BURGERFUEL®

FUEL FOR THE HUMAN ENGINE

BURGER FUEL WORLDWIDE LIMITED ANNUAL REPORT 2018

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS	PAGE

ANNUAL REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

Burger Fuel Worldwide Ltd Full Year Results for the 12 months ended 31st March 2018

OVERVIEW - FY18

The Directors of BurgerFuel Worldwide (BFW) present the audited results for the 12 months to 31 March 2018.

Group Operating Revenue increased by 10.9% to $24.8M. BurgerFuel Total (unaudited) System Sales are up 5.0% to $105M

Net loss after tax for the period was ($463,062) representing a decrease of 152% on last year.

The reported loss is due to the costs associated with the initial establishment and later exiting of the USA, which all occurred within the period.

The Group has no debt, and cash reserves of $6.3M.

Group Operating Revenue increased by 10.9% on the same period last year. This revenue is largely comprised of long-term recurring royalties, sales and additional sales generated from the US company owned store which opened in May 2017 and was sold in early March 2018.

As at 31 March 2018 there were 80 BurgerFuel stores operating worldwide.

BFW RESULTS FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

	31 March 2018	31 March 2017
	$000	$000
Operating Revenue*	24,774	22,343
Operating Expenses**	(24,809)	(21,229)
Net Profit (Loss) Before Tax	(35)	1,114
Net Profit (Loss) After Tax***	(463)	889

* Revenue includes; Operating revenue & interest income.
** Expenses include; Operating expenses, depreciation, amortisation & interest expense
***The New Zealand entities had taxable income and were unable to utilise the foreign tax losses. The overseas entities had minimal tax.

THE YEAR TO DATE AND GROUP OUTLOOK.

AUSTRALASIAN REGION

System sales across New Zealand (55 restaurants) and Australia (2 restaurants) increased by 6.7%

The New Zealand market remains strong, with the BurgerFuel brand continuing to receive high levels of customer support across the country.

As previously communicated, whilst the Board sees some potential for the development of additional BurgerFuel outlets in NZ, concentration is on the development of other brands, like Winner Winner, the chicken concept which was announced late last year.

To prepare for this, as well as stimulate financial growth for the Group, FY18 saw a drive forward in operational excellence, franchising, systemisation and increasing cost efficiencies.

While sales continue to grow year-on-year, new store openings in New Zealand have slowed as the market approaches its potential in terms of store numbers. While we continue franchising, the focus has also turned to the growth of the business and brand by maximising the potential of the current BurgerFuel sites, as well as the development of new opportunities.

In Australia, as previously communicated, reasonable operating margins have been difficult to achieve despite every effort to move towards profit in this very competitive market with high operating costs. Thus, in FY18 the process to close all remaining franchised stores in Australia commenced and this is expected to be completed in the coming months. These store closures are not material to the Group.

MIDDLE EASTERN REGION (MENA)

In the Middle East, total revenue is down for FY18, but the region continues to be a good contributor for us and we are seeing progress in some areas.

Retail occupancy costs remain extremely high in most parts of the Middle East, especially Dubai. To lessen the effects of this, our strategy with our Master Franchisees in MENA is now to relocate the high rent stores to lower rent, key residential areas, thereby reducing overheads, while maintaining customer reach. To further assist this strategy, our partners in Dubai have been driving forward with the development of the home delivery service so as to highlight the convenience aspect of the brand in this competitive city.

While the entire retail sector in the UAE continues to experience a downturn, as well as a heavy proliferation of competitor concepts, our business is operating quite well and remains a good contributor for the Group at this stage.

Our franchised business in Saudi Arabia has continued to see good growth in sales and this can be largely attributed to a continued increase in BurgerFuel marketing activity, as well as the on-going effects of the revitalisation of the Saudi economy. Like our other Middle Eastern markets, Saudi Arabia is also facing high retail rent and increasing labour costs and as such, our partners in Saudi are also relocating high rent stores as well as implementing store re-design strategies to maximise space, reduce overhead and increase local customer reach.

In Iraq, sales for the store in Baghdad performed reasonably well in FY18 and the brand has continued to grow in popularity, standing out in a revitalised market that is currently free from a proliferation of American chains. Our partners in Iraq opened a second store in Baghdad in early FY19.

ANNUAL REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

In Egypt, the political climate and its effect on the economy proved unviable for our licence holders in this market and accordingly our partners made the move in FY18 to close their remaining stores. At this point in time there are no plans to reopen in Egypt. These closures are not material to the Group.

In summary, while revenue is down for the MENA region, the Board remains positive about parts of the region, especially if we can lessen the effects of high retail rents via strategic store relocations. As always, we do caution the market every year that our outlook in any of these regions can change quickly due to the ongoing potential for volatility in the Middle East. As such, we will continue to monitor all of these markets closely and keep the market informed of any significant developments.

UNITED STATES

The first BurgerFuel USA store in Indianapolis has now been open for just over 12 months. At the end of FY18, the Master Licence Agreement for BurgerFuel USA was sold to BurgerFuel founder, Chris Mason. This was decided due to the fact that without a US partner, the board considered that development alone in this vast market would take too long and would require too much capital for a potentially unknown return.

The agreement included the purchase of the single company-owned store in Indianapolis. As part of the agreement, Chris Mason resigned from the BFW Board of Directors in order to ensure that independent governance at board level was maintained and also to allow Chris's focus to remain firmly on the development of the USA only.

Under the Master Licence Agreement, BFW will receive some royalties and territory fees from the American business if and when it progresses. The agreement does not require BFW to support the USA to any significant extent and is regarded as a “low support” license agreement. Should the USA expansion prove to be unsuccessful, the USA rights will revert back to BFW in 3 years.

Exiting the USA in a developer and store owner capacity and passing the reigns to Chris Mason to continue development under licence, has allowed BFW to return to its primary function as a Master Franchisor. This frees up capital and will allow BFW to focus on the development of our strong New Zealand market, as well as on the exploration of new opportunities in New Zealand. The board is of the opinion that it can in this coming year, focus on the financial growth of the Group.

OUTLOOK

FY18 was a pivotal one for the Group, with the first USA based store opening, the purchase of the Winner Winner brand, and the sale of the USA master licence agreement, and single Indianapolis based store, to BurgerFuel founder, Chris Mason.

In the past couple of years, it has become clear to the board, that international development has become an expensive and ultra-competitive proposition. The board is of the view that the growth potential for BFW lays here in New Zealand, where we have intimate knowledge of the market and the ability to move the Group forward into profit.

It is likely that BurgerFuel Worldwide will undergo a name change in the near future as it diminishes its international activity and focusses on becoming a multi brand business in New Zealand. The board is very positive about the opportunities available to us in New Zealand and looks forward to sharing more news of other potential business activities outside of the BurgerFuel brand, over the coming year.

On the 11th June 2018, it was announced that an agreement has been reached between BFW and Franchise Brands (FB) whereby BFW purchased 3,143,355 shares equating to 5.27% of the total shares on issue, for USD$790,667 utilising cash reserves.

To complete the transaction, BFW has cancelled 3,143,355 shares on the 17th July 2018, thereby reducing the total number of shares in the company from 59,633,550 to 56,490,195. The board is comfortable with the shares being purchased by BFW and due to the cancellation of these shares, every BFW shareholder will benefit by gaining an increase in their proportionate equity holding, without the need to outlay any cash.

The acquisition of the Winner Winner brand in December 2017 marks a new era for BFW, as the Group looks to diversify into the development of other brands, utilising our company strengths in franchising, marketing and systemisation. In addition to developing and franchising the Winner Winner brand, BFW has another concept in incubation and hopes to share more news around this new brand shortly.

The Group is focused on profit and growth, as well as development in new areas beyond the BurgerFuel brand. We thank all shareholders for their support and we look forward to an exciting year ahead.

