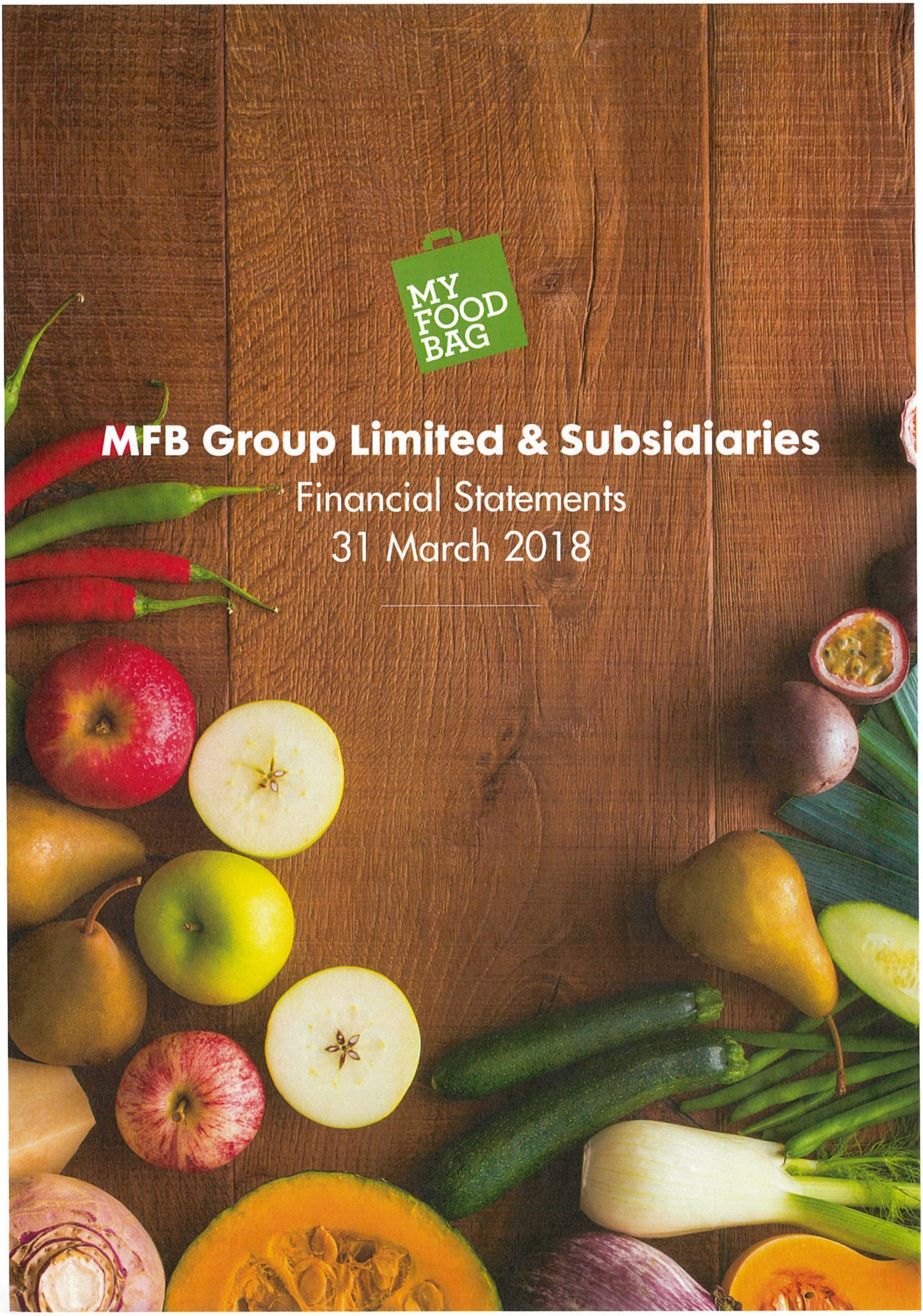

MFB Group Limited & Subsidiaries

Financial Statements

31 March 2018

Business Directory

As at 31 March 2018

Nature of business:	Providing recipes and ingredients in food bags	
Registered Office:	Level 1 70 Shortland Street Auckland 1010	
Directors:	Cecilia Robinson Christopher Marshall James Robinson Kevin Roberts Lance Jenkins Philip Maud Theresa Gattung	
Shareholders:	Waterman Fund 3 LP	70,000 shares
	Theresa Gattung and Philippa Greenwood	10,800 shares
	James Robinson, Cecilia Robinson and Heimsath Alexander Trustee Limited	10,800 shares
	JKA Holdings Limited, Carlos Bagrie, Nadia Lim and Covisory Trust Limited	5,400 shares
	Kevin Roberts, Neville Goldie and Colin McEwan	3,000 shares
Bankers:	Bank of New Zealand and ASB Bank	
Auditors:	Ernst & Young	

Statutory Information

For the year ended 31 March 2018

The Directors present the Annual Report, including the Financial Statements for the year ended 31 March 2018.

