Inc. (Sold March 2018)
BF Indiana One LLC. (Dissolved March 2018)

BF Indiana Two LLC (formerly BF Hollywood LLC). (Sold March 2018)

BF California One LLC. (Dissolved March 2018)

BF California Two LLC. (Dissolved March 2018)

BF Indiana Three LLC. (Dissolved March 2018)

BF Lease Company Limited

BF Lease Company No 1 Limited

BF Lease Company No 2 Limited

BF Lease Company No 3 Limited

BF Lease Company No 4 Limited

BF Lease Company No 5 Limited

BF Lease Company No 6 Limited

BF Lease Company No 7 Limited

BF Lease Company No 8 Limited

BF Lease Company No 9 Limited

BF Lease Company No 10 Limited

BF Lease Company No 11 Limited

BF Lease Company No 12 Limited

BF Lease Company No 13 Limited

BF Lease Company No 14 Limited

BF Lease Company No 15 Limited

BF Lease Company No 16 Limited

BF Lease Company No 17 Limited

BF Lease Company No 18 Limited

BF Lease Company No 19 Limited

BF Lease Company No 20 Limited

BF Lease Company No 21 Limited

BF Lease Company No 22 Limited

BF Lease Company No 23 Limited

BF Lease Company No 24 Limited

BF Lease Company No 25 Limited

BF Lease Company No 26 Limited

BF Lease Company No 27 Limited

BF Lease Company No 28 Limited

BF Lease Company No 29 Limited

BF Lease Company No 30 Limited

BF Lease Company No 31 Limited

BF Lease Company No 32 Limited

BF Lease Company No 33 Limited

BF Lease Company No 34 Limited

BF Lease Company No 35 Limited

BF Lease Company No 36 Limited

BF Lease Company No 37 Limited

BF Lease Company No 38 Limited

BF Lease Company No 39 Limited

BF Lease Company No 40 Limited

BF Lease Company No 41 Limited

BF Lease Company No 42 Limited

BF Lease Company No 43 Limited

BF Lease Company No 44 Limited

BF Lease Company No 45 Limited

BF Lease Company No 46 Limited

BF Lease Company No 47 Limited

BF Lease Company No 48 Limited

BF Lease Company No 49 Limited

BF Lease Company No 50 Limited

The attached notes form part of these financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

3) ACCOUNTING POLICIES

Except as described below, the accounting policies and method of computation applied are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in the annual financial statements.

4) SEGMENT INFORMATION

Operating Segments

The Group operates in four geographical segments – New Zealand, Australia, USA and the Middle East. All the segments operations are made up of franchising fees, royalties and sales to franchisees. The segments are in the business of Franchise Systems - Gourmet Burger Restaurants. New Zealand's segment result is also due to the amortisation of intangible assets.

September 2018	Note	New Zealand	Australia	Middle East	USA	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
		6 months	6 months	6 months	6 months	6 months
Revenue						
Sales		4,390	-	95	-	4,485
Royalties		2,409	-	494	-	2,903
Franchising fees		71	-	-	-	71
Franchise Fees IFRS15 Adjustment	12	91	-	31	-	122
Advertising fees		1,806	-	100	-	1,906
Foreign exchange gain		(65)	38	-	167	140
Sundry income		997	-	(2)	298	1,293
Interest income		46	1	-	-	47
Total Revenue		9,745	39	718	465	10,967
Interest Expense		9	-	-	-	9
Depreciation		273	-	2	-	275
Amortisation		96	-	-	-	96
Segment Result before Tax		320	39	393	107	859
Income Tax Expense		173	-	-	40	213
Segment Assets		13,125	489	204	354	14,172
Segment Liabilities		4,610	(205)	62	(419)	4,048
Acquisition of Property, Plant & Equipment & Intangible Asset						
Other		599	-	-	-	599

The IFRS 15 retrospective adjustment for franchise fee & licence fee income for the 6 months to 30 September 2018 is \$122,183.64. The above has no cash effect to the Group and the change is for financial reporting purposes only. Refer Note 12 for additional information.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