Best regards

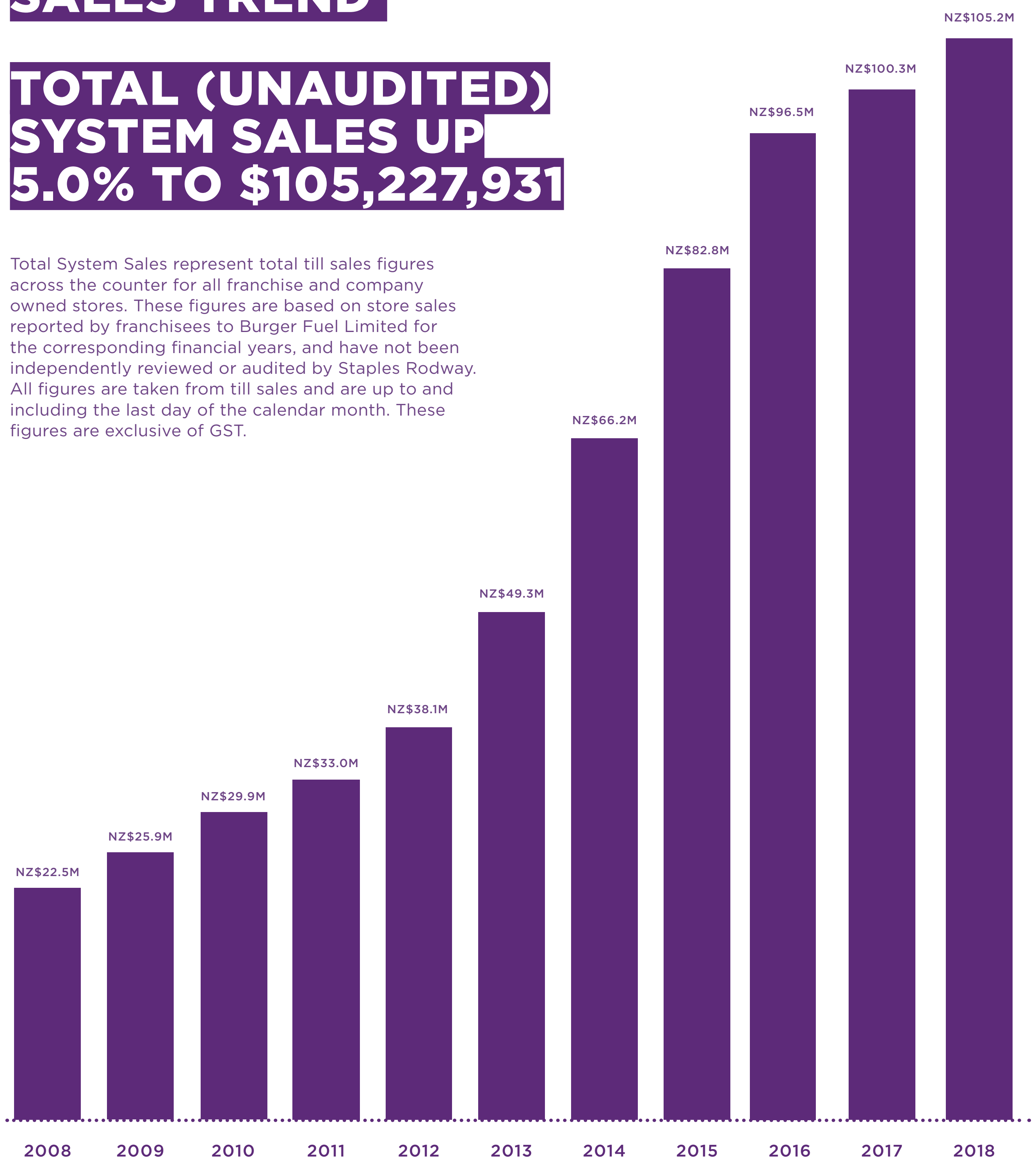
Peter Brook
Chairman

Josef Roberts
Group CEO

TOTAL SYSTEM SALES SALES TREND

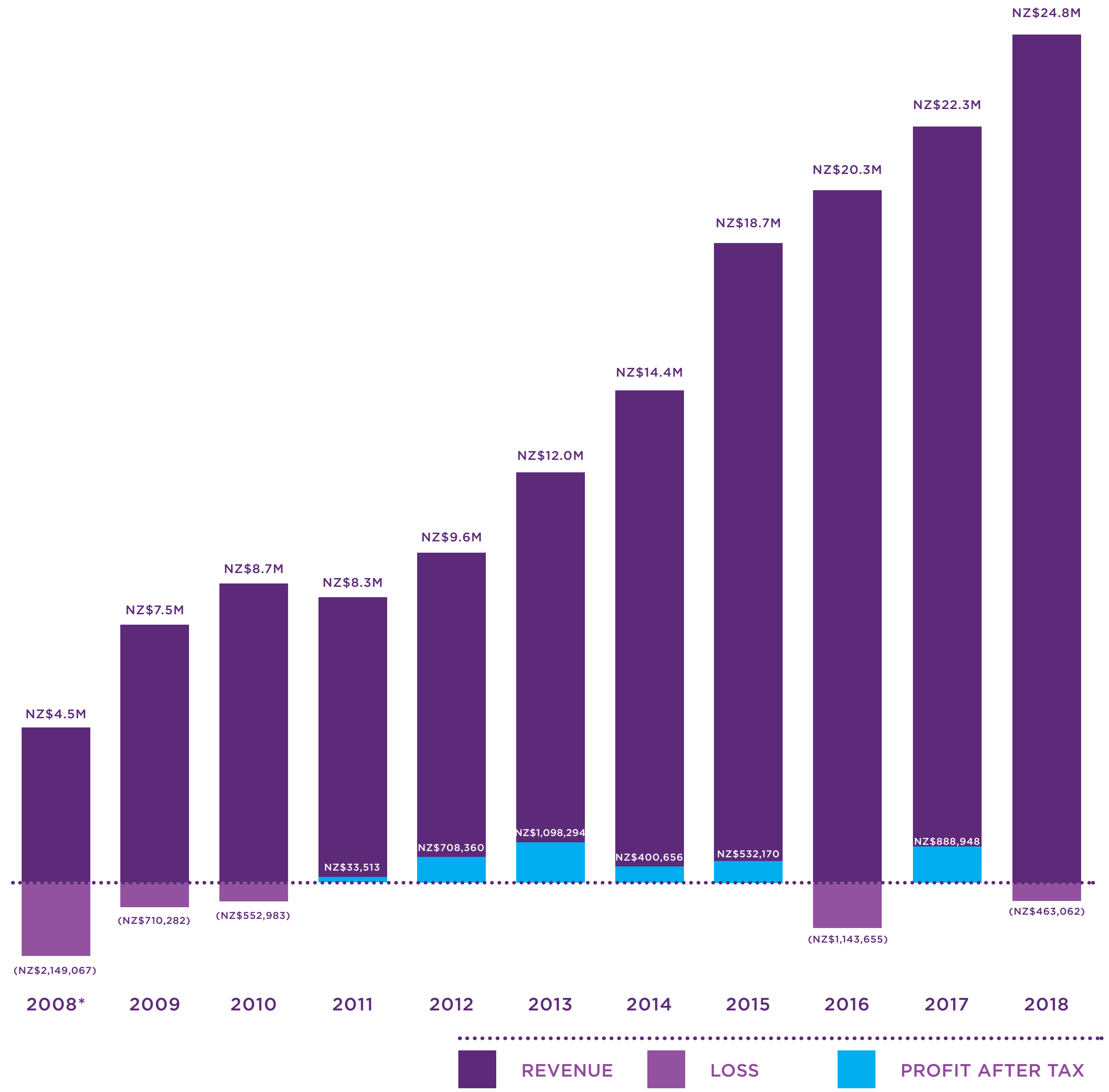
TOTAL (UNAUDITED) SYSTEM SALES UP 5.0% TO $105,227,931

Total System Sales represent total till sales figures across the counter for all franchise and company owned stores. These figures are based on store sales reported by franchisees to Burger Fuel Limited for the corresponding financial years, and have not been independently reviewed or audited by Staples Rodway. All figures are taken from till sales and are up to and including the last day of the calendar month. These figures are exclusive of GST.



Financial years are from 1st April to 31st March. Total system sales represent total till sales figures across the counter for all franchise and company owned stores.

BURGER FUEL WORLDWIDE LIMITED REVENUE AND TRADING HISTORY



NOTE: BFW listed as a company on the NZAX on 27 July 2007
* 2008 reporting period is 9½ months

THE BOARD

MARK PIET

CHIEF FINANCIAL OFFICER

Mark is the CFO & Company Secretary of BurgerFuel and has been with the company since 2008.

Mark is a chartered accountant & a member of Chartered Accountants Australia and New Zealand.

Prior to joining BurgerFuel, Mark worked for Deutsche Bank & The Economist in London.

PETER BROOK

CHAIRMAN

MEMBER - BFW AUDIT COMMITTEE

Peter has 20 years experience in the investment banking industry, retiring in 2000 to pursue his own business and consultancy activities.

Peter is presently Chairman of Trust Investment Management Ltd and Generate Investment Management Ltd.

Other Directorships: Argosy Property Ltd, a Trustee of the Melanesian Mission Trust Board, and a number of directorships of private companies.

ALAN DUNN

INDEPENDENT DIRECTOR

CHAIRMAN - BFW AUDIT COMMITTEE

Former CEO and Chairman of McDonald's NZ from 1993 to 2003. In 2004 Alan became Chicago based VP Operations, then Regional VP Nordics and Managing Director Sweden until retirement from McDonalds in 2007.

Other Directorships: Z Energy, NZ Post and a number of directorships of private companies.

JOSEF ROBERTS

GROUP CEO

Josef is the Group CEO and is responsible for the overall direction and management of the business.

Former CEO and founder of Red Bull Australasia.

TYRONE FOLEY

CHIEF OPERATING OFFICER

Tyrone is the group COO and is responsible for the management of all departments at Head Office and daily operations in all markets around the world.

Tyrone's previous management roles have been with McDonald's and BP.

staplesrodway
CHARTERED ACCOUNTANTS

Level 9, Tower Centre
45 Queen Street, 1010
Auckland
New Zealand

PO Box 3899
Auckland 1140
New Zealand

Telephone +64 9 309 0463
Facsimile +64 9 309 4544
enquiries@staplesrodway.com
www.staplesrodway.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BURGER FUEL WORLDWIDE LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Burger Fuel Worldwide Limited and its subsidiaries ('the Group') on pages 16 to 52, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and its consolidated 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').

Our report is made solely to the Shareholders of Burger Fuel Worldwide Limited, in accordance with the Companies Act 1993. 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 Burger Fuel Worldwide Limited and the Shareholders of Burger Fuel Worldwide Limited, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, our firm carries out other assignments for Burger Fuel Worldwide Limited and its subsidiaries in the area of taxation compliance services. The provision of these other services has not impaired our independence.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters are selected from the matters that were discussed with communicated with the Directors, but are not intended to represent all matters that were discussed with them.

An independent member of BAKER TILLY INTERNATIONAL

staplesrodway
CHARTERED ACCOUNTANTS

Key Audit Matter	How our audit addressed the key audit matter
As disclosed in Note 14 of the Group's consolidated financial statements the Group has goodwill of $1,639,279 allocated across two of the Group's cash-generating units ('CGUs'). Goodwill was significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of the CGUs' for the purpose of the required annual impairment test. The measurement of a CGUs recoverable amount includes the assessment and calculation of its 'value-in-use'. Management has completed the annual impairment test for each of the CGUs as at 31 March 2018.	Our audit procedures among others included: • Evaluating Management's determination of the Group's two CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Group to assess how CGUs are monitored and reported. • Challenging Management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecast revenue, cost, capital expenditure, discount rates, by adjusting for future events and corroborating the key market related assumptions to external data, Procedures included: • Evaluating the logic of the value-in-use calculations supporting their annual impairment test and testing the mathematical accuracy of these calculations; • Evaluating Management's process regarding the preparation and review of forecasts; • Evaluating the historical accuracy of the Group's forecasting to actual historical performance; • Evaluating the forecast growth assumptions; • Evaluating the inputs to the calculation of the discount rates applied; • Engaging our own internal valuation experts to assess the reasonableness of the discount rates applied; • Evaluating Management's sensitivity analysis' for reasonably possible changes in key assumptions; • Performing our own sensitivity analysis for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions (during both the forecast and terminal periods); and • Evaluating the related disclosures about indefinite life intangible assets which are included in Note 14 in the Group's consolidated financial statements.

An independent member of BAKER TILLY INTERNATIONAL

staplesrodway
CHARTERED ACCOUNTANTS

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition The Group's three largest revenue streams are, revenue from the sale of goods $12,616,536, royalties of $6,007,718 and advertising fees $3,872,596. Revenue recognised from royalties and advertising fees is calculated based on agreed percentages of sales made by the Group's individual franchisees during the year. To determine the amount of royalties and advertising fee to be recognised for the year, Management has completed royalty and advertising fee calculations throughout the year based on the percentages agreed with individual franchisees and sales information provided by these franchisees	Our procedures among others included: • Agreeing the percentage of sales due from the Group's individual franchisees as royalties and advertising fees to the relevant franchisee agreement on a sample basis; • Evaluating the design and operating effectiveness of the key controls over the integrity, accuracy and completeness of the sales information provided to the Group by individual franchisees; • Testing the mathematical accuracy of the royalties and advertising fee calculation undertaken by Management on a sample basis; and • Evaluating the related disclosures about royalties and advertising fee revenue included in Notes 3 and 5 in the Group's consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2018 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements. our responsibility is to read the other information and. in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If. based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the 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 on behalf of the Group 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.

staplesrodway
CHARTERED ACCOUNTANTS

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) 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

staplesrodway
CHARTERED ACCOUNTANTS

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Matters Relating to the Electronic Presentation of the Audited Consolidated Financial Statements

This audit report relates to the consolidated financial statements of Burger Fuel Worldwide Limited and its subsidiaries for the year ended 31 March 2018 included on Burger Fuel Worldwide Limited's website. The Directors of Burger Fuel Worldwide Limited are responsible for the maintenance and integrity of Burger Fuel Worldwide Limited's website. We have not been engaged to report on the integrity of Burger Fuel Worldwide Limited's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 27 July 2018 to confirm the information included in the audited consolidated financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

The engagement partner on the audit resulting in this independent auditor's report is D I Searle.

