



ENGINEERING THE ULTIMATE BURGER



BURGERFUEL WORLDWIDE LIMITED ANNUAL REPORT 2013



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013



PROFITS UP!



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ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2013

The directors of Burger Fuel Worldwide Limited and its subsidiaries (the Group) are pleased to report a net profit after tax of \$1,098,294 for the year ended 31 March 2013.

This compares with an after tax profit of \$708,360 for the same period last year, an increase of \$389,934, being 55%.

The Group continues to build distribution and sales with a strong focus on international expansion particularly in the Middle East with store numbers there increasing by a further 5 in FY13. Locally there has also been solid growth, with the New Zealand system opening a further 4 stores. This represents a new store opening globally, every six weeks.

Previous years reported after tax results comparison:

2013	2012	2011	2010	2009	2008
1,098,294	708,360	33,513	(552,983)	(710,282)	(2,149,067)

BFW results for the year ended 31 March 2013

	Year End 2013 \$(000's)
Total Revenue	12,032
Total Expenses	(10,718)
Net Profit Before Taxation	1,314
Tax Expense	(216)
NET PROFIT AFTER TAXATION	1,098

Net revenue for the Group was up \$2.4M to \$12.0M representing a 25.38% increase, with total (unaudited) system sales up 29.2% to \$49.3M. Subsequent to balance date BurgerFuel's total (unaudited) system sales are now exceeding \$1 million per week.

Total store system sales (unaudited) up 29.2% to \$49,259,069

The Group's royalty earnings correlate directly to growth in store system sales.

Details by geographic region are reported below:

NEW ZEALAND

BurgerFuel New Zealand (unaudited) system sales up 10.4% to \$31,333,406.

In NZ we opened an additional 4 stores (one of which replaced the Hamilton CBD store) bringing store numbers in NZ to 30 in the period. New store openings are forecast to continue throughout FY14.

Various NZ stores are also undergoing refurbishments. During the period 6 were undertaken and that programme will continue throughout FY14.

AUSTRALIA (reported in \$NZD)

BurgerFuel Australia (unaudited) system sales up 6.0% to \$1,202,275.

Australia achieved positive growth in the single store we operate there under franchise.

In past years Australia has not been our primary focus in regards to expansion, however the directors are now of the view that Australia will offer growth opportunities in FY14. Our current franchisee has committed to further stores in Australia and we are also dealing with a higher level of enquiries from potential new franchisees there.

All revenue derived from royalties within Australia has for the FY13 year been captured within our New Zealand results.

MIDDLE EAST (reported in \$NZD)

BurgerFuel Middle East: United Arab Emirates, Kingdom of Saudi Arabia and Iraq (unaudited) system sales up 94.8% to \$16,723,388.

During the year to 31 March 2013 the Group opened 5 new stores in the Middle East bringing total store numbers in that region to 13 as at 31 March 2013. Growth is expected to accelerate in FY14 and our first store in Cairo, Egypt will open later this year.

Exports to Middle East

FY13 saw the continued growth in exports of beef and other Group proprietary products from New Zealand to the Middle East.

ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2013

GROUP OUTLOOK

Throughout FY13 the Group continued its positive trend of growth both nationally and internationally. The Group now has a strong operating system in New Zealand and the Middle East, with expansion set to continue in both of those markets.

International sales in FY13 represented 36.4% of total system sales. Total system sales now exceed \$1 million per week and that is set to increase in FY14. With the New Zealand and Middle East markets established, the focus for the group this year will be on expanding into new markets, together with the development of some significant key projects that will ultimately provide more scale for the Group. This will enable us to move towards our goal of speeding up store development.

Project investment is important to future revenue growth and accordingly this investment will directly affect our financial performance in FY14. With the placement of new shares to Milford Asset Management (TEA Custodians Limited) late last year, the directors see FY14 as a year where the Group can undertake investment ahead of the revenue curve. This should not be perceived as a cause for concern, it is necessary that we invest now to generate increased profits in the future. The Group's value will ultimately continue to rise as we increase the system store numbers and sales per outlet.

SUMMARY

The financial year to 31 March 2013 has again demonstrated a significant improvement in our performance. The business continues to grow and the brand is becoming stronger both locally and internationally. As at 31 March 2013 there were 44 BurgerFuel outlets operating and the Group has considerable opportunity for growth in the coming years.