September 2017	New Zealand	Australia	Middle East	USA	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	6 months	6 months	6 months	6 months	6 months
Revenue					
Sales	5,409	78	96	986	6,569
Royalties	2,299	102	595	-	2,996
Franchising fees	170	-	-	-	170
Advertising fees	1,746	86	119	-	1,951
Foreign exchange gain	20	(4)	-	-	16
Sundry income	806	11	93	-	910
Interest income	38	1	-	-	39
Total Revenue	10,488	274	903	986	12,651
Interest Expense	-	3	-	-	3
Depreciation	237	15	4	73	329
Amortisation	57	-	-	-	57
Segment Result before Tax	1,424	(22)	437	(1,435)	404
Income Tax Expense	339	-	-	-	339
Segment Assets	13,954	586	105	1,795	16,440
Segment Liabilities	2,357	13	64	313	2,747
March 2018	New Zealand	Australia	Middle East	USA	Total
	12 months	12 months	12 months	12 months	12 months
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales	10,734	133	145	1,605	12,617
Royalties	4,674	140	1,192	-	6,006
Franchising fees	565	-	-	-	565
Advertising fees	3,528	105	240	-	3,873
Foreign exchange gain	58	(37)	-	(63)	(42)
Sundry income	1,473	14	130	53	1,670
Interest received	84	1	-	-	85
Total Revenue	21,116	356	1,707	1,595	24,774
Interest Expense	4	-	-	-	4
Depreciation	528	-	7	-	535
Amortisation	118	-	-	-	118
Segment Result before Tax	2,303	(163)	912	(3,088)	(36)
Income Tax Expense	444	-	-	(17)	427
Segment Assets	14,101	505	102	936	15,644
Segment Liabilities	2,552	(216)	23	82	2,441
Acquisition of Property, Plant & Equipment & Intangible Assets					
Other	784	-	1	1,333	2,118

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

5) NET CASH FLOWS PROVIDED FROM / (APPLIED TO) OPERATING ACTIVITIES

	Unaudited	Unaudited	Audited
	30 Sep 2018	30 Sep 2017	31 Mar 2018
	6 months	6 months	12 months
	\$'000	\$'000	\$'000
Net surplus / (deficit) after tax	646	65	(463)
Add: Non-cash items			
Amortisation	96	57	118
Depreciation	275	329	535
Loss on sale of property, plant and equipment	24	45	191
Loss on disposal of US Entity	-	-	881
Deferred tax asset	(28)	-	93
Unrealised exchange loss / (gain)	(140)	(16)	42
Provision for Doubtful Debts	-	-	129
	227	415	1,989
Add: Items classified as investing or financing activities			
Gain on sale of assets	-	-	-
Add: Working capital movements			
(Increase) / decrease in trade and other receivables	(422)	(837)	(656)
(Increase) / decrease in inventories	489	(115)	95
Increase / (decrease) in taxation receivable	(594)	297	237
(Increase) / decrease in accounts payable and accruals	(28)	(69)	(372)
	(555)	(724)	(696)
Net cash flows provided from / (applied to) operating activities	318	(244)	830

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

6) ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT, AND EQUIPMENT

During the six months to 30 September 2018, the Group acquired assets with a total cost of \$519,960 (2017: \$821,154) and intangible assets of \$78,764 (2017: \$45,711). The Group also disposed of assets with a net book value of \$33,220 (2017: \$45,125).

7) RELATED PARTY TRANSACTIONS

Interests of Directors in Certain Transactions

Certain Directors have relevant interests in a number of companies with which Burger Fuel Worldwide Ltd has transactions in the normal course of business. A number of Burger Fuel Worldwides Ltd's Directors are also non-executive Directors of other companies. Any transactions undertaken with these entities have been entered into on an arms-length commercial basis.