Staples Rodway

STAPLES RODWAY AUCKLAND
Auckland, New Zealand
27 July 2018

An independent member of
BAKER TILLY
INTERNATIONAL

THE FINANCIALS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2017 $
Revenue	5	24,689,154	22,217,345
Operating Expenses	6	(24,152,919)	(20,520,743)
Profit / (Loss) before Interest, Taxation, Depreciation and Amortisation		**536,235**	**1,696,602**
Depreciation	11	(535,327)	(615,868)
Amortisation	14	(117,876)	(85,771)
		(653,203)	(701,639)
Profit / (Loss) before Interest and Taxation		**(116,968)**	**994,963**
Interest Income		85,052	126,453
Interest Expense		(3,550)	(6,918)
		81,502	119,535
Profit / (Loss) before Taxation		**(35,466)**	**1,114,498**
Income Tax Expense	7	(427,596)	(225,550)
Net Profit / (Loss) attributable to shareholders		**(463,062)**	**888,948**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in Foreign Currency Translation Reserve	20	34,107	3,565
Total comprehensive income		**(428,955)**	**892,513**
Basic Earnings per Share (cents)	25	**(0.78)**	**1.49**
Diluted Earnings per Share (cents)	25	(0.78)	1.49

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

		2018	2017
Shareholders' equity	Note	$	$
Contributed equity	18	16,034,443	16,034,443
Retained earnings	19	(2,336,651)	(1,873,589)
IPO capital costs	18	(223,432)	(223,432)
Other reserves	20	(271,115)	(305,222)
		13,203,245	**13,632,200**
Current assets			
Cash and cash equivalents	17	6,300,878	6,412,895
Trade and other receivables	9	3,030,807	2,634,258
Inventories	10	1,078,848	1,174,109
Loans	13	133,000	133,000
		10,543,533	**10,354,262**
Non-current assets			
Property, plant and equipment	11	2,387,128	3,278,161
Deferred tax asset	7	188,180	94,965
Intangible assets	14	2,525,189	2,423,975
		5,100,497	5,797,101
Total assets		**15,644,030**	**16,151,363**
Current liabilities			
Trade and other payables	15	1,656,880	2,121,142
Income tax payable		448,650	25,348
Provisions	16	298,405	337,023
		2,403,935	**2,483,513**
Non-current liabilities			
Provisions	16	36,850	35,650
		36,850	35,650
Total liabilities		**2,440,785**	**2,519,163**
Net assets		**13,203,245**	**13,632,200**
Net tangible assets per share ($ per share)	31	0.18	0.19

For and on behalf of the board who approved these financial statements for issue on 27th July 2018.

Director　　　　　Director

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

2018	Note	Contributed Equity	Foreign Currency Translation Reserve	IPO Capital Costs	Retained Earnings	Total Equity
	Note	$	$	$	$	**$**
Balance as at 1 April 2017		**16,034,443**	**(305,222)**	**(223,432)**	**(1,873,589)**	**13,632,200**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	34,107	-	-	**34,107**
Net Profit for the year ended 31 March 2018		-	-	-	(463,062)	**(463,062)**
Total comprehensive income		-	34,107	-	(463,062)	**(428,955)**
Balance as at 31 March 2018		**16,034,443**	**(271,115)**	**(223,432)**	**(2,336,651)**	**13,203,245**

2017	Note	Contributed Equity	Foreign Currency Translation Reserve	IPO Capital Costs	Retained Earnings	Total Equity
	Note	$	$	$	$	**$**
Balance as at 1 April 2016		**16,034,443**	**(308,787)**	**(223,432)**	**(2,762,537)**	**12,739,687**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	3,565	-	-	**3,565**
Net Profit for the year ended 31 March 2017		-	-	-	888,948	**888,948**
Total comprehensive income		-	3,565	-	888,948	**892,513**
Balance as at 31 March 2017		**16,034,443**	**(305,222)**	**(223,432)**	**(1,873,589)**	**13,632,200**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		24,088,728	22,934,671
Interest received		85,052	126,453
Goods and services tax received / (paid)		(15,957)	7,918
		24,157,823	**23,069,042**
Cash was applied to:			
Payments to suppliers & employees		(23,225,822)	(20,374,689)
Interest paid		(3,550)	(6,918)
Taxes paid		(97,507)	(107,015)
		(23,326,879)	(20,488,622)
Net cash flows provided from / (applied to) operating activities	26	**830,944**	**2,580,420**
Cash flows from investing activities			
Cash was provided from:			
Repayments from franchisees		-	46,000
Sale of property, plant and equipment		1,176,152	140,419
		1,176,152	186,419
Cash was applied to:			
Acquisition of intangible assets	14	(219,090)	(195,180)
Advance to supplier	13	-	(133,000)
Acquisition of property, plant & equipment		(1,898,729)	(814,513)
Acquisition of subsidiary	29	-	(1,298,067)
		(2,117,819)	(2,440,760)
Net cash flows applied to investing activities		**(941,667)**	**(2,254,341)**
Net movement in cash and cash equivalents		(110,723)	326,079
Exchange gains / (loss) on cash and cash equivalents		(1,294)	8,528
Opening cash and cash equivalents		6,412,895	6,078,288
Closing cash and cash equivalents	17	**6,300,878**	**6,412,895**

The attached notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 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 12 of the financial statements.

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

2) BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards as appropriate for, for-profit oriented entities. For the purposes of complying with NZ GAAP, the Group is a Tier 1 for-profit entity as defined in the XRB's Accounting Standards Framework. These financial statements also comply with International Financial Reporting Standards ("IFRS").

These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency and they have been rounded to the nearest dollar.

The financial statements were approved by the Board of Directors on the date set out on page 17 of the Annual Report.

Basis of Measurement

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

Use of Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The principal areas of judgments in preparing these financial statements are set out below:

Impairment of Receivables

The Group maintains an allowance for estimated losses expected to arise from customers being unable to make required payments. This allowance takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the Group's debtors' portfolio. In assessing the allowance, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general, macro-economic trends, are taken into account. The impairment of receivables is detailed in note 9 of the financial statements.

Accounting for Income Tax

Preparation of the annual financial statements requires management to make estimates as to, amongst other things, the amount of tax that will ultimately be payable, the availability of losses to be carried forward and the amount of foreign tax credits it will receive in each of the jurisdictions it operates in.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses (where applicable) only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities. Refer to note 7 for additional information on accounting for income tax.

Impairment of Goodwill

The Group reviews Goodwill for indicators of impairment at least on an annual basis. This requires an estimation of the fair value of the cash-generating units to which the Goodwill are allocated. Estimating the fair value amount requires management to make an estimate of the expected future cash flows from the cash-generating unit in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The Group's longer term forecasts are subject to a higher level of uncertainty as it mostly depends on consumer spending, market conditions and level of competition. For additional information on the impairment test, reference is made to note 14.1 - Intangible Assets.

3) SPECIFIC ACCOUNTING POLICIES

The following is a summary of specific accounting policies adopted by the Group in the preparation of the financial statements that materially affect the measurement of financial performance, cash flows and the financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

a) Basis of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting 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 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.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Revenue Recognition

Revenue shown in the Statement of Comprehensive Income comprises those amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs of possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Franchise Fees

Franchise fees (incorporating master franchise fees) for the provision of continuing services, whether part of the initial fee or a separate fee, are recognised as revenue as the services are rendered. Fees charged for the use of continuing rights granted by the agreement, or for other services provided during the period of the agreement, are recognised as revenue as the services are provided or the rights used.

Royalties

Royalty income is recorded when it is probable that economic benefits will flow to the entity and amounts can be reliably measured. It is calculated on an accruals basis in accordance with the substance of the Franchise or Master Licence Agreement.

Training Fees

Training fee income is recognised as the twelve week training course is provided to the new operator.

Advertising Income

Advertising income is recognised when it is probable that economic benefits will flow to the entity and amounts can be reliably measured. It is calculated on an accruals basis in accordance with the substance of the Franchise or Master Licence Agreement.

Construction Management Fees

Construction management fees are recognised on a percentage of completion basis, as the store build progresses.

Dividends

Dividend income is recorded in the Statement of Comprehensive Income when the right to receive the dividend is established.

Other Income

All other income is recognised when significant risks and rewards have been transferred to the buyer, there is loss of effective control by the seller and the amount and costs can be reliably measured.

c) Accounts Receivable

Accounts receivable are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. An allowance for impairment is established where there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, or financial reorganisation and default or delinquency in payment (more than 30 days overdue) are considered objective evidence of impairment. Bad debts are written off during the period in which they are identified. If these debts are subsequently collected then a gain is recognised in profit or loss.

d) Inventories

Inventories are stated at the lower of cost and net realisable value after due consideration for excess and obsolete items. Cost is based on the first in, first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

e) Financial Instruments

The Group has the option to classify its financial instruments in the following categories: financial assets / liabilities at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets and other financial liabilities. Management determines the classification on initial recognition and re-evaluates this designation at every reporting date. At balance date all of the Group's financial assets were classified as loans and receivables.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recognised at fair value plus transaction costs and are thereafter carried at amortised cost using the effective interest method.

Loans and receivables are derecognised when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Other Financial Liabilities

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Group's other financial liabilities are trade and other payables, and these are usually paid within 30 days.

f) Share Capital

Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

g) Finance Income and Expense

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate.

h) Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Property, plant and equipment are stated at cost less accumulated depreciation. The following depreciation rates have been used:

Motor Vehicles	16% - 36% diminishing value & straight line (USA)
Leasehold Improvements	9% - 26.4% diminishing value & straight line (USA)
Information Technology	33% - 67% diminishing value & straight line (USA)
Furniture & Fittings	10% - 80.4% diminishing value & straight line (USA)
Kitchen Equipment	13% - 39.6% diminishing value & straight line (USA)
Office Equipment	10% - 60% diminishing value & straight line (USA)

Where an asset is disposed of, the gain or loss recognised in the Statement of Comprehensive Income is calculated as the difference between the sale price and the carrying amount of the asset.

i) Leased Assets

Operating and Financing Leases

Operating lease payments are recognised as an expense in the periods the amounts are payable in the Statement of Comprehensive Income on a straight line basis.

j) Intangible Assets

The Group's intangible assets have finite useful lives with the exception of Goodwill and are stated at cost

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

less accumulated amortisation. The intangible assets are amortised in the Statement of Comprehensive Income on a straight line basis over the period during which benefits are expected to be derived, which is up to 10 years. Where there has been an impairment in the value, the balance has been written off in the Statement of Comprehensive Income.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the intangible asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income when incurred.

As part of a business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognised or unrecognised assets. An example of such rights include a right to use the acquirer's trade name under a franchise agreement. A reacquired right is an identifiable intangible asset that the acquirer recognises separately from goodwill. Reacquired rights are initially valued at the present value of the expected future cash flows, which is subsequently used as cost and amortised on a straight-line basis over its useful life, being the remaining contractual period without considering contractual extension possibilities, but not exceeding 10 years.

k) Employee Benefits

Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group pays contributions to superannuation plans, such as KiwiSaver and 401(k) in the US. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

l) Taxation

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

m) Goods and Services Tax (GST)

The Statement of Comprehensive Income and Cash Flows 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. The operations of the Group comprise both exempt and non-exempt supplies for GST purposes.

n) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currencies of the entities within the Group at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the profit or loss.

Foreign Operations

The assets and liabilities of foreign operations are translated to New Zealand dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to New Zealand dollars at the average exchange rates for the period where this rate approximates the rate at the date of the transaction.

Foreign currency differences are recognised in the Foreign Currency Translation Reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

o) Statement of Cash Flows

Cash and cash equivalents comprise cash at bank and call deposits. Investing activities comprise the purchase and sale of fixed assets, acquisition of a subsidiary and intangible assets along with any funding made available or repaid from franchisees. Financing activities comprise any changes in equity and debt and the payment of dividends (if any). Operating activities include all transactions and other events that are not investing or financing activities.

p) Earnings and Net Tangible Assets Per Share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes share options granted to employees.

The Group also presents Net Tangible Assets Per Share for its ordinary shares and it is calculated by dividing the net tangible assets of the Group by the number of shares outstanding at the end of the year.

q) Segment Reporting

Operating segments have been identified based on the information provided to the chief operating decision maker; being the Board of Directors.

The Group operates in four operating segments – these consist of the following geographical locations, New Zealand, Australia, United States of America and the Middle East.

There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

r) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 14.1 for a description of impairment testing procedures.

s) Impairment testing of Goodwill, Other intangible Assets and Non-financial Assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses for cash-generating units reduce first the carrying amount of any Goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of Goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4) NEW STANDARDS ADOPTED AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

NZ IFRS 9 – Financial instruments (effective date from 1 January 2018)

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 main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

(d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from NZ IAS 39 into NZ IFRS 9

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

NZ IFRS 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

NZ IFRS 9 also contains a new impairment model based on expected credit losses. The model makes use of more forward-looking information. In applying this more forward-looking approach, a distinction is made between:

- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.