Due to agreement by the shareholders, the Company has elected to apply all disclosure exemptions per section 211 (3) of the Companies Act 1993.

For and on behalf of the Board who authorise the issue of this financial report on 10 August 2018.

Director 10/8/18 Date

Director 10/8/18 Date

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Independent Auditor's Report to the Shareholders of MFB Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MFB Group Limited ("the company") and its subsidiary (together "the Group") on pages 5 to 20, which comprise the consolidated statement of financial position of the Group 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 of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 5 to 20 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We provide taxation advisory services to the group. We have no other relationship with, or interest in, My Food Bag Group Limited or its subsidiary. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Information Other than the Financial Statements and Auditor's Report

The directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of 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 during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

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Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity 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 cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Auckland
10 August 2018

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	2018 NZ$	2017 NZ$
Assets			
Current			
Cash and cash equivalents	12	1,637,053	3,709,735
Trade and other receivables	12	1,320,336	691,300
Raw materials Work in Progress		952,505	1,571,617
Packaging		805,812	937,375
Prepayments		355,652	151,887
Derivative financial asset	12	-	52,743
Other current assets		95,499	270,465
Total current assets		**5,166,856**	**7,385,122**
Non-current			
Property, plant and equipment	4	3,902,634	2,012,062
Intangible assets	5	85,315,792	87,118,746
Total non-current assets		**89,218,427**	**89,130,808**
Total assets		**94,385,283**	**96,515,930**
Liabilities			
Current			
Trade and other payables	7	(8,924,653)	(9,225,070)
Deferred revenue		(2,247,788)	(2,776,631)
Finance lease liabilities	8	(54,414)	(12,213)
Derivative financial liabilities	12	(185,098)	-
Other current liabilities		(874,644)	(769,584)
Bank loan	12	(2,923,660)	(3,423,660)
Current tax liability		(975,649)	(109,803)
Total current liabilities		**(16,185,906)**	**(16,316,961)**
Non-current			
Finance lease liabilities	8	(19,064)	(94,240)
Bank loan	12	(16,923,660)	(20,647,320)
Deferred tax liability	3	(5,204,483)	(6,183,842)
Total non-current liabilities		**(22,147,207)**	**(26,925,402)**
Total liabilities		**(38,333,113)**	**(43,242,363)**
Net assets		**56,052,171**	**53,273,567**
Equity			
Share capital	9	1,000,000	1,000,000
Dividends paid		(3,375,463)	-
Retained earnings		7,288,298	1,142,478
Other shareholder contributions	13	51,095,000	51,095,000
Share based payment reserve	10	44,335	36,089
Total equity		**56,052,171**	**53,273,567**

This statement is to be read in conjunction with the notes to the financial statements on pages 9 - 20

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	Year ended 2018 NZ$	Period ended 2017 NZ$
Income	1	149,000,882	40,981,643
Cost of sales		(115,093,932)	(31,467,743)
Gross profit		**33,906,950**	**9,513,900**
Marketing expenses		(5,848,192)	(1,309,379)
Financing expenses		(3,989,542)	(527,249)
Indirect expenses	2	(15,764,936)	(6,021,425)
Other income	1	132,824	101,987
Share based payment expense	10	(8,246)	(36,089)
Net profit for the period - before tax		**8,428,859**	**1,721,745**
Income tax expense	3	(2,283,038)	(579,267)
Net profit for the period - after tax		**6,145,821**	**1,142,478**
Total comprehensive income for the period		**6,145,821**	**1,142,478**
Earnings per share			
Basic profit for the year attributable to ordinary equity holders of the parent		**61.46**	**11.42**
Diluted profit for the year attributable to ordinary equity shareholders of the parent		**60.61**	**10.96**

The prior comparative period financial statements are for the period 22 November 2016 to 31 March 2017.

This statement is to be read in conjunction with the notes to the financial statements on pages 9 - 20

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Note	Share capital	Other shareholder contributions	Retained earnings	Share based payment valuation reserve	Total equity
		NZ$	NZ$	NZ$	NZ$	NZ$
Balance at 1 April 2017		**1,000,000**	**51,095,000**	**1,142,478**	36,089	**53,273,567**
Profit for the period				6,145,821		6,145,821
Total comprehensive income for the period		-	-	**7,288,299**	-	**6,145,821**
Cash dividends				(3,375,463)		(3,375,463)
Share based payment expense					8,246	8,246
Balance at 31 March 2018		**1,000,000**	**51,095,000**	**3,912,836**	**44,335**	**56,052,171**
Balance at 22 November 2016		-	-	-	-	-
Profit for the period				1,142,478		1,142,478
Total comprehensive income for the period		-	-	**1,142,478**	-	**1,142,478**
Issue of share capital		1,000,000				1,000,000
Issue of other shareholder contributions			51,095,000			51,095,000
Share based payment expense					36,089	36,089
Balance at 31 March 2017		**1,000,000**	**51,095,000**	**1,142,478**	36,089	**53,273,567**

This statement is to be read in conjunction with the notes to the financial statements on pages 9 - 20