Transactions with Related Parties

The following are related entities to the Group:

September 2018 (6 months)	Relationship	Nature of transaction	Value of transactions during the period	Closing Balance Receivable/(Payable) as at 30 Sep 2018
			\$'000	\$'000
Neo Corporate Trustees Limited	Common Directorship	Consultancy	303	-
Trumpeter Consulting Limited	Common Directorship	Directors Fees	25	-
Peter Brook	Common Directorship	Directors Fees	35	-
66 Surrey Limited	Common Directorship	Head office rental	223	-
Trumpeter Consulting Limited	Common Directorship	Consultancy	8	-
Christopher Mason	Major Shareholder	USA Licence agreement	-	261
Christopher Mason	Major Shareholder	USA Store purchase	-	609
Christopher Mason	Major Shareholder	Expense reimbursement received	298	33
September 2017 (6 months)	Relationship	Nature of transaction	Value of transactions during the period	Closing Balance Receivable/(Payable) as at 30 Sep 2017
			\$'000	\$'000
Redmond Enterprises Limited	Common Directorship	Consultancy	303	-
Trumpeter Consulting Limited	Common Directorship	Directors Fees	25	-
Peter Brook	Common Directorship	Directors Fees	35	-
66 Surrey Limited	Common Directorship	Head office rental	217	-
Trumpeter Consulting Limited	Common Directorship	Consultancy	8	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

March 2018 (Full Year)	Relationship	Nature of transaction	Value of transactions during the period \$'000	Closing Balance Receivable/(Payable) as at 31 Mar 2018 \$'000
Neo Corporate Trustees Limited & Redmond Enterprises Limited	Common Directorship	Consultancy	605	-
Trumpeter Consulting Limited	Common Directorship	Directors Fees	50	-
Peter Brook	Common Directorship	Directors Fees	70	-
66 Surrey Limited	Common Directorship	Head office rental	438	-
Trumpeter Consulting Limited	Common Directorship	Consultancy	44	-
Christopher Mason	Major Shareholder	USA Licence agreement	261	261
Christopher Mason	Major Shareholder	USA Store purchase	609	609

All of the above are related parties of the Group. Other than the entities listed above, there are no additional related parties with whom material transactions have taken place.

8) CONTINGENCIES

There were no contingent liabilities as at 30 September 2018 (2017: Nil).

9) CAPITAL EXPENDITURE COMMITMENTS

There was no capital expenditure commitment as at 30 September 2018 (2017: Nil).

10) BFW SHARE BUY BACK AND CANCELLATION

The Group purchased and cancelled 3,143,355 BFW shares on the 17th July 2018 and a further 934,260 BFW shares on the 10th September 2018, from Franchise Brands LLC for USD\$0.25 per share (NZD\$1,515,941 in total) and will purchase and cancel a further 1,885,740 BFW shares from Franchise Brands LLC over the next 7 months.

		Buy back & Cancellation	BFW Shareholding	Share Capital \$'000
BFW Shareholding	1/04/2018		59,633,550	\$16,034
BFW Buyback & cancellation	17/07/2018	(3,143,355)	56,490,195	(\$1,164)
BFW Buyback & cancellation - Tranche #1	10/09/2018	(934,260)	55,555,935	(\$351)
		(4,077,615)		(\$1,515)
Contributed Equity 30 September 2018				\$14,519
Future Share buyback & Cancellation Tranches				
BFW Buyback & cancellation - Tranche #2	5/12/2018	(457,190)	55,098,745	
BFW Buyback & cancellation - Tranche #3	28/02/2019	(715,603)	54,383,142	
BFW Buyback & cancellation - Tranche #4	28/04/2019	(712,947)	53,670,195	
		(1,885,740)		
Total Share buyback and cancellation		(5,963,355)		

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

11) EVENTS AFTER BALANCE DATE

The BFW Group opened its first company owned “Shake Out” store in Takapuna in November 2018. This is a burger concept which will potentially be franchised throughout New Zealand.

12) NZ IFRS 15 “REVENUE FROM CONTRACT WITH CUSTOMERS”

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

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

This adjustment to opening retained earnings & trade and other payables, for the Franchise & Licence fee income was \$2,083,803 and will be spread over the life of the existing franchise & licence agreements. From the 1st April 2018 any new franchise income or licence fee income will be spread over the life of the agreement.

For the 6 months ending 30 September 2018, the additional income generated from this IFRS 15 adjustment amounts to \$122,184 and is reflected in the segment information as Franchise fee – IFRS 15 adjustment.

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

13) NZ IFRS 9 “FINANCIAL INSTRUMENTS”

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

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



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