The Group intends to adopt NZ IFRS 9 on its effective date. Management does not expect a significant change to the way in which the group measures its financial instruments.

NZ IFRS 15 – Revenue from contracts with customers (effective date from 1 January 2018)

NZ IFRS 15:

- replaces NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and some revenue-related interpretations.
- establishes a new control-based revenue recognition model. .
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics.
- expands and improves disclosures about revenue.

In particular, NZ IFRS 15 includes important new guidance on:

- contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts timing – whether revenue is required to be recognised over time or at a single point in time.
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue.
- time value – when to adjust a contract price for a financing component, and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4) NEW STANDARDS ADOPTED AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

- various specific issues, such as non-cash consideration and asset exchanges, contract costs, rights of return and other customer options, supplier repurchase options, warranties, principal versus agent, licencing, breakage, non-refundable upfront fees, and consignment and bill-and-hold arrangements.

Transition to NZ IFRS 15 is retrospective, but it is subject to various practical expedients.

The Group intends to adopt NZ IFRS 15 on its effective date. During the current financial period, the Group assessed the potential impact of NZ IFRS 15. Work focussed on segregating the different revenue streams that exist within the business and based on preliminary assessments the Group has determined that NZ IFRS 15 will have a significant impact on the Group's Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position disclosures. The retrospective adjustment to retained earnings for the franchise fee & licence fee income will be approximately $2.0 million, & the annual revenue adjustment will not be material; The above has no cash effect to the Group and the change is for financial reporting purposes only.

NZ IFRS 16 – Leases (effective date from 1 January 2019)

NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

The new lease accounting standard provides much-improved transparency and comparability of Groups' lease assets and lease liabilities for investors and other users of general purpose financial statements.

The Standard eliminates the classification of leases as either operating leases or finance leases. Instead, there is a single lessee model which requires a lessee to recognise on the statement of financial position assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

NZ IFRS 16 will impact the Groups Statement of Financial Position as they hold the head leases on all the New Zealand franchised & company owned stores. The value of the lease will be capitalised on the balance sheet with a liability offset to reflect the lease with the franchisee.

The accounting requirements for lessors are substantially the same as those in NZ IAS 17. A lessor, therefore, continues to classify its leases as operating leases or finance leases, and continues to account for those two types of leases differently.

NZ IFRS 16 applies to Tier 1 and Tier 2 for-profit reporting entities, and is effective for annual periods beginning on or after 1 January 2019.

The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact. However based on preliminary assessments the Group has determined that NZ IFRS 16 will have a significant impact on the Group's Statement of Financial Position and Income Statement disclosures.

In addition to the head office & warehouse leases, BFW also holds the head leases on all 55 Burger Fuel stores in New Zealand with 52 of these being franchised stores. Management's process to date highlights that the potential impact based on the current lease arrangements is expected to be material to the Statement of Financial Position on the date of adoption.

The indicative impacts of implementing NZ IFRS 16 are as follows for all leases that the Group is a party to:

Initial recognition and measurement:

- Recognition of a right of use ('ROU') asset. Initial measurement of the ROU asset would include the initial present value of the lease liability, the initial direct costs, prepayments made to lessor, less any lease incentives received from the lessor and restoration, removal and dismantling costs; and
- Recognition of a lease liability, which would reflect the initial measurement of the present value of lease payments, including reasonably certain renewals.

Subsequent measurement:

- ROU asset: Depreciate the ROU asset based on NZ IAS 16 'Property, plant and equipment'.
- Lease liability: Accrete liability based on the effective interest method, using a discount rate determined at lease commencement (as long as a reassessment and a change in the discount rate have not occurred) and reduce the liability by payments made.

NZ IFRS 16 will have a material impact on the Group's financial statements and will be dependent on the leases that the Group is a party to as at the beginning of the year ended 31 March 2020. The Group's operating lease commitments as at 31 March 2018 are set out in note 22, measurement of the lease liability and asset under NZ IFRS 16 is yet to be fully assessed.

The Group will adopt NZ IFRS 16 for the accounting period beginning on 1 April 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5) REVENUE

	2018	2017
	$	$
Sale of Goods	12,616,536	10,765,657
Franchising Fees	495,000	175,000
Training Fees	15,000	30,000
Royalties	6,007,718	5,713,461
Advertising Fees	3,872,596	3,679,221
Construction and Property Management Fees	55,000	57,500
Gain on Sale of Fixed Assets	-	28,348
Foreign Exchange Gains / (losses)	(42,290)	(2,809)
Other Income	1,669,594	1,770,967
	24,689,154	**22,217,345**

6) EXPENSES

	2018	2017
	$	$
Operating expenses include:		
Cost of Sales	6,327,304	5,782,067
Rental and Operating Lease Costs	1,011,274	867,886
Loss on Disposal of Property, Plant and Equipment	190,547	67,532
Loss on Disposal of US Entity (refer note 32)	880,846	-
Directors' Fees	120,000	120,000
Wages and Salaries	5,149,328	4,542,842
Contributions to a defined contribution plan	161,099	155,827
Key management personnel costs: (refer note 24)		
- Salary and other short-term benefits	2,694,584	2,308,788
Auditors' remuneration – Audit Services – Staples Rodway:		
- Audit of Financial Statements	84,870	72,107
- Tax and other compliance services	19,208	-
Other Operating Expenses	3,326,541	2,831,789
Provision for Doubtful Debts (refer note 9)	129,417	120,583
Write-off of obsolete signage (refer note 10)	165,505	-
Advertising Expenditure	3,892,396	3,651,322
	24,152,919	**20,520,743**

The above key management personnel costs include remuneration of the Group Chief Executive, Founding Director, Directors and the members of the executive team.

BURGER FUEL WORLDWIDE LIMITED ANNUAL REPORT 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7) INCOME TAX

	2018	2017
	$	$
Taxation expense is represented by:		
Current Tax	520,811	243,994
Deferred Tax	(93,215)	(18,444)
	427,596	**225,550**
Profit / (Loss) before income tax expense	(35,466)	1,114,498
Timing differences & non-deductible expenses:		
50% entertainment	61,337	53,718
Write-off of US Debtors	(1,148,504)	-
Depreciation & Amortisation	12,513	-
Accruals	12,301	856
Prepayments	4,429	-
Make good provision	1,200	1,200
Holiday pay not paid out within 63 days	(20,036)	(38,139)
Capital gain on sale of assets	-	(28,348)
Deemed Income relating to closure of US operations	724,518	-
Provision for Doubtful Debts	129,417	120,583
US Depreciation	(25,278)	(26,156)
Other	(2,004)	1,353
	(250,107)	**85,067**
Taxable Profit / (Loss)	(285,573)	1,199,565
Loss made by Australian and US Entities	2,862,866	-
Non-taxable Middle East Income	(912,287)	-
Tax losses utilised	-	(455,028)
Net Taxable Profit	1,665,006	744,537
Taxation at the Company's effective tax rate	466,202	243,994
Deferred tax movement	(93,215)	(18,444)
Under Provision of Prior Period	54,609	-
Total income tax expense per statement of comprehensive income	**427,596**	**225,550**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7) INCOME TAX (CONTINUED)

	2018	2017
Reconciliation of deferred tax asset:	$	$
Deferred tax on temporary differences		
Opening balance	94,965	76,375
Reversal of previously recognised US deferred tax liability	14,223	-
Provision for employee benefits	(5,610)	(10,679)
Provisions for make good	336	336
Provision for doubtful debts	70,000	-
Recognition of USA Non-Operating loss	-	22,518
Depreciation	3,504	3,720
US State Deferred Assets / (liabilities)	-	(937)
Accruals	12,112	2,866
Prepayments	(1,350)	766
	188,180	**94,965**
Opening Balance	**94,965**	**76,375**
Charged to profit or loss	78,992	18,444
Reversal of previously recognised US deferred tax	14,223	-
Foreign Currency transition	-	146
Closing Balance	**188,180**	**94,965**

The Group has $4,032,111 of unrecognised losses to be carried forward (2017: $1,834,262). The potential benefit of these losses is $1,128,991 (2017: $513,593) which has not been recognised in the financial statements. The losses carried forward relate to the Australian and US operations which are not currently profitable.

The Group has recognised a deferred tax asset of $188,180 (2017: $94,965) with respect to other timing differences. This has been recognised as it is probable that future taxable profit will be available to allow the asset to be utilised.

The weighted average tax rate of the Group is effectively 28% based on earnings in NZ (2017: 20.2% based on operating in New Zealand, USA and Australia). There are no other tax jurisdictions, other than New Zealand, USA and Australia, in which the Group earns taxable income.

8) IMPUTATION CREDITS

	2018	2017
	$	$
Opening balance	644,468	642,848
Add		
Terminal tax paid	30,784	-
Resident withholding tax	25,747	32,411
	56,531	32,411
Deduct		
Income tax refund received	(59,678)	(10,791)
	(59,678)	(10,791)
Closing Balance	**641,321**	**644,468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9) TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Trade receivables	2,267,456	2,500,440
Trade receivables – USA licence (refer note 24)	261,000	-
Trade receivables – USA store sale (refer note 24)	609,000	-
Prepayments	70,977	65,277
Sundry receivables	72,374	189,124
	3,280,807	**2,754,841**
Doubtful Debt Provision	(250,000)	(120,583)
	3,030,807	**2,634,258**

Receivables denominated in currencies other than the presentation currency are Australian Dollars, US Dollars and UAE Dirhams and they comprise 44.9% of the trade receivables (2017: 44.3%) The total receivables impaired for the 2018 financial year are $250,000 (2017: $120,583).

The doubtful debt provision was derived from unpaid royalties & marketing levies from the Middle East. This has been assessed by management & the directors in relation to collectability.

Impairment Provision Movement:

	2018	2017
	$	$
Opening Balance	(120,583)	(634,362)
Provision Utilised	-	634,362
Additional provisions	(129,417)	(120,583)
Closing Balance	**(250,000)**	**(120,583)**

10) INVENTORIES

	2018	2017
	$	$
Finished Goods	1,078,848	1,174,109
Total Finished Goods	**1,078,848**	**1,174,109**

Finished goods includes signage, kitchen equipment & proprietary products (BurgerFuel sauces & dry goods). During the year $165,505 of obsolete signage was written off. (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11) PROPERTY, PLANT & EQUIPMENT

2018	Motor vehicles $	Office equipment $	Furniture and fittings $	IT $
Cost				
Balance 1 April 2017	1,104,942	108,285	1,143,943	1,049,018
Additions	157,663	1,715	437,177	284,637
Disposals	(310,604)	(1,149)	(351,484)	(87,702)
Cost at 31 March 2018	**952,001**	**108,851**	**1,229,636**	**1,245,953**
Depreciation and impairment losses				
Balance 1 April 2017	668,926	68,670	622,397	779,708
Depreciation for the year	69,345	6,871	102,153	187,002
Foreign exchange impact	7,132	(827)	1,805	(3,455)
Balance 31 March 2018	**745,403**	**74,714**	**726,355**	**963,255**
Net Book Value				
Balance 1 April 2017	436,016	39,615	521,546	269,310
Depreciation for the year	(69,345)	(6,871)	(102,153)	(187,002)
Additions	157,663	1,715	437,177	284,637
Disposals	(310,604)	(1,149)	(351,484)	(87,702)
Foreign exchange impact	(7,132)	827	(1,805)	3,455
Net Book Value at 31 March 2018	**206,598**	**34,137**	**503,281**	**282,698**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11) PROPERTY, PLANT & EQUIPMENT (CONTINUED)