Consolidated statement of cash flows

For the year ended 31 March 2018

	Note	Year ended 2018 NZ$	Period ended 2017 NZ$
Operating activities			
Cash was provided from:			
Receipts from customers		148,351,511	38,529,889
Interest received		32,071	1,889
Cash was disbursed to:			
Payments to suppliers and employees		(134,952,089)	(38,452,686)
Salaries paid to related parties		(905,946)	(303,918)
Tax paid		(2,143,500)	(100,000)
Interest paid		(1,151,850)	(525,521)
Net cash flows from operating activities	15	**9,230,198**	**(850,347)**
Investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		3,570	3,956
Cash was applied to:			
Purchase of property, plant and equipment		(2,627,800)	(1,121,842)
Payments for development of digital assets		(970,212)	-
Funding of acquistion of My Food Bag Limited		-	(61,098,763)
Net cash flows from investing activities		**(3,594,443)**	**(62,252,890)**
Financing activities			
Cash was provided from:			
Proceeds from borrowings		-	25,370,979
Cash inflows from other equity contributions		-	35,766,500
Cash was applied to:			
Dividends paid		(3,375,463)	
Payment for financing leases		(32,974)	(36,241)
Repayment of borrowings		(4,300,000)	(1,300,000)
Net cash flows from financing activities		**(7,708,437)**	**59,837,479**
Net increase / (decrease) in cash flows		(2,072,681)	(3,265,758)
Cash and cash equivalents at the beginning of the period		3,709,734	6,975,492
Cash and cash equivalents at the end of the period		**1,637,053**	**3,709,734**

This statement is to be read in conjunction with the notes to the financial statements on pages 9 - 20

Statement of Accounting Policies

Corporate information

MFB Group Limited & My Food Bag Limited ("the Group") is a company incorporated and domiciled in New Zealand under the New Zealand Companies Act 1993. The Group is engaged in the business of providing recipes and ingredients in food bags.

The financial statements of the Group are for the year ended 31 March 2018. The financial statements were authorised for issue by the Directors on 10 August 2018.

Statement of compliance and reporting framework

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and the requirements of the Companies Act 1993. For the purposes of complying with NZ GAAP, the Company is a for-profit entity.

The consolidated financial statements of the Group comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and International Financial Reporting Standards (IFRS).

The financial statements have been specifically prepared for the purposes of meeting the Group's external reporting obligations.

As the Group was founded on 22 November 2016, the prior year comparative financial statements represent the period 22 November 2016 to 31 March 2017 only.

The 2017 income statement comparatives, including note 1 and note 2, have been reclassified to conform to the current year presentation. This relates to the reclassification of the expense in relation to discounts to employees from revenue to indirect expenses. The effect of this change has increased revenue and indirect expenses by $229k. This change has had no impact on the previously reported profit and equity position of the Group.

The share based payment expense of $36k recorded in the income statement was also incorrectly presented within Other Comprehensive Income in the 2017 financial statements. This is a presentational change only and has no impact on the previously reported profit, share based payment valuation reserve and equity of the Group.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except where identified in the accounting policies below. The Group's consolidated financial statements are presented in New Zealand dollars, which is also the parent company's functional currency. The financial statements have been rounded to 0 decimal places.

The financial statements have been prepared using the going concern assumption. The Group has a negative current ratio of **-0.31:1.** Therefore, whilst the net negative current ratio indicates uncertainty in relation to the going concern assumption, the Group has prepared forecasts which indicate that cash on hand, combined with cash flow as a result of operations will enable the Group to continue operating and satisfy its going concern and solvency requirements.

Accordingly, the Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date these financials are approved.

Basis of consolidation

The financial statements comprise of the financial statements of the Group and its subsidiaries as at 31 March 2018. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of CGU retained.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Sale of food bags

Revenue from the sale of food bags is recognised when the food bags are delivered and titles have passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Deferred revenue

Represents revenue received in advance from customers for deliveries of food bags that occur after year end, and is recognised as deferred revenue in the balance sheet.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cookbook royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties are recognised as they are earned.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised over the course of the lease in profit or loss.
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

• where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
• for receivables and payables which are recognised inclusive of GST. (The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

Property, plant and equipment

Plant, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For the purposes of considering whether there has been any impairment, assets are grouped at the lowest level for which there are identifiable cash inflows that are largely independent of the cash flows of other groups of assets. When the book value of a group of assets exceeds the recoverable amount an impairment loss arises and is recognised in earnings immediately.

The following depreciation rates have been used:

- Motor vehicles	22%	Diminishing value
- Plant and machinery	10% - 67%	Diminishing value
- Office equipment	13% - 67%	Diminishing value
- Furniture and fittings	8% - 40%	Diminishing value
- Computers	50%	Diminishing value

Intangible assets

Computer software

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. The costs incurred to acquire specific software licences are capitalised. Internally developed systems are capitalised once the project is assessed to be feasible. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Computer software licences and development costs recognised as assets are amortised on a diminishing value basis at the rates below:

- Software	40% - 50%	Diminishing value

Brands

Brands for which relevant factors indicate that there is no limit to the foreseeable net cash flows are considered to have an indefinite useful life and are held at cost and are not amortised but are subject to an annual impairment test. Brands are considered to have an indefinite useful life as there are no factors which indicate that there is a limit on their capacity to generate foreseeable cash flows.