The focus remains on building an international brand and a strong business, which will require ongoing resources. Every country we enter needs to be well supported to ensure we achieve continued growth.

It's appropriate that we maintain the board's view that BurgerFuel is a growing Group of companies. Accordingly we repeat that "The board will continue with its strategy of development and investment, with the long term objective of growing profit. As always,

this will be measured against the Group's resources and the ability to recoup investment with acceptable returns".

In accordance with the previously outlined policy, since listing on the NZAX, there will be no dividends paid. This is to ensure that the Group can build up and maintain adequate cash reserves for further investment into the business.

Burger Fuel Worldwide Ltd delivered a significant increase (77.6%) on its share price during the period and was the NZAX's currently listed top performing stock.

As at 31 March 2013 the Group's net asset position was \$7,179,293 which included cash reserves of \$4,197,986, an increase of \$1,858,397, up 79.4% from the previous year.

The Group has no debt.

We would like to thank all our shareholders for their continued support and look forward to the year ahead.

Peter Brook
Chairman

Josef Roberts
Group CEO

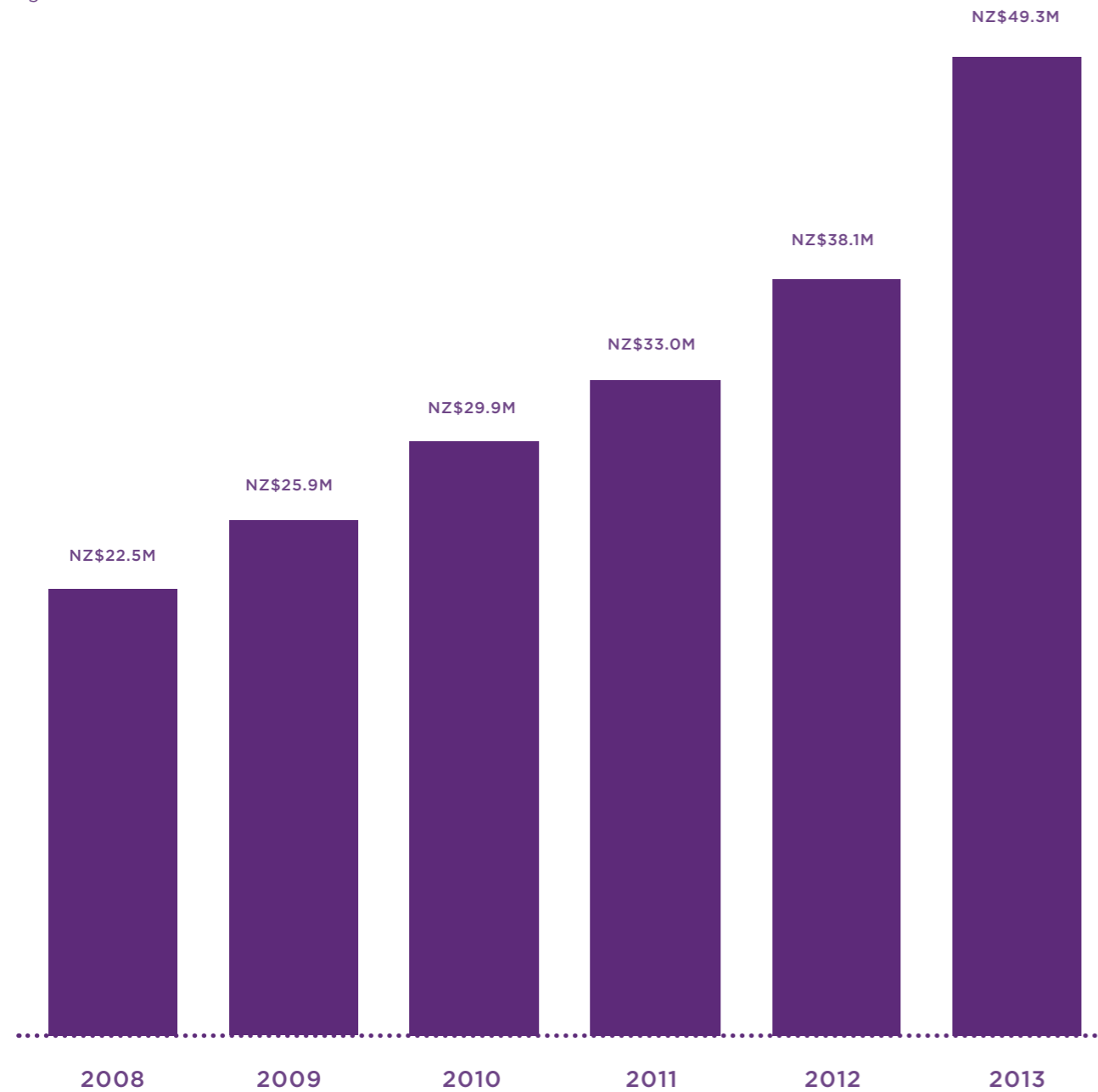
For further information please contact:
Josef Roberts
Phone: 021 444 786