2018	Kitchen equipment $	Leasehold improvements $	Total $
Cost			
Balance 1 April 2017	598,527	2,264,153	**6,268,868**
Additions	434,726	582,811	**1,898,729**
Disposals	(322,240)	(1,174,367)	**(2,247,546)**
Cost at 31 March 2018	**711,013**	**1,672,597**	**5,920,051**
Depreciation and impairment losses			
Balance 1 April 2017	269,330	581,676	**2,990,707**
Depreciation for the year	59,221	110,735	**535,327**
Foreign exchange impact	762	1,472	**6,889**
Balance 31 March 2018	**329,313**	**693,883**	**3,532,923**
Net Book Value			
Balance 1 April 2017	329,197	1,682,477	**3,278,161**
Depreciation for the year	(59,221)	(110,735)	**(535,327)**
Additions	434,726	582,811	**1,898,729**
Disposals	(322,240)	(1,174,367)	**(2,247,546)**
Foreign exchange impact	(762)	(1,472)	**(6,889)**
Net Book Value at 31 March 2018	**381,700**	**978,714**	**2,387,128**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11) PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Motor vehicles	Office equipment	Furniture and fittings	IT
2017				
Cost				
Balance 1 April 2016	1,216,241	108,616	1,087,113	912,940
Additions	1,453	-	81,490	147,359
Disposals	(112,752)	(331)	(24,660)	(11,281)
Cost at 31 March 2017	**1,104,942**	**108,285**	**1,143,943**	**1,049,018**
Depreciation and impairment losses				
Balance 1 April 2016	509,285	59,714	516,130	621,609
Depreciation for the year	154,965	8,942	105,004	158,037
Foreign exchange impact	4,676	14	1,263	62
Balance 31 March 2017	**668,926**	**68,670**	**622,397**	**779,708**
Net Book Value				
Balance 1 April 2016	706,956	48,902	570,983	291,331
Depreciation for the year	(154,965)	(8,942)	(105,004)	(158,037)
Additions	1,453	-	81,490	147,359
Disposals	(112,752)	(331)	(24,660)	(11,281)
Foreign exchange impact	(4,676)	(14)	(1,263)	(62)
Net Book Value at 31 March 2017	**436,016**	**39,615**	**521,546**	**269,310**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11) PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Kitchen equipment	Leasehold improvements	Total
2017	$	$	$
Cost			
Balance 1 April 2016	538,154	1,659,483	**5,522,547**
Additions	78,137	617,485	**925,924**
Disposals	(17,764)	(12,815)	**(179,603)**
Cost at 31 March 2017	**598,527**	**2,264,153**	**6,268,868**
Depreciation and impairment losses			
Balance 1 April 2016	205,552	454,777	**2,367,067**
Depreciation for the year	63,050	125,870	**615,868**
Foreign exchange impact	728	1,029	**7,772**
Balance 31 March 2017	**269,330**	**581,676**	**2,990,707**
Net Book Value			
Balance 1 April 2016	332,602	1,204,706	**3,155,480**
Depreciation for the year	(63,050)	(125,870)	**(615,868)**
Additions	78,137	617,485	**925,924**
Disposals	(17,764)	(12,815)	**(179,603)**
Foreign exchange impact	(728)	(1,029)	**(7,772)**
Net Book Value at 31 March 2017	**329,197**	**1,682,477**	**3,278,161**

The capital gain on sale recorded in the Statement of Comprehensive Income was $28,348 last year, relating to the sale of motor vehicles, IT equipment and kitchen equipment. For the year ended 31 March 2018 there was no capital gain on sale.

In FY18 all the assets in Australia were written off or sold to the New Zealand entity and the US entity BF Indiana Two LLC was sold to the founding Director. (Refer note 32 for additional information on the US entity sale).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12) INVESTMENT IN SUBSIDIARIES

The Parent Company's investment in the subsidiaries comprises shares at cost. All subsidiaries have a 31 March balance date.

Subsidiary Companies	Country of Incorporation	Interest Held	Interest Held
		2018	2017
BF Lease Company Limited	New Zealand	100%	100%
BF Lease Company No 1 Limited	New Zealand	100%	100%
BF Lease Company No 2 Limited	New Zealand	100%	100%
BF Lease Company No 3 Limited	New Zealand	100%	100%
BF Lease Company No 4 Limited	New Zealand	100%	100%
BF Lease Company No 5 Limited	New Zealand	100%	100%
BF Lease Company No 6 Limited	New Zealand	100%	100%
BF Lease Company No 7 Limited	New Zealand	100%	100%
BF Lease Company No 8 Limited	New Zealand	100%	100%
BF Lease Company No 9 Limited	New Zealand	100%	100%
BF Lease Company No 10 Limited	New Zealand	100%	100%
BF Lease Company No 11 Limited	New Zealand	100%	100%
BF Lease Company No 12 Limited	New Zealand	100%	100%
BF Lease Company No 13 Limited	New Zealand	100%	100%
BF Lease Company No 14 Limited	New Zealand	100%	100%
BF Lease Company No 15 Limited	New Zealand	100%	100%
BF Lease Company No 16 Limited	New Zealand	100%	100%
BF Lease Company No 17 Limited	New Zealand	100%	100%
BF Lease Company No 18 Limited	New Zealand	100%	100%
BF Lease Company No 19 Limited	New Zealand	100%	100%
BF Lease Company No 20 Limited	New Zealand	100%	100%
BF Lease Company No 21 Limited	New Zealand	100%	100%
BF Lease Company No 22 Limited	New Zealand	100%	100%
BF Lease Company No 23 Limited	New Zealand	100%	100%
BF Lease Company No 24 Limited	New Zealand	100%	100%
BF Lease Company No 25 Limited	New Zealand	100%	100%
BF Lease Company No 26 Limited	New Zealand	100%	100%
BF Lease Company No 27 Limited	New Zealand	100%	100%
BF Lease Company No 28 Limited	New Zealand	100%	100%
BF Lease Company No 29 Limited	New Zealand	100%	100%
BF Lease Company No 30 Limited	New Zealand	100%	100%
BF Lease Company No 31 Limited	New Zealand	100%	100%
BF Lease Company No 32 Limited	New Zealand	100%	100%
BF Lease Company No 33 Limited	New Zealand	100%	100%
BF Lease Company No 34 Limited	New Zealand	100%	100%
BF Lease Company No 35 Limited	New Zealand	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12) INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Country of Incorporation	Interest Held	Interest Held
		2018	2017
BF Lease Company No 36 Limited	New Zealand	100%	100%
BF Lease Company No 37 Limited	New Zealand	100%	100%
BF Lease Company No 38 Limited	New Zealand	100%	100%
BF Lease Company No 39 Limited	New Zealand	100%	100%
BF Lease Company No 40 Limited	New Zealand	100%	100%
BF Lease Company No 41 Limited	New Zealand	100%	100%
BF Lease Company No 42 Limited	New Zealand	100%	100%
BF Lease Company No 43 Limited	New Zealand	100%	100%
BF Lease Company No 44 Limited	New Zealand	100%	100%
BF Lease Company No 45 Limited	New Zealand	100%	100%
BF Lease Company No 46 Limited	New Zealand	100%	100%
BF Lease Company No 47 Limited	New Zealand	100%	100%
BF Lease Company No 48 Limited	New Zealand	100%	100%
BF Lease Company No 49 Limited	New Zealand	100%	100%
BF Lease Company No 50 Limited	New Zealand	100%	100%
Burger Fuel (Dubai) NZ Limited	New Zealand	100%	100%
Burger Fuel (ME) DMCC	Dubai	100%	100%
Burger Fuel International Limited	New Zealand	100%	100%
Burger Fuel (Australia) Pty Limited	New Zealand	100%	100%
Burger Fuel (Australia) No2 Pty Limited	New Zealand	100%	100%
Burger Fuel International Management Limited	New Zealand	100%	100%
Burger Fuel Limited	New Zealand	100%	100%
BurgerFuel Henderson Limited	New Zealand	100%	100%
Burger Fuel Takapuna Limited	New Zealand	100%	100%
Winner Winner Limited	New Zealand	100%	-
Shake Out Limited	New Zealand	100%	-
Burger Fuel Pty Limited (formerly Kincro Holdings Pty Limited)	Australia	100%	100%
Burger Fuel Australia Pty Limited	Australia	100%	100%
Burger Fuel (USA) Inc.	United States of America	100%	100%
Burger Fuel (USA) Management Inc.	United States of America	100%	100%
Burger Fuel (USA) Franchising Inc.	United States of America	-	100%
BF Indiana One LLC.	United States of America	-	100%
BF Indiana Two LLC (formerly BF Hollywood LLC).	United States of America	-	100%
BF California One LLC.	United States of America	-	100%
BF California Two LLC.	United States of America	-	100%
BF Indiana Three LLC.	United States of America	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12) INVESTMENT IN SUBSIDIARIES (CONTINUED)

The principal activities of the subsidiaries are:

Burger Fuel Limited – Franchise systems – gourmet burger restaurants.

Burger Fuel International Limited – Holds patents, trademarks and licences and holds the international Master Franchise Agreements.

Burger Fuel International Management Limited – Owns the BurgerFuel Australia operation and holds the international Master Franchise Agreements.

Burger Fuel (Australia) Pty Limited – Non trading.

Burger Fuel (Australia) No2 Pty Limited – Non trading.

Burger Fuel Australia Pty Limited – Non trading.

Burger Fuel Pty Limited – Administration and sauce manufacturing.

Burger Fuel (ME) DMCC – Dubai based trading company.

Burger Fuel (Dubai) NZ Limited – Holding company of the subsidiary in Dubai.

BurgerFuel Henderson Limited – New Zealand based company trading as restaurant.

Burger Fuel Takapuna Limited – New Zealand based company trading as restaurant.

Burger Fuel (USA) Inc. – Non trading.

Burger Fuel (USA) Management Inc. – Franchise systems – gourmet burger restaurants.

Burger Fuel (USA) Franchising Inc. – Non trading – Sold 5th March 2018.

BF Indiana One LLC – Non trading – Dissolved.

BF Indiana Two LLC (formerly BF Hollywood LLC). – Gourmet burger restaurant - Sold 5th March 2018.

BF California One LLC. – Non trading – Dissolved.

BF California Two LLC. – Non trading – Dissolved.

Winner Winner Limited. – Non trading.

Shake Out Limited. – Non trading.

BF Indiana Three LLC. – Non trading (setup & dissolved in same period 2018).

All other companies are head lease holders for store premises in New Zealand.

13) LOANS

	2018	2017
Loans to Third Parties	$	$
Advance to Supplier	133,000	133,000
	133,000	133,000
Total loans	**133,000**	**133,000**
Current	133,000	133,000
Non-current	-	-
	133,000	**133,000**

Advance to Supplier

This is an advance to assist ilabb Limited with the stock holding of the BurgerFuel uniforms.
The loan is interest bearing 3% (2017: 3%), secured over the uniform inventory and is repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14) INTANGIBLE ASSETS

2018	Key money	Brand Assets	Goodwill	Reacquired Rights	Domain Name	Patent	Trade Marks	Total
	$	$	$	$	$	$	$	$
Cost								
Balance 1 April 2017	90,000	-	1,890,039	-	53,973	36,127	838,510	**2,908,649**
Adjustment	-	-	(250,760)	250,760	-	-	-	**-**
Acquisitions	-	100,000	-	-	8,332	-	110,758	**219,090**
Balance at 31 March 2018	90,000	100,000	1,639,279	250,760	62,305	36,127	949,268	**3,127,739**
Amortisation								
Balance 1 April 2017	80,302	-	-	-	44,960	23,115	336,297	**484,674**
Current year amortisation	4,655	2,917	-	27,862	9,597	1,051	71,794	**117,876**
Balance 31 March 2018	84,957	2,917	-	27,862	54,557	24,166	408,091	**602,550**
Net Book Value								
Balance 1 April 2017	9,698	-	1,890,039	-	9,013	13,012	502,213	**2,423,975**
Adjustment	-	-	(250,760)	250,760	-	-	-	**-**
Additions	-	100,000	-	-	8,332	-	110,758	**219,090**
Amortisation	(4,655)	(2,917)	-	(27,862)	(9,597)	(1,051)	(71,794)	**(117,876)**
Net Book Value at 31 March 2018	**5,043**	**97,083**	**1,639,279**	**222,898**	**7,748**	**11,961**	**541,177**	**2,525,189**

As disclosed in Note 30 The Group purchased the "Winner Winner" brand in December 2017
Refer to Note 29 for additional information relating to the reacquired rights.