Goodwill

Goodwill acquired in a business combination is recorded as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred over the fair value of the identifiable net assets recognised.

Goodwill is not amortised, but tested for impairment at least annually.

Finite life intangible assets

Finite life intangible assets represent customer relationships acquired in a business combination are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a diminishing value basis, to appropriately reflect the reduction in value of the intangible over its deemed useful life of 5 years.

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Packaging

Packaging is stated at the lower of cost or net realisable value.

Raw materials work in progress

Raw materials work in progress is stated at the lower of cost or net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'financial asset at fair value through profit or loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss (FVTPL) when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in the near term.

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 (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of financial assets

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a individual basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Other shareholder contributions

The other shareholder contributions are classified as equity in accordance with the terms of the shareholder loan mutual agreement and are measured at fair value.

Fair value

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal of the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risks through interest rate swap contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of comrehensive income immediately.

Employee entitlements

A liability for annual leave is accrued and recognised in the consolidated balance sheet. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date. Provisions are classified as non-current only if the Group has a legal entitlement not to make payment within a 12-month period, to the employee to whom the obligation has been accrued. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided up to the reporting date.

Statement of cash flow

The statement of cash flow is prepared exclusive of GST, which is consistent with the method used in the income statement.

Definition of terms used in the statement of cash flow:

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

Share-based payments

From time to time senior executive & management personnel of the Group receive remuneration in the form of share-based payments and render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 10.

The cost is recognised in the statement of comprehensive income, together with a corresponding increase in equity (share-based payment reserve), over the period in which service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Key sources of estimation uncertainty and key judgements

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Key sources of estimation uncertainty and key judgements include:

- Determining the fair value of share based payments made requires management to exercise their judgement as to the fair value and vesting probability of the relevant instruments issued (refer note 10).

- The assessment of impairment of goodwill and indefinite life intangibles. The Group determines whether goodwill and indefinite life intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and indefinite life intangibles are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and indefinite life intangibles are discussed in these notes to the accounts. An impairment assessment of goodwill and brands has been conducted in the current period. Management have determined that there is no impairment of any of the cash generating units containing goodwill and brands (refer Note 5). Determining the recoverable amounts of goodwill and intangible assets requires the estimation of the effects of uncertain future events at balance date. These estimates involve assumptions about risk assessment to cash flows or discount rates used, future changes in salaries and future changes in price affecting other costs. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be measurable under the circumstances.

Notes to the Financial Statements

1 Income

	Year ended 2018 NZ$	Period ended 2017 NZ$
Sales	149,000,882	40,981,643
Total income	**149,000,882**	**40,981,643**
Dividend income	1,126	-
Financial derivative fair value gain	-	52,743
Interest income	32,071	1,889
Other income	99,627	47,355
Total other income	**132,824**	**101,987**

2 Expenses

Profit before income tax has been arrived at after charging the following expenses and losses from operations:

	Note	Year ended 2018 NZ$	Period ended 2017 NZ$
Staff expenses			
Salaries and Wages		(9,510,793)	(2,664,171)
Directors salaries	13	(655,946)	(303,918)
Defined contribution		(158,383)	(58,218)
Interest expense		(1,151,850)	(525,521)
IT expenses		(1,063,435)	(487,667)
Amortisation expense on intangible assets	5	(2,705,515)	(857,926)
Depreciation expense on property, plant and equipment	4	(573,516)	(109,815)
Loss on disposal of plant, property and equipment		(224,223)	-
Fees paid to Ernst & Young			
Audit fees paid to Ernst & Young		(42,000)	(42,000)
Other fees paid to Ernst & Young		(15,328)	(25,608)

Other fees paid to Ernst & Young are paid are in relation to tax compliance, tax advice and transfer pricing services.

3 Taxation

	Year ended 2018	Period ended 2017
Current period	3,369,229	672,965
Adjustments for prior periods	(106,831)	-
Current tax expense	**3,262,398**	**672,965**
Origination and reversal of temporary differences	(979,360)	(87,680)
Recognition of previously unrecognised tax losses	-	(6,018)
Deferred tax expense (income)	**(979,360)**	**(93,698)**
Total income tax expense	**2,283,038**	**579,267**

Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable in New Zealand as follows:

	Year ended 2018	Period ended 2017
Profit before tax	8,428,859	1,721,745
Income tax using the Company tax rate 28%	2,360,080	482,089
(Under) / over provided in prior years	(106,831)	-
Non-deductible expenses	29,789	97,178
Income tax expense	**2,283,038**	**579,267**

Deferred Income tax		
As at 1 April	(6,183,842)	(6,277,540)
Charge / (credit) to statement of comprehensive income	979,360	93,698
As at 31 March	**(5,204,482)**	**(6,183,842)**