TOTAL SYSTEM SALES SALES TREND

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.

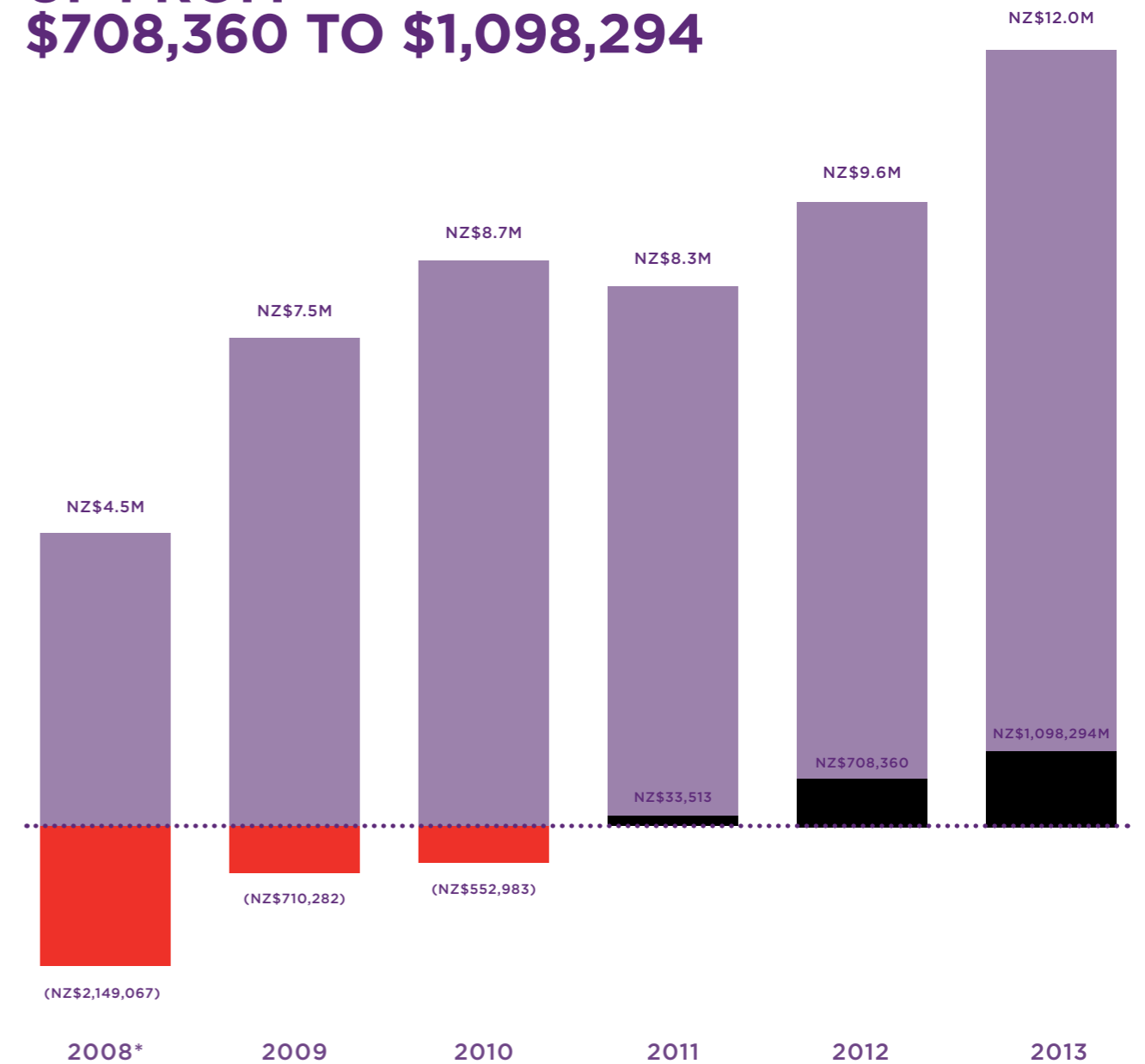
TOTAL (UNAUDITED) SYSTEM SALES UP 29.2% TO \$49,259,069