2017	Key money	Goodwill	Domain name	Patent	Trademarks	Total
	$	$	$	$	$	$
Cost						
Balance 1 April 2016	90,000	701,427	44,135	32,692	658,559	**1,526,813**
Acquisitions	-	1,188,612	9,838	3,435	179,951	**1,381,836**
Balance at 31 March 2017	90,000	1,890,039	53,973	36,127	838,510	**2,908,649**
Amortisation						
Balance 1 April 2016	72,731	-	35,508	21,891	268,773	**398,903**
Current year amortisation	7,571	-	9,452	1,224	67,524	**85,771**
Balance 31 March 2017	80,302	-	44,960	23,115	336,297	**484,674**
Net Book Value						
Balance 1 April 2016	17,269	701,427	8,627	10,801	389,786	**1,127,910**
Additions	-	1,188,612	9,838	3,435	179,951	**1,381,836**
Amortisation	(7,571)	-	(9,452)	(1,224)	(67,524)	**(85,771)**
Net Book Value at 31 March 2017	**9,698**	**1,890,039**	**9,013**	**13,012**	**502,213**	**2,423,975**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14.1) Impairment testing

Impairment

Based on the impairment testing results, no impairment loss on Goodwill is recorded in the 2018 financial year (2017: Nil).

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount to present values. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the Goodwill arises.

The goodwill of the Takapuna store has been impairment tested. The reacquired rights will be amortised over the life of the franchise agreement at the time of purchase being 9.5 years.

	2018	2017
	$	$
New Zealand Retail – Henderson Store	701,427	701,427
New Zealand Retail – Takapuna Store	937,852	1,188,612
Goodwill allocation at 31 March	1,639,279	1,890,039

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed forecast period, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

	Growth Rates		Discount Rates	
	2018	2017	2018	2017
New Zealand Retail – Henderson Store	2.0%	3.5%	9.8%	9.8%
New Zealand Retail – Takapuna Store	2.0%	3.5%	9.8%	9.8%

14.2) Growth rates

The growth rates reflect the long-term average growth rates for the product line and industry of the segments (all publicly available).

14.3) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

14.4) Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

The Group have used different discount and growth rates to determine the value-in-use of the cash-generating units and have concluded that there has been no indication of impairment loss in Goodwill value. An increase of 3% in Discount with no increase in Growth rate from the 2019 year would still not have generated impairment loss.

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15) TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade payables	1,317,169	1,693,489
Payroll liabilities	86,127	25,391
GST payable	183,266	199,223
Accrued expenses	70,318	203,039
	1,656,880	**2,121,142**

Payables denominated in currencies other than the presentation currency comprise 2.3% of the trade payables (2017: 8.83%).

16) PROVISIONS

	2018	2017
	$	$
Store Closure Provision		
Opening balance	35,650	34,450
Provisions made during the year	1,200	1,200
Provisions used during the year	-	-
	36,850	**35,650**
Holiday Pay Provision		
Opening balance	337,023	307,219
Provisions made during the year	(13,424)	65,933
Provisions used during the year	(25,194)	(36,129)
	298,405	**337,023**
Total Provisions	**335,255**	**372,673**
Current	298,405	337,023
Non-current	36,850	35,650
Total Provisions	**335,255**	**372,673**

Store Closure Provision

This is the make good provision that is set aside to cover the costs of returning premises that are occupied by BurgerFuel back to their original condition, after taking into account the normal wear and tear of these premises.

Holiday Pay Provision

This is the allocation of the 8% annual leave entitlement that each full-time and part-time employee is entitled to as part of their employment, which is accrued throughout the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

17) CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank	3,695,192	4,314,852
Cash on deposit	2,605,686	2,098,043
	6,300,878	**6,412,895**

At balance date there is $20,000 (2017: $62,916) in restricted cash for bonds issued to the NZX & to landlords. Refer note 22 for further information.

18) CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	2018	2017	2018	2017
			$	$
Opening ordinary shares on issue	59,633,550	59,633,550	16,034,443	16,034,443
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
Authorised & issued ordinary shares on issue at 31 March	**59,633,550**	**59,633,550**	**16,034,443**	**16,034,443**
Less: IPO Capital Costs			(223,432)	(223,432)
Contributed Equity			**15,811,011**	**15,811,011**

Burger Fuel Worldwide Limited was listed on the New Zealand Alternative Stock Exchange (NZAX) on the 27 July 2007. The Company has 59,633,550 authorised and fully paid ordinary shares on issue. All shares have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

No Dividends were paid in the 2018 financial year (2017: NIL).

No shares were issued during the 2018 financial year (2017: NIL).

19) RETAINED EARNINGS

	2018	2017
	$	$
Retained Earnings / (Accumulated Losses)		
Opening Balance	(1,873,589)	(2,762,537)
Net surplus / (deficit) for the year	(463,062)	888,948
Closing Balance	**(2,336,651)**	**(1,873,589)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

20) OTHER RESERVES

	2018	2017
	$	$
Foreign Currency Translation Reserve		
Opening Balance	(305,222)	(308,787)
Movements	34,107	3,565
Closing Balance	**(271,115)**	**(305,222)**

Nature and Purpose of Reserves:

Foreign Currency Translation Reserve

Translation differences arising on the translation of the results of subsidiaries with functional currencies other than New Zealand dollars are recognised directly in the Foreign Currency Translation Reserve. The cumulative amounts are released to profit or loss upon disposal of these subsidiaries.

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Instruments

	2018	2017
	$	$
Financial Assets		
Cash	6,300,878	6,412,895
Loans (Current)	133,000	133,000
Loans (Term)	-	-
Trade Receivables	2,887,456	2,379,857
Sundry Receivables	72,375	189,124
	9,393,709	**9,114,876**
Other Financial Liabilities		
Trade Payables	1,656,880	2,121,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management Objectives

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Management reports quarterly to the Group's audit committee, who monitors risk and policies implemented to mitigate risk exposures.

Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are analysed by sensitivity analysis. There has not been significant change to BurgerFuel's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group's foreign exchange risk is limited to its US dollar, Australian Dollar & UAE Dirham bank accounts and the trading of its Australian, US & United Arab Emirates subsidiaries. It maintains amounts in these foreign bank accounts and transfers funds when foreign exchange rates are favourable.

Foreign currency sensitivity analysis

The Group is mainly exposed to Australian dollars, US Dollars and UAE Dirhams. The following table details the Group's sensitivity to a 10% increase and decrease in the NZ$ against the Australian, UAE & USA currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group. A positive number below indicates an increase in profit.

GROUP

	10% Strengthening		10% Weakening	
	2018	2017	2018	2017
	$000	$000	$000	$000
Profit / (Loss)	72	(2)	(79)	3
Equity	52	(1)	(51)	2

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group has a USD overdraft facility and has exposure to floating interest rates on this facility. This USD overdraft facility has an effect on the interest paid on the Group's cash and cash equivalent accounts.

If the interest rates had been 100 basis points higher and all other variables were held constant, the Group's operating result for the year ended 31 March 2018 would have been $63,008 higher (2017: $64,129 higher).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest Rate Risk

The Group has cash flow interest rate risk from financial instruments that attract interest. Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances.

The Group manages its interest rate risk by maintaining minimal variable rate cash balances. Excess cash resources are placed into fixed rate term deposits where appropriate.

Interest rate risk profile

2018	Weighted average effective interest rate %	Less than 1 year	Non - interest bearing	Total
		$	$	$
Financial Assets				
Cash and cash equivalent	1.25%	6,300,878	-	**6,300,878**
Advance to Supplier	3.00%	133,000	-	**133,000**
Trade and other receivables	3.75%	870,000	2,089,831	**2,959,831**
		7,303,878	**2,089,831**	**9,393,709**
Financial Liabilities				
Trade payables		-	1,656,880	**1,656,880**
		-	**1,656,880**	**1,656,880**

2017	Weighted average effective interest rate %	Less than 1 year	Non - interest bearing	Total
		$	$	$
Financial Assets				
Cash and cash equivalent	1.14%	6,412,895	-	**6,412,895**
Advance to Supplier	3.00%	133,000	-	**133,000**
Trade and other receivables	-	-	2,568,981	**2,568,981**
		6,545,895	**2,568,981**	**9,114,876**
Financial Liabilities				
Trade payables		-	2,121,142	**2,121,142**
		-	**2,121,142**	**2,121,142**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The credit ratings of its counterparties are continuously monitored by management and the aggregate value of transactions concluded is spread amongst approved counterparties.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, trade debtors, loans and advances.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The maximum credit risk exposures are:

	2018	2017
	$	$
Cash and bank balances	6,300,878	6,412,895
Loans, advances and receivables	3,092,830	2,701,981

Maximum exposures are net of any recognised provisions, and at balance date no loans or advances are past due or considered to be impaired (2017: $Nil). Trade receivables of $250,000 are impaired with no further amounts past due (2017: $120,583 past due).

Cash

The Group's major concentration of credit risk relates to cash deposits with ASB Limited in New Zealand, CBA Bank Limited in Australia & Bank of America Merrill Lynch.

Receivables

The Group has a credit policy, which is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set, lending is subject to defined criteria and loans are monitored on a regular basis. The trade receivable are payable on the 10th of the following month and loans are subject a loan agreement which stipulates monthly repayments or payable on demand. No security is held.

Capital Management

The Group's capital includes share capital, reserves and retained earnings as shown in the Statements of Financial Position. 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 to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the required capital structure the Group may issue new shares, sell assets to reduce debt and/or adjust amounts paid to investors.

The Group is not subject to any externally imposed capital requirements.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. The Group maintains sufficient funds to meet the commitments based on historical and forecasted cash flow requirements. The exposure is being reviewed on an ongoing basis from daily procedures to monthly reporting.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All payables are due within 6 months of balance date (2017: 6 months).

The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

22) COMMITMENTS

Lease Commitments

Operating leases relate to the store leases. Non-cancellable operating lease rentals are payable as follows:

	2018 Total future minimum payments	2017 Total future minimum payments
	$	$
Less than one year	2,959,767	3,268,996
Between one and five years	2,692,496	4,147,278
More than five years	179,596	495,407
	5,831,859	**7,911,681**

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. The Group holds the head lease over all of its franchisee sites with the exception of the Australia stores and in turn licenses each of these sites to its franchisees under the same terms and conditions. At balance date, the total value of lease commitments under this arrangement was $3,544,384 (2017: $3,623,462).

Capital Commitments

At 31 March 2018, the Group has no contractual commitments (2017: $1.2M - contractual commitment to purchase 61 Ice cream machines to be on-sold).