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting balances within the same tax jurisdiction is as follows:

	Derivatives	Intangibles	Provisions	Tax losses	Total
As at 1 April 2017	(14,768)	(6,456,025)	280,933	6,018	**(6,183,842)**
Credited / (charged) to the statement of profit or loss	66,595	699,416	213,348	-	**979,360**
Deferred tax as at 31 March 2018	51,827	(5,756,609)	494,281	6,018	**(5,204,482)**
At 22 November 2016	-	(6,613,185)	335,645	-	**(6,277,540)**
Credited / (charged) to the statement of profit or loss	(14,768)	157,160	(54,712)	6,018	**93,698**
Deferred tax as at 31 March 2017	(14,768)	(6,456,025)	280,933	6,018	**(6,183,842)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Imputation credit account through shareholdings	2018	2017
Imputation credits / (debits) at beginning of year	72,773	-
New Zealand tax payments	2,143,500	100,000
Other	(1,287,890)	(27,227)
Imputation credits / (debits) at end of year	**928,383**	**72,773**

4 Property, plant and equipment

	Motor vehicles	Plant & machinery	Office equipment	Furniture and fittings	Fit-out WIP	Computers	Total
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Year ended 31 March 2018							
Balance as at 1 April 2017	341,231	380,690	48,365	452,214	929,077	300,277	2,451,854
Additions	-	54,474	39,769	113,041	2,365,208	122,959	2,695,450
Transfers	-	1,952,909	8,895	1,330,101	(3,291,904)	-	-
Disposals	-	(25,197)	(1,432)	(259,955)	-	-	(286,584)
Balance as at 31 March 2018	**341,231**	**2,362,876**	**95,596**	**1,635,400**	**2,381**	**423,237**	**4,860,721**
Accumulated depreciation							
Balance as at 1 April 2017	(92,799)	(71,758)	(20,616)	(78,092)	-	(176,527)	(439,792)
Depreciation eliminated on disposal of asse	-	7,001	828	47,393	-	-	55,222
Depreciation charge	(53,661)	(147,508)	(24,813)	(245,904)	-	(101,629)	(573,516)
Balance as at 31 March 2018	**(146,460)**	**(212,266)**	**(44,601)**	**(276,603)**	**-**	**(278,156)**	**(958,086)**
Net book value as at 31 March 2018	**194,772**	**2,150,610**	**50,995**	**1,358,797**	**2,381**	**145,081**	**3,902,634**
Year ended 31 March 2017							
Balance as at 22 November 2016	253,409	277,772	46,980	454,409	-	310,169	1,342,739
Additions	87,822	102,918	1,385	640	929,077	-	1,121,842
Disposals	-	-	-	(2,835)	-	(9,892)	(12,727)
Balance as at 31 March 2018	**341,231**	**380,690**	**48,365**	**452,214**	**929,077**	**300,277**	**2,451,854**
Accumulated depreciation							
Balance as at 22 November 2016	(74,133)	(47,747)	(13,289)	(57,503)	-	(144,744)	(337,416)
Depreciation eliminated on disposal of asse	-	-	-	429	-	7,010	7,439
Depreciation charge	(18,666)	(24,011)	(7,327)	(21,018)	-	(38,793)	(109,815)
Balance as at 31 March 2017	**(92,799)**	**(71,758)**	**(20,616)**	**(78,092)**	**-**	**(176,527)**	**(439,792)**
Net book value as at 31 March 2017	**248,432**	**308,932**	**27,749**	**374,122**	**929,077**	**123,750**	**2,012,062**

5 Intangible assets

	Software	Software work in progress	Goodwill	Customer relationships	Brand	Total
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Year ended 31 March 2018						
Cost or valuation						
Balance as at 1 April 2017	910,832	15,628	63,792,126	5,261,035	18,357,484	88,337,105
Additions for the year	844,414	58,148				902,562
Disposals						-
Balance as at 31 March 2018	**1,755,246**	**73,776**	**63,792,126**	**5,261,035**	**18,357,484**	**89,239,667**
Accumulated amortisation and impairment						
Balance as at 1 April 2017	(473,471)	-	-	(744,888)	-	(1,218,359)
Amortisation charge	(391,200)	-	-	(2,314,316)	-	(2,705,515)
Balance as at 31 March 2018	**(864,671)**	**-**	**-**	**(3,059,204)**	**-**	**(3,923,874)**
Book value as at 31 March 2018	**890,575**	**73,776**	**63,792,126**	**2,201,831**	**18,357,484**	**85,315,792**
Year ended 31 March 2017						
Cost or valuation						
Balance as at 22 November 2016	827,055	19,994	63,792,126	5,261,035	18,357,484	88,257,694
Additions for the year	83,777	15,628	-	-	-	99,405
Disposals	-	(19,994)	-	-	-	(19,994)
Balance as at 31 March 2017	**910,832**	**15,628**	**63,792,126**	**5,261,035**	**18,357,484**	**88,337,105**
Accumulated amortisation and impairment						
Balance as at 22 November 2016	(360,433)	-	-	-	-	(360,433)
Amortisation charge	(113,038)	-	-	(744,888)	-	(857,926)
Balance as at 31 March 2017	**(473,471)**	**-**	**-**	**(744,888)**	**-**	**(1,218,359)**
Book value as at 31 March 2017	**437,361**	**15,628**	**63,792,126**	**4,516,147**	**18,357,484**	**87,118,746**

During the year ended 31 March 2018, management has determined that there is no imairment of any of the cash generating units containing goodwill. There is only one cash generating unit. The cash generating unit has been valued on a Value in Use basis using a discounted cash flow model.