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

NET PROFIT UP FROM \$708,360 TO \$1,098,294



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

REVENUE
LOSS
PROFIT AFTER TAX

PETER BROOK

BCOM, ACA, CFIP

CHAIRMAN

MEMBER - BFW AUDIT COMMITTEE

Formerly Managing Director of Merrill Lynch (New Zealand) Ltd.

Trustee of the Melanesian Mission Trust Board.

Member of the Institute of Finance Professionals New Zealand Incorporated.

Other directorships: Trust Investments Management Ltd, Argosy Property Management Ltd and several other private company directorships.

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

CHRIS MASON

CEO INTERNATIONAL MARKETS

Chris is the founder of BurgerFuel and is the CEO of International Markets.

Chris is based in Dubai and is actively involved in the operational roll out of our overseas markets.

ALAN DUNN

**INDEPENDENT DIRECTOR
CHAIRMAN - BFW AUDIT COMMITTEE**

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

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

TYRONE FOLEY

MBA

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.

ANDREW KINGSTONE

BBS, CA, FCIS

**CHIEF FINANCIAL OFFICER/
COMPANY SECRETARY**

BurgerFuel Chief Financial Officer since 2008 and Company Secretary for BFW since 2012.

Committee Member of the CFO Special Interests Group - NZ Institute of Chartered Accountants.



THE BOARD



Level 9, Tower Centre
45 Queen Street 1010
PO Box 3899
Auckland 1140
New Zealand
DX CP19042

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

Report on the Financial Statements

We have audited the financial statements of Burger Fuel Worldwide Limited ('the Company') and its Subsidiaries (together 'the Group') on pages 12 to 51, which comprise the Statements of Financial Position of the Company and Group as at 31 March 2013, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company and Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

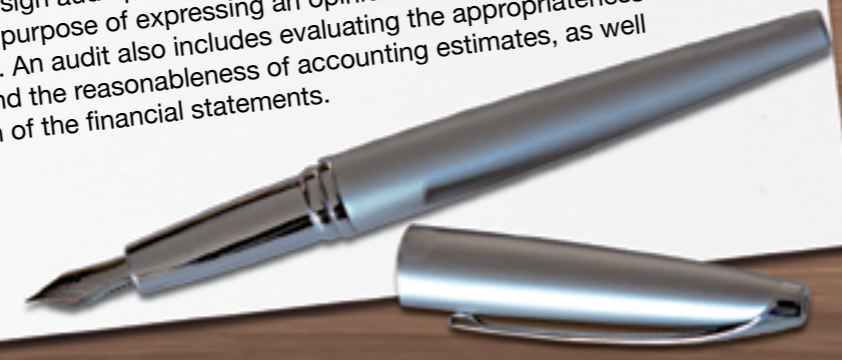
Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Other than in our capacity as auditor we have no relationship with, or interests in, the Company or Group.

Opinion

In our opinion, the financial statements on pages 12 to 51:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and Group as at 31 March 2013 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2013:

- i. we have obtained all the information and explanations that we have required; and
- ii. In our opinion proper accounting records have been kept by the Company as far as appears from our examination of those records.

Staples Rodway

STAPLES RODWAY AUCKLAND
CHARTERED ACCOUNTANTS
AUCKLAND

12 June 2013



THE FINANCIALS



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Note	Group		Parent	
		2013 \$	2012 \$	2013 \$	2012 \$
Revenue	5	11,951,670	9,557,625	-	138,737
Operating Expenses	6	(10,432,602)	(8,656,155)	(1,207)	(158,204)
Surplus/(Loss) before interest, taxation, depreciation and amortisation		1,519,068	901,470	(1,207)	(19,467)
Depreciation	11	246,761	166,389	-	-
Amortisation	14	37,615	48,055	-	-
		284,376	214,444	-	-
Surplus/(Loss) before interest and taxation		1,234,692	687,026	(1,207)	(19,467)
Interest Income		80,444	38,483	67,996	19,467
Interest Expense		(1,161)	(1,678)	-	-
		79,283	36,805	67,996	19,467
Surplus before taxation		1,313,975	723,831	66,789	-
Income Tax Expense	7	215,681	15,471	18,701	-
Net Surplus attributable to shareholders		1,098,294	708,360	48,088	-
Other comprehensive income:					
Movement in Foreign Currency Translation Reserve	20	(6,139)	11,873	-	-
Total comprehensive income		1,092,155	720,233	48,088	-
Basic Net Earnings per Share (cents)	25	2.05	1.32	-	-
Diluted Earnings per Share (cents)	25	2.05	1.32	-	-