Indemnity / Guarantees

BurgerFuel has deposits in place to cover certain commitments the banks have provided:

	2018 Total future minimum payments	2017 Total future minimum payments
	$	$
NZX Bond	20,000	20,000
Bond for Newtown Premises	-	31,965
Bond for Australian Kitchen Premises	-	10,951
	20,000	**62,916**

23) CONTINGENCIES

The Group has no contingencies at balance date (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

24) RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the year the following related party transactions took place:

Group	Relationship	Nature of transaction	2018 $	2017 $
Neo Corporate Trustees Limited & Redmond Enterprises Limited	Common Directorship	Consultancy Expenses Paid	605,000	550,000
Trumpeter Consulting Limited	Common Directorship	Directors Fees	50,000	50,000
Peter Brook	Common Directorship	Directors Fees	70,000	70,000
66 Surrey Limited	Common Directorship	Head Office Rental	438,002	429,715
Trumpeter Consulting Limited	Common Directorship	Consultancy Expenses Paid	44,000	12,000
Christopher Mason	Major Shareholder	Purchased USA Licence agreement	261,000	-
Christopher Mason	Major Shareholder	Purchased USA Store	609,000	-

The Burger Fuel Worldwide Limited Chief Executive Officer is the sole director of Neo Corporate Trustees Limited, Redmond Enterprises Limited & 66 Surrey Limited. The head office rental is the premises at 66 Surrey Crescent, Grey Lynn Auckland and the Redmond Enterprises & Neo Corporate Trustees Limited consultancy fee relates to the remuneration of the CEO.

The Burger Fuel USA licence agreement was sold to the founding director Christopher Mason for NZD$261,000. This transaction occurred on the 5th March 2018. At the same time Christopher Mason also purchased the equity of the Group's US subsidiary company BF Indiana Two LLC for NZD$609,000. This company owned the Burger store in Indianapolis, USA. Christopher Mason also purchased the Burger Fuel USA Franchising Inc company which was non-trading and had no assets as at transaction date. As at the 31 March 2018 the $261,000 licence fee & $609,000 sale proceeds were still outstanding. These amounts are payable within 24 months of the transaction date and are secured over Chris Mason's BFW shares. Interest of 3.75% is payable on the outstanding balance.

Key Management Compensation

Key management personnel compensation costs include remuneration of the Group Chief Executive, Founding Director, Directors and the members of the executive team. The compensation paid or payable to key management for employee services is shown above.

	2018	2017
	$	$
Salaries and other short-term employee benefits	2,694,584	2,308,788
KiwiSaver Employer Contribution	46,827	36,900
Directors' Fees	120,000	120,000
	2,861,411	**2,465,688**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

25) EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit attributed to owners of the Group by the weighted average number of ordinary shares in issue during the year.

	2018	2017
	$	$
Surplus / (Deficit) attributable to the owners of the Group	(463,062)	888,948
Weighted average number of ordinary shares on issue	59,633,550	59,633,550
Basic earnings /(loss) per share (cents)	(0.78)	1.49
Diluted earnings /(loss) per share (cents)	(0.78)	1.49

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is no difference between the basic and diluted number of shares on issue.

26) RECONCILIATION OF NET SURPLUS / (DEFICIT) AFTER TAXATION TO NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES

	2018	2017
	$	$
Net surplus / (deficit) after tax	(463,062)	888,948
Add: Non-cash items		
Amortisation	117,876	85,771
Depreciation	535,327	615,868
Deferred tax asset	93,215	18,590
Loss on disposal of property, plant and equipment	190,547	67,532
Loss on Disposal of US Entity	880,846	-
Unrealised exchange loss / (gain)	42,290	2,809
Provision for Doubtful Debts	129,417	120,583
	1,989,518	**911,153**
Add: Items classified as investing or financing activities		
Gain on sale of assets	-	(28,348)
Add: Working capital movements		
(Increase) / decrease in trade and other receivables	(655,384)	478,590
(Increase) / decrease in inventories	95,261	119,452
(Increase) / decrease in taxation receivable	236,873	99,947
Increase / (decrease) in accounts payable and accruals and provisions	(372,262)	110,678
	(695,512)	808,667
Net cash flows provided from operating activities	**830,944**	**2,580,420**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

27) SEGMENT REPORTING

Operating Segments

The Group operates in four operating segments; these operating segments have been divided into the following geographical regions, New Zealand, Australia, USA and the Middle East. All the segment's 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.

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

2018	New Zealand	Australia	Middle East	USA	Consolidated
	$	$	$	$	$
Revenue					
Sales	10,734,127	132,722	144,806	1,604,881	**12,616,536**
Royalties	4,674,358	140,126	1,193,234	-	**6,007,718**
Franchising fees	495,000	-	-	-	**495,000**
Training fees	15,000	-	-	-	**15,000**
Construction and property management fees	55,000	-	-	-	**55,000**
Advertising fees	3,527,531	105,434	239,631	-	**3,872,596**
Foreign exchange gain	57,671	(37,082)	20	(62,899)	**(42,290)**
Sundry income	1,473,212	14,106	129,678	52,598	**1,669,594**
Interest received	84,037	1,015	-	-	**85,052**
Total Revenue	**21,115,936**	**356,321**	**1,707,369**	**1,594,580**	**24,774,206**
Interest Expense	3,514	36	-	-	**3,550**
Depreciation	528,194	-	7,133	-	**535,327**
Amortisation	117,876	-	-	-	**117,876**
Segment Result before income Tax	2,303,494	(162,871)	912,287	(3,088,376)	**(35,466)**
Income Tax Expense	444,452	-	-	(16,856)	**427,596**
Segment Assets	14,100,561	504,861	102,706	935,902	**15,644,030**
Segment Liabilities	2,551,850	(216,682)	23,456	82,161	**2,440,785**

Acquisition of Property, Plant & Equipment & Intangible Assets.

Other	784,111	-	770	1,332,938	**2,117,819**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

27) SEGMENT REPORTING (CONTINUED)

2017	New Zealand	Australia	Middle East	USA	Consolidated
	$	$	$	$	$
Revenue					
Sales	9,890,968	181,058	693,631	-	**10,765,657**
Royalties	4,232,709	199,408	1,281,344	-	**5,713,461**
Franchising fees	175,000	-	-	-	**175,000**
Training fees	30,000	-	-	-	**30,000**
Construction management fees	57,500	-	-	-	**57,500**
Advertising fees	3,242,015	181,651	255,555	-	**3,679,221**
Foreign exchange gain	6,537	(9,346)	-	-	**(2,809)**
Sundry income	1,645,042	53,314	100,959	-	**1,799,315**
Interest received	125,372	1,081	-	-	**126,453**
Total Revenue	**19,405,143**	**607,166**	**2,331,489**	**-**	**22,343,798**
Interest Expense	1,202	498	-	5,218	**6,918**
Depreciation	523,371	42,209	8,742	41,546	**615,868**
Amortisation	85,771	-	-	-	**85,771**
Segment Result	1,539,777	(123,642)	953,857	(1,255,494)	**1,114,498**
Income Tax Expense	196,645	-	-	28,905	**225,550**
Segment Assets	14,210,738	256,627	825,443	858,555	**16,151,363**
Segment Liabilities	682,070	1,048,970	63,098	725,025	**2,519,163**

Acquisition of Property, Plant & Equipment & Intangible Assets.

Business Combination	1,290,000	-	-	-	**1,290,000**
Other	445,782	1,825	4,067	566,086	**1,017,760**

28) SUBSEQUENT EVENTS

Since balance date BFW has bought back & cancelled 3,143,355 BFW shares from Franchise brands. This has reduced the total number of BFW shares to 56,490,195. This had no impact on the Consolidated Statement of Comprehensive Income but will reduce the Groups Cash and cash equivalents and equity by USD$790,667. (2017 Subsequent events: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

29) ACQUISITION OF SUBSIDIARIES

Acquisition of Burger Fuel Takapuna Limited

On 3 October 2016, the Group acquired 100% of the equity instruments of Burger Fuel Takapuna Limited (BurgerFuel Takapuna), an Auckland based store, thereby obtaining control. The acquisition was made to enhance the Group's position in the fast food restaurant market. Burger Fuel Takapuna is a significant business in the Group's targeted market.

The prior year details of the business combination are as follows:

Fair value of consideration transferred	
Amount settled in cash	1,298,067
Total	**1,298,067**
Recognised amounts of identifiable net assets	
Property, plant and equipment	102,588
Total non-current assets	**102,588**
Inventories	6,867
Total current assets	**6,867**
Identifiable net assets	109,455
Goodwill on acquisition	**1,188,612**
Consideration transferred settled in cash	1,298,067
Net cash outflow on acquisition	**1,298,067**
Acquisition costs charged to expenses	Nil
Net cash paid relating to the acquisition	**1,298,067**

Consideration transferred

The acquisition of Burger Fuel Takapuna Limited was settled in cash of $1,298,067.

Identifiable net assets

The fair value of the all assets acquired as part of the business combination amounted to $110,211.

Goodwill

The Goodwill amount of $1,188,612, recorded at 31 March 2017, was primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Burger Fuel Takapuna Limited's workforce and expected cost synergies. At 31 March 2017 the acquisition was accounted for as remaining open as the reacquired rights relating to the transaction had yet to be valued.

During the current year the valuation of the reacquired rights has been completed and as a consequence the Goodwill recorded in relation to the acquisition has been reduced by $250,760.

Reacquired Rights

During the year the Group engaged the services of valuation expert in relation to the determination of the value of the reacquired rights purchased as part of the acquisition of Burger Fuel Takapuna Limited.

As a result of this, a value of $250,760 has been attributed to the reacquired rights. This asset is being accounted for as a definite life intangible asset and is to be amortised over the life of the remaining franchise agreement at the date of acquisition, being 9.5 years.

The original acquisition of Burger Fuel Takapuna Limited was for the purposes of 31 March 2017 accounted for as an open transaction as the Group was still within the measurement period. As a result of the valuation engagement being completed the Group has now closed the transaction. The closure of the acquisition has resulted in an entry being made which has reduced the Goodwill balance by $250,760 to reflect the value ascribed to the reacquired rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

30) ACQUISITION OF BRAND ASSETS

On 18th December 2017, the Group acquired the Intellectual Property rights to Winner Winner, with view to becoming the concept Franchisor. Winner Winner currently has one store in Hamilton. This outlet has not been purchased by BFW. It will continue to be operated by the founders of Winner Winner, but will now become the first franchised store under BFW.

The Brand Asset purchase was for $100,000 and this will be amortised over 10 years.

31) NET TANGIBLE ASSET PER SHARE

The net tangible asset per share is calculated by dividing the net tangible assets of the Group by the total number of ordinary shares in issue during the year.

	2018	2017
	$	$
Total Assets	15,644,030	16,151,363
Less Intangible Assets	(2,713,369)	(2,518,940)
Total Tangible Assets	12,930,661	13,632,423
Total Liabilities	(2,440,785)	(2,519,163)
Net Tangible Assets	10,489,876	11,113,260
Total ordinary shares on issue	59,633,550	59,633,550
Net Tangible Assets per share ($ per Share)	0.18	0.19

32) DISPOSAL OF SUBSIDIARIES

On 5th March 2018 the Group disposed of BF Indiana Two LLC, the subsidiary that owned and operated the Company owned store in Indiana USA.

The subsidiary was disposed of for a consideration of $609,000. The consideration relating to the sale was deferred for a period of 24 months from the date of the transaction.