The Group has assessed brand assets as having an indefinite useful life. In coming to this conclusion, management considered expected expansion of the usage of the brands across other products and markets, the typical customer lifecycle of these assets, the stability of the industry in which the brands are operating, the level of maintenance expenditure required and the period of legal control over the brands. During the current period, management has determined that there is no impairment of any of the brands. The Group has determined that the assessment of any potential impairment of goodwill is most sensitive to changes int the following assumptions:

- Projected cash flows, in particular the underlying growth rates supporting this which have been based on historical data and current market information;
- Post-tax discouint rates to reflect the Group's estimate of the time value of money and risks associated with the CGU. In determining the appropriate discount rate, consideration has been given to the estimated weighted average cost of capital ("WACC") of 10.6% foir the Group adjusted for specific circumstances.

6 Subsidiaries

My Food Bag Group comprises the following entities which are incorporated in New Zealand:

	Interest held
My Food Bag Limited	100%

7 Trade and other payables

	2018 NZ$	2017 NZ$
Trade payables	(6,981,563)	(6,782,986)
Credit cards	(58,973)	(45,372)
GST payable	(31,721)	(120,270)
Accrued expenses	(1,852,395)	(2,276,442)
Trade and other payables	**(8,924,653)**	**(9,225,070)**

8 Commitments and contingencies finance lease liabilities

The Group leased certain items of plant, computer equipment and vehicles under finance leases with terms between one and three years.

The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

Future minimum rentals payable under non-cancellable finance leases as at 31 March are:

	2018 NZ$	2017 NZ$
Future minimum lease payments		
Not later than one year	(54,414)	(12,213)
Later than one year and not later than five years	(19,064)	(94,240)
Future minimum lease payments	**(73,479)**	**(106,453)**
Included in the consolidated financial statements as		
Current lease liabilities	(54,414)	(12,213)
Non-current lease liabilities	(19,064)	(94,240)
Future minimum lease payments	**(73,479)**	**(106,453)**

9 Issued capital and reserves

	2018 NZ$	Number	2017 NZ$	Number
Issued capital and reserves compromises:				
Fully paid ordinary shares	1,000,000	100,000	1,000,000	100,000

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in the distribution of the surplus assets of the company on dissolution.

10 Share option schemes

The Group has a share option scheme under which options to subscribe for the Group's shares have been granted to certain executives and senior employees. The Options convert to ordinary shares.

This is an equity settled share scheme.

Other capital reserves

	2018 NZ$	2017 NZ$
As at 1 April 2017	36,089	-
Changes during the period	8,246	36,089
As at 31 March 2018	**44,335**	**36,089**

Nature and purpose of reserves

The share-based payment valuation reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

All other reserves are as stated in the consolidated statement of changes in equity.

Fair value

The fair value of the share options were estimated on the grant date, based on a valuation methodology having regard to the company value at grant date, expiry date of the options, exercise price, risk free interest rate , volatility and dividend yield.

The method was chosen on the basis that it provides the most appropriate assessment of the fair value.

The share options have been valued using a simulation model assuming that the share proces are lognormally distributed. The future value is discontinued back to present value at the risk-free rate, as the equity risk has been accounted for via the simulation modelling.

Fair value of equity share options	Options	2018 NZ$	2017 NZ$
Opening value		356,370	-
Granted on 22 November 2016	4,000	-	339,400
Granted on 10 March 2017	200	-	16,970
Granted on 1 August 2017	200	16,970	-
Forefeited on 22 December 2017	(3,000)	(254,550)	-
	1,400	**118,790**	**356,370**

11 Capital management

For the purpose of the Group's capital management, capital includes issued capital, share options and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group complied with all externally imposed capital requirements during the period to which it is subject.

12 Financial instruments

As at 31 March 2018	Financial loans and receivables	Financial assets at fair value	Total
	NZ$	NZ$	NZ$
Assets			
Cash and cash equivalents	1,637,053		1,637,053
Trade receivables	1,320,336		1,320,336
Total financial assets	2,957,389	-	2,957,389
Total current			2,957,389
Total non current			
Non-financial assets			91,427,894
Total assets			94,385,283

As at 31 March 2017	Financial loans and receivables	Financial assets at fair value	Total
	NZ$	NZ$	NZ$
Assets			
Cash and cash equivalents	3,709,735	-	3,709,735
Trade receivables	691,300	-	691,300
Derivative financial asset	-	52,743	52,743
Total financial assets	4,401,035	52,743	4,453,778
Total current			4,453,778
Total non current			-
Non-financial assets			92,062,152
Total assets			96,515,930

Derivative financial assets fair value

The group enters into interest rate swaps to manage the interest rate risk on the bank loan.