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	Group		Parent	
		2013 \$	2012 \$	2013 \$	2012 \$
Shareholders' equity					
Contributed equity	18	10,285,669	8,221,002	10,285,669	8,221,002
Retained earnings	19	(2,556,977)	(3,655,271)	(4,858,038)	(4,906,126)
IPO capital costs	18	(223,432)	(223,432)	-	-
Other reserves	20	(325,946)	(319,807)	5,269	5,269
		7,179,314	4,022,492	5,432,900	3,320,145
Current assets					
Cash and cash equivalents	17	4,197,986	2,339,589	3,094,245	1,327,592
Trade and other receivables	9	2,836,618	1,286,873	-	-
Income tax receivable		-	-	19,589	5,553
Inventories	10	512,452	225,742	-	-
Loans	13	46,000	46,000	-	138,737
		7,593,056	3,898,204	3,113,834	1,471,882
Non-current assets					
Property, plant and equipment	11	974,151	746,215	-	-
Investment in subsidiaries	12	-	-	2	2
Deferred tax asset	7	48,688	34,769	-	-
Loans	13	138,000	184,000	2,337,766	1,848,261
Intangible assets	14	135,096	146,944	-	-
		1,295,935	1,111,928	2,377,768	1,848,263
Total assets		8,888,991	5,010,132	5,451,602	3,320,145
Current liabilities					
Trade and other payables	15	1,428,225	751,515	18,702	-
Income tax payable		83,641	42,049	-	-
Provisions	16	161,961	154,589	-	-
		1,673,827	948,153	18,702	-
Non-current liabilities					
Provisions	16	35,850	39,487	-	-
		35,850	39,487	-	-
Total liabilities		1,709,677	987,640	18,702	-
Net assets		7,179,314	4,022,492	5,432,900	3,320,145

For and on behalf of the board who approved these financial statements for issue on 12th June 2013.


 Director


 Director


 Director

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

GROUP	2013						Total equity
	Contributed equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2012	8,221,002	(325,076)	-	(223,432)	5,269	(3,655,271)	4,022,492
Issue of ordinary shares	2,064,667	-	-	-	-	-	2,064,667
Foreign currency translation reserve recognised in other comprehensive income	-	(6,139)	-	-	-	-	(6,139)
Net Surplus for the year ended 31 March 2013	-	-	-	-	-	1,098,294	1,098,294
Total comprehensive income	-	(6,139)	-	-	-	1,098,294	1,092,155
Balance as at 31 March 2013	10,285,669	(331,215)	-	(223,432)	5,269	(2,556,977)	7,179,314
2012							
	Contributed equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2011	8,147,002	(336,949)	184,799	(223,432)	5,269	(4,548,430)	3,228,259
Issue of ordinary shares	74,000	-	-	-	-	-	74,000
Transfer to Retained earnings	-	-	(184,799)	-	-	184,799	-
Foreign currency translation reserve recognised in other comprehensive income	-	11,873	-	-	-	-	11,873
Net Surplus for the year ended 31 March 2012	-	-	-	-	-	708,360	708,360
Total comprehensive income	-	11,873	-	-	-	708,360	720,233
Balance as at 31 March 2012	8,221,002	(325,076)	-	(223,432)	5,269	(3,655,271)	4,022,492

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

PARENT

2013	Contributed equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2012	8,221,002	-	-	-	5,269	(4,906,126)	3,320,145
Issue of ordinary shares	2,064,667	-	-	-	-	-	2,064,667
Total comprehensive income for the year ended 31 March 2013	-	-	-	-	-	48,088	48,088
Balance as at 31 March 2013	10,285,669	-	-	-	5,269	(4,858,038)	5,432,900