As a result of the sale control was lost over the following assets:

Current Assets	
Cash and Cash Equivalents	1,384
Inventory – Raw Materials	40,533
Inventory - Uniforms	17,395
	59,312
Non-Current Assets	
Property, Plant and Equipment	752,885
Leasehold Improvements	560,262
	1,313,147
Write back of Rent Free Period	(131,713)
Capital Written off	249,100
Net Assets Disposed of	1,489,846

As a result of the sale the Group has recorded a loss on disposal. The loss is calculated as follows:

Consideration Received	609,000
Net Assets disposed of	1,489,846
Loss on Disposal	(880,846)

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

Remuneration of Directors	2018 12 Months	2017 12 Months
	$	$
Peter Brook	70,000	70,000
Christopher Mason	402,292	363,491
Josef Roberts	605,000	550,000
Alan Dunn	50,000	50,000

Remuneration of Employees (Excluding Executive Directors)	2018 12 Months Number of Employees	2017 12 Months Number of Employees
$100,000 - $110,000	1	1
$110,000 - $120,000	1	-
$120,000 - $130,000	2	1
$130,000 - $140,000	-	-
$140,000 - $150,000	2	2
$150,000 - $160,000	1	2
$160,000 - $170,000	-	1
$170,000 - $180,000	2	-
$190,000-$200,000	-	1
$200,000-$210,000	1	1
$220,000-$230,000	1	-

Statement of Directors and Officers Interests

Directors and Officers held the following equity securities in the Company:

	Beneficially held at 31/03/18	Non-beneficially held at 31/03/18	Beneficially held at 31/03/17	Non-beneficially held at 31/03/17
Peter Brook	336,596	-	336,596	-
Christopher Mason	6,586,309	-	6,586,309	-
Josef Roberts	33,223,473	-	36,123,473	-
Alan Dunn	324,656	-	324,656	-
Tyrone Foley (Officer)	14,874	-	14,874	-
Mark Piet (Officer)	21,667	-	21,667	-

John Pfannenbecker resigned as a director on the 2nd November 2017
Christopher Mason resigned as a director on the 5th March 2018

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

The following share transactions took place during the financial year

	Date of Transaction	Shares Acquired (Disposed)	Consideration Paid (received)	Nature of relevant interest
Peter Brook	-	-	-	Shares Held in Associated Trust
Christopher Mason	-	-	-	Shares Held in Associated Trust
Josef Roberts	15/09/2017	(2,900,000)	-	Shares Held in an Independent Trust
Alan Dunn	-	-	-	Shares Held in Associated Trust
John Pfannenbecker	-	-	-	Beneficial Owner
Tyrone Foley (Officer)	-	-	-	Beneficial Owner
Mark Piet (Officer)	-	-	-	Beneficial Owner

Substantial Security Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 31 March 2018, details of the Substantial Security Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Security Holder	Number of Voting Securities	%
Mason Roberts Holdings Limited	39,809,782	66.8%
Franchise Brands LLC	5,963,355	10.0%

The total number of voting securities of the Company on issue at 31 March 2018 was 59,633,550 fully paid ordinary shares. .

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

Twenty Largest Security Holders as at 31 March 2018

Shareholder	Number of Shares	%
MASON ROBERTS HOLDINGS LIMITED	39,809,782	66.8%
FRANCHISE BRANDS LLC	5,963,355	10.0%
E & P FOUNDATION TRUSTEE LIMITED	2,900,000	4.9%
NATIONAL NOMINEES NEW ZEALAND LIMITED	1,969,393	3.3%
CUSTODIAL SERVICES LIMITED	708,858	1.2%
CARTALLEN TRUSTEE LIMITED	486,373	0.8%
JBWERE (NZ) NOMINEES LIMITED	369,296	0.6%
PETER CLYNTON BROOK	336,596	0.6%
TRUMPETER TRUSTEES (2007) LIMITED	324,656	0.5%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED	134,750	0.2%
ASB NOMINEES LIMITED	120,000	0.2%
STERLING NOMINEES LIMITED	118,436	0.2%
GRANT SAMUEL & ASSOCIATES	100,000	0.2%
BROOKE HARRY NELSON WOLFE	80,000	0.1%
BRIAN KELLY LIMITED	75,000	0.1%
MATTHEW JAMES PRINGLE	75,000	0.1%
LAPHROAIG TRUSTEE COMPANY (NZ) LIMITED	70,414	0.1%
BRAD WILLIAM MCFARLANE	60,355	0.1%
JONATHAN LAURIE BUCKLEY	57,915	0.1%
STEVEN JAMES WALL + DEBORAH LOUISE WALL	47,000	0.1%
	53,807,179	**90.2%**

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

Domicile of Security Holdings

Location	Holders	Units	Units %
New Zealand	2,434	53,311,643	89.4%
U.S.A.	14	5,989,788	10.0%
Australia	84	157,177	0.3%
United Arab Emirates	4	49,017	0.1%
United Kingdom	17	57,567	0.1%
Japan	4	7,000	0.0%
Singapore	2	43,500	0.1%
France	2	3,000	0.0%
Taiwan	1	1,000	0.0%
Austria	1	2,000	0.0%
Canada	4	5,058	0.0%
China	1	2,000	0.0%
Hong Kong	1	1,000	0.0%
Germany	1	1,500	0.0%
Norway	1	1,000	0.0%
South Africa	1	1,000	0.0%
Switzerland	1	300	0.0%
	2,573	**59,633,550**	**100.0%**

Spread of Security Holders

Shareholding Size	Number of Holders	Total Shares Held	%
1 - 99	8	234	0.0%
100 - 199	35	4,541	0.0%
200 - 499	176	61,353	0.1%
500 - 999	174	114,197	0.2%
1,000 - 1,999	1,386	1,527,661	2.6%
2,000 - 4,999	515	1,308,572	2.2%
5,000 - 9,999	139	792,935	1.3%
10,000 - 49,999	122	2,035,954	3.4%
50,000 - 99,999	6	418,684	0.7%
100,000 - 499,999	7	1,855,357	3.1%
500,000 - 999,999	1	708,858	1.2%
1,000,000 - 99,999,999	4	50,805,204	85.2%
	2,573	**59,633,550**	**100%**

CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 MARCH 2018

The Board of Directors is responsible for the corporate governance of the Group. "Corporate Governance" involves the direction and control of the business by the Directors and the accountability of Directors to shareholders and other stakeholders for the performance of the Group and compliance with applicable laws and standards.

Role of the Board

The Board is elected by the Shareholders of the Company. At each Annual Meeting one third of the directors will retire by rotation. The Directors to retire are those who wish to retire, or those who have been longest in office since last being elected.

The Board of Directors is responsible for the overall direction of Burger Fuel Worldwide Limited's business and affairs on behalf of all shareholders. The Board's key role is to ensure that corporate management is continuously and effectively striving for above-average performance, taking account of risk.

The Board:

- Establishes the objectives of Burger Fuel Worldwide Limited;
- Approves major strategies for achieving these objectives;
- Oversees risk management and compliance;
- Sets in place the policy framework within which BurgerFuel operates; and
- Monitors management performance against this background.

The Board has delegated the day-to-day leadership and management of the Group to the Group Chief Executive Officer and the Chief Operating Officer.

The Board monitors financial results and compares them to annual plans and forecasts / budgets on a regular basis, and on a quarterly basis reviews the Group's performance against its strategic planning objectives.

Board size and Composition

Unlike the NZX Listing Rules for NZSX listed companies, the NZAX Listing Rules do not require that the Company have any independent directors. However, in the interests of good governance, and notwithstanding that there is no requirement under the NZAX Listing Rules, the Directors have decided to adopt a governance policy whereby at least two of the Directors of the Board will be "independent" as defined in the NZX Listing Rules. The size and composition of the Board is determined by the Company's constitution. As at 31 March 2018, there were three Directors, a Chief Operating Officer, and a Chief Financial Officer / Company Secretary. The Chairman of the Board and the Chairman of the Audit Committee are non-executive and independent of the role of the Chief Executive Officer and Chief Operating Officer.

Audit Committee

Although not required by the NZAX Listing Rules, to assist the Board in the execution of its responsibilities, an Audit Committee is in operation.

(i) Risk Management

The Audit Committee is required to establish a framework of internal control mechanisms to ensure proper management of the Group's affairs and that key business and financial risks are identified and controls and procedures are in place to effectively manage those risks. The Audit Committee is accountable to the Board for the recommendation of the external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the annual audit process.

(ii) Additional Assurance

The Committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the Group's annual report, including the financial statements. The Committee is also responsible for ensuring that Burger Fuel Worldwide Limited has an effective internal control framework. These controls include the safeguarding of assets, maintaining proper accounting records, complying with legislation, including resource management and health and safety issues, ensuring the reliability of financial information and assessing and overviewing business risk. The Committee also deals with governmental and New Zealand Stock Exchange requirements.

(iii) Share Trading Policy

The Company has adopted a formal Securities Trading Policy ("Policy") to address insider trading requirements.

The Policy is modelled on the Listed Companies Association Securities Trading Policy and Guidelines and is administered by the Audit Committee and restricts share trading in a number of ways.

(iv) Insurance and Indemnification

Burger Fuel Worldwide Limited provides indemnity insurance cover to directors, officers and employees of the Group except where there is conduct involving a wilful breach of duty, improper use of inside information or criminality.

CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 MARCH 2018

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings
Peter Brook (Chair)	6	4
Josef Roberts	6	4
Christopher Mason (resigned 5th March 2018)	5	-
Alan Dunn	6	4
John Pfannenbecker (resigned 2nd November 2017)	-	-
Officers		
Tyrone Foley (Chief Operating Officer)	5	3
Mark Piet (Chief Financial Officer / Company Secretary)	6	4

Constitution

A full copy of the Company's constitution is available on the Company's website (www.burgerfuel.com).

Board Remuneration

Directors are entitled to Directors' fees, reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors. Aggregate fees payable to the Board will not exceed $180,000 per annum, excluding the Group Chief Executive, Founding Director, Chief Operating Officer and Chief Financial Officer/Company Secretary.

Peter Brook, the Chairman, receives an annual fee of $70,000 and Alan Dunn the independent, non-executive Director receives an annual fee of $50,000. The Company Secretary attends to all company secretarial and corporate governance matters.

Conflict of Interest

The Board has guidelines dealing with the disclosure of interests by Directors and the participation and voting at Board meetings where any such interests are discussed. The Group maintains an interests register in which particulars of certain transactions and matters involving Directors must be recorded.

COMPANY DIRECTORY
AS AT 31 MARCH 2018

Registered Office
Grant Thornton New Zealand Limited
152 Fanshawe Street
Auckland 1011

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)

Business Headquarters
66 Surrey Crescent
Grey Lynn
Auckland 1021

Auditor
Staples Rodway Auckland
Level 9, Tower Centre
45 Queen Street
Auckland 1010

Accountant
Grant Thornton New Zealand Limited
Level 4, 152 Fanshawe Street
Auckland 1011

Platinum Associates
Level 3, 75 Grafton Street, Bondi Junction
NSW, 2022
Australia

Citrin Cooperman
529 Fifth Avenue
New York, NY 10017
USA

Somerset
3925 River Crossing Pkwy, Suite 300
Indianapolis, IN 46240
USA

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

Solicitors
Kensington Swan, 18 Viaduct Harbour Avenue,
Auckland 1011.

Wiggin and Dana LLP, Two Liberty Place,
50 S. 16th Street, Suite 2925, PA, 19102, USA.

Fragomen, Delrey, Bernsen & Loewy LLP,
18401 Von Karman Ave, Suite 255, Irvine, CA, 92612, USA.

Anthony Harper, Level 8, Chorus House
66 Wyndham Street, Auckland 1011.

Missingham Law, P.O Box796,
Shortland Street Mail Centre, Auckland 1140.

Corporate Council Limited Solicitors,
P.O Box 37-322, Parnell, Auckland 1151.

Krieg Devault Solicitors, One Indiana Square
Suite 2800, Indianapolis, IN 46240, USA.

Katz Korin Solicitors, 334 N. Senate Ave
Indianapolis, IN 46205, USA.

Jeffrey A Hearn Solicitors, 8500 Keystone Crossing,
Suite 170, Indianapolis, IN 46240, USA.

Barnes & Thornburg LLP, 11 South Meridian Street,
Indianapolis, IN 46204, USA

Andrew Seton Law 945A New North Road,
Mt Albert, Auckland 1025.