As at 31 March 2018, the Group had two interest rate swap agreements in place for a total notional amount of $20,000,000 whereby the Group receives a fixed rate of interest of 2.01% (excluding margin) and pays interest at a variable rate.

	Deal Date	Maturity Date	Interest Rate	Notional Amount	Pay Frequency	Fair Value
Interest Rate Swaps	25/11/2016	30-09-19 30-09-21	2.01%	$ 20,000,000	Quarter	$ (185,098)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. The Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in basis points	2018 Effect on profit before tax	2017 Effect on profit before tax
NZD$	+10	$ 67,432	73,833
NZD$	-10	$ (67,418)	(66,619)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

The impact on equity is the same as the impact on profit before tax as there are no concentrations of credit risk.

Financial liabilities, interest-bearing loans and borrowings

As at 31 March 2018	Financial liabilities at amortised cost	Financial liabilities at fair value	2018 Total	2017 Total
	NZ$	NZ$	NZ$	NZ$
Liabilities				
Trade and other payables	(8,924,653)		(8,924,653)	(9,225,070)
Derivative financial liabilities		(185,098)	(185,098)	-
Finance lease liabilities	(73,479)		(73,479)	(106,453)
Bank loan	(19,847,320)		(19,847,320)	(24,070,980)
Total financial liabilities	(28,845,451)	(185,098)	(29,030,549)	(33,402,503)
Total current			(16,185,906)	(16,316,961)
Total non current			(22,147,207)	(26,925,402)
Non-financial liabilities			(9,302,564)	(9,946,313)
Total liabilities			(38,333,113)	(43,242,363)

	Effective interest rate	Maturity	2018	2017
Current interest bearing loans and liabilities			NZ$	NZ$
Obligations under finance leases	8 - 13%	01/04/18 - 31/03/19	(54,414)	(12,213)
Bank loans	1.15% plus margin (3.05% - 3.25%)	22/11/21	(2,923,660)	(3,423,660)
Non-Current interest bearing loans and liabilities				
Obligations under finance leases	8 - 13%	01/04/19 - 20/08/19	(19,064)	(94,240)
Bank loans	1.15% plus margin (3.05% - 3.25%)	22/11/21	(16,923,660)	(20,647,320)

Bank loans

MFB Group Limited (the Borrower) has entered into a Senior Facility Agreement comprising of a term loan facility.

Term loan facility

The term loan facility comprises of Tranche A & Tranche B to assist with funding the acquisition (including payment of the purchase price, refinancing any existing financial indebtedness of the target and payment of the establishment fee), and for general commercial purposes.

On 22 November 2016 $25,600,000 was drawn down to fund the acquisition of My Food Bag Limited.

MFB Group made repayments of $4,300,000 in the period ended 31 March 2018 (2017: $1,300,000) to bring the period end balance to $20,000,000 (2017: $24,300,000). Borrowing costs have been capitalised to bank loans and amortised over the expected period of realisation.

The loan has general security in place, being a security interest in the personal property, and a fixed charge over the 'other property' (meaning real property, and anything that is not personal property), of MFB Group Limited, and an expiry date of 22 November 2021.

Interest rate comprises of the base rate (BKBM rate) plus a margin of:
- 3.05% per annum for Tranche A
- 3.25% per annum for Tranche B

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 March 2018:

Liabilities measured at fair value	Date of Valuation	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		NZ$	NZ$	NZ$
Term loan	31/03/2018	-	(20,000,000)	-
Derivative financial liabillities	31/03/2018		(185,098)	

Liquidity risk

The Group monitors its risk to a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments

Period ended 31 March 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	NZ$	NZ$	NZ$	NZ$	NZ$
Trade and other payables	-	(8,504,516)	0	(415,085)	(8,919,601)
Bank loan	-	(750,000)	(2,173,660)	(16,923,660)	(19,847,320)
	-	**(9,254,516)**	**(2,173,660)**	**(17,338,745)**	**(28,766,921)**

13 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

During the period, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Salaries	Directors fees	Brand ambassador fees	Total
	NZ$	NZ$	NZ$	NZ$
J & C Robinson	505,946	-	-	505,946
T Gattung	-	30,000	-	30,000
K Roberts	-	30,000	-	30,000
C Marshall	-	30,000	-	30,000
P Maud	-	30,000	-	30,000
L Jenkins	-	30,000	-	30,000
N Lim	-	-	250,000	250,000
Total	**505,946**	**150,000**	**250,000**	**905,946**

The following other shareholder contributions as contributed during the period:

	2018	2017
	NZ$	NZ$
The APL Holdings Trust	5,518,260	5,518,260
The Theresa Gattung Investment Trust	5,518,260	5,518,260
The Lim & Bagrie Family Trust	2,759,130	2,759,130
The Red Rose Trust	1,532,850	1,532,850
Waterman Fund 3LP	35,766,500	35,766,500
Total	**51,095,000**	**51,095,000**

Other shareholder contributions from related parties are not interest bearing and are repayable on repayment date.