2012	Contributed equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2011	8,147,002	-	-	-	5,269	(4,906,126)	3,246,145
Issue of ordinary shares	74,000	-	-	-	-	-	74,000
Total comprehensive income for the year ended 31 March 2012	-	-	-	-	-	-	-
Balance as at 31 March 2012	8,221,002	-	-	-	5,269	(4,906,126)	3,320,145

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

Note	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers	10,479,063	9,083,820	64,667	-
Interest received	80,444	38,483	67,996	19,467
Taxes received				
-Income tax	-	1,035	-	-
-Goods and services tax	13,487	34,541	-	-
	10,572,994	9,157,879	132,663	19,467
<i>Cash was applied to:</i>				
Payments to suppliers & employees	(10,047,253)	(8,529,137)	(1,207)	(84,204)
Interest paid	(1,161)	(1,678)	-	-
Taxes paid - resident withholding tax	(188,009)	(8,191)	(14,036)	(2,271)
	(10,236,423)	(8,539,006)	(15,243)	(86,475)
Net cash flows provided from/(applied to) operating activities	336,571	618,873	117,420	(67,008)
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Repayments from franchisees	46,000	645,414	-	-
Sale of property, plant and equipment	20,094	791,660	-	-
	66,094	1,437,074	-	-
<i>Cash was applied to:</i>				
Advances to franchisees	-	(230,000)	-	-
Acquisition of intangible assets	(25,767)	(47,598)	-	-
Acquisition of property, plant and equipment	(502,541)	(614,494)	-	-
	(528,308)	(892,092)	-	-
Net cash flow provided from/(applied to) investing activities	(462,214)	544,982	-	-
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Loans from related parties	-	-	-	1,011,392
Issue of shares	2,000,000	-	2,000,000	-
	2,000,000	-	2,000,000	1,011,392
<i>Cash was applied to:</i>				
Loans to related parties	-	-	(350,767)	-
	-	-	(350,767)	-
Net cash flow from financing activities	2,000,000	-	1,649,233	1,011,392

The attached notes form part of these financial statements



CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

Note	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Net movement in cash and cash equivalents	1,874,357	1,163,855	1,766,653	944,384
Exchange losses on cash and cash equivalents	(15,960)	(38,051)	-	-
Opening cash and cash equivalents	2,339,589	1,213,785	1,327,592	383,208
Closing cash and cash equivalents	4,197,986	2,339,589	3,094,245	1,327,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 an issuer in terms of the Financial Reporting Act 1993 and the Securities Act 1978.

The financial statements presented are those of Burger Fuel Worldwide Limited (the 'Company' or the 'Parent Company') and its wholly owned subsidiaries Burger Fuel International Limited, Burger Fuel International Management Limited, BF Lease Company Limited, BF Lease Company No 1 Limited, BF Lease Company No 2 Limited, BF Lease Company No 3 Limited, BF Lease Company No 4 Limited, BF Lease Company No 5 Limited, BF Lease Company No 6 Limited, BF Lease Company No 7 Limited, BF Lease Company No 8 Limited, BF Lease Company No 9 Limited, BF Lease Company No 10 Limited, BF Lease Company No 11 Limited, BF Lease Company No 12 Limited, BF Lease Company No 13 Limited, BF Lease Company No 14 Limited, BF Lease Company No 15 Limited, BF Lease Company No 16 Limited, BF Lease Company No 17 Limited, BF Lease Company No 18 Limited, BF Lease Company No 19 Limited, BF Lease Company No 20 Limited and Burger Fuel Limited (the 'Group' or 'BurgerFuel').

BurgerFuel operates as a franchisor of gourmet burger restaurants and is a 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 Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards as appropriate for profit oriented entities. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with this Act. 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 13 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 Company and 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.

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.

Deferred tax assets are now 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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.

a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled, directly or indirectly, by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences.

In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised profits and losses arising within the consolidated entity are eliminated in full.

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.

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 when the twelve week training commences for the new operator and the outcome of the transaction involving the rendering of services can be reliably estimated.

Advertising Income

Advertising income is recognised when trading commences and the outcome of the transaction involving the rendering of services can be reliably estimated.

Construction Management Fees

Construction management fees are recognised on commencement of the store build and the outcome of the transaction involving the rendering of services can be reliably estimated.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

3) SPECIFIC ACCOUNTING POLICIES (continued)

e) Financial Instruments

The Group classifies 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 investments 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. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets.

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables and loans.