The other shareholder contributions have been classified as equity contributions as repayment is on mutual agreement of both the borrower and the lender (or else they are perpetual) and the contributions are interest free. The other shareholder contributions carry no voting rights.

Compensation of key management personnel of the Group

The following amounts were paid to key management personnel of the Group during the financial period:

	2018	2017
	NZ$	NZ$
Short term employee benefits	1,018,030	181,591
Defined contribution expense	16,970	-
Share-based payment transactions	8,246	36,408
Total compensation paid to key management personnel	**1,043,246**	**217,999**

14 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic (and diluted) EPS computations:

	2018	2017
	NZ$	NZ$
Profit attributable to the ordinary equity holders of the parent:	6,145,821	1,142,478
Weighted average number of ordinary shares for basic EPS*	100,000	100,000

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the period.
There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

15 Operating cash flow reconciliation

The reconciliation of profit before tax to net cash flows from operations is as follows:

	2018 NZ$	2017 NZ$
Net profit before taxation	8,428,859	1,721,745
Adjustments for non-cash items:		
Depreciation on property plant & equipment	573,516	109,815
Amortisation on intangible assets	2,705,515	857,926
Capitalised debt costs amortised	76,340	-
Gain / loss on sale of Property, Plant & Equipment	227,793	1,332
Non cash write offs and capitalisation of software	-	(79,411)
Derivative financial instruments	237,841	(52,743)
Share based payment expense	8,246	36,089
Changes in assets and liabilities		
Increase / decrease in Trade and other receivables	(629,036)	(34,305)
Increase / decrease in Packaging	131,563	(36,121)
Increase / decrease in Raw materials work in progress	619,112	(1,181,350)
Increase / decrease in Other current assets	174,966	4,501
Increase / decrease in Prepayments	(203,765)	(51,252)
Increase / decrease in Trade and other payables	(300,417)	(704,418)
Increase / decrease in Deferred revenue	(528,843)	(1,721,573)
Increase / decrease in Other liabilities	105,060	53,317
Income tax paid	(2,396,551)	(100,000)
Foreign tax paid	-	(6,162)
Costs recognised as financing cash flows	-	332,263
Positive net cash flows from operating activities	**9,230,198**	**(850,347)**

16 Events after the reporting date

No events after the reporting date relevant to the readers of the financial statements have been noted.

17 Standards issues but not yet effective

The standards and interpretations that are issued, but not yet effectvie, up to the date of issuance of the Group's financial statements are disclosed below. The Group haven't yet assessed the impact of the new standards. The Group intends to adopt these standards, if applicable, when they become effective:

NZIFRS 15; Revenue from Contacts with Customers; New Standard
Effective Standard Date: 1 January 2018 MFB Application Date: 1 April 2018

NZIFRS 15 supercedes NZIAS 18 Revenue. The core principle of NZIFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange fo rthose goods or services.

Full adoption of IFRS 15 will result in additional disclosures with regard to the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Group is currently undertaking an assessment of the impact of NZ IFRS 15 and has not yet concluded on a transition approach.

NZIFRS 15 Revenue from Contracts with Customers; Clarifications
Effective Standard Date: 1 January 2018 MFB Application Date: 1 April 2018

The amendment clarifies how to identify a performance obligation in a contract; determine whether an entity is a principal or an agent and; the amendment also provides additional relief to reduce cost and complexity for an entity when it first applies NZIFRS 15.

Full adoption of IFRS 15 will result in additional disclosures with regard to the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Group is currently undertaking an assessment of the impact of NZ IFRS 15 and has not yet concluded on a transition approach.

NZIFRS 9 Financial Instruments
Effective Standard Date: 1 January 2018 MFB Application Date: 1 April 2018

The final version of NZIFRS 9 Financial Instruments, brings together the classification and meansurement, impairment and hedge accounting phases of the International Accounting Standards Board's project. The standard witll replace NZIAS 39 Financial Instruments: Recognition and Measurement and all previous versions of NZIFRS 9.

The Group is currently undertaking an assessment of the impact of NZ IFRS 9 and has not yet concluded on a transition approach.

NZIFRS 16 Leases; New Standard
Effective Standard Date: 1 January 2019 MFB Application Date: 1 April 2019

NZIFRS 16 is the new standard on the recognition, measurement, presentation and disclosure of leases.

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

NZIFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under NZIAS 17.

Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Reassessment of certain key considerations (e.g. lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.

Lessor accounting is substantially the same as today's lessor accounting, using NZIAS 17's dual classification approach.

The Group is currently undertaking an assessment of the impact of NZ IFRS 16 and has not yet concluded on a transitional approach.
The Group intends to adopt this standard in full for the financial year commencing 1 April 2019.

18 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 10 August 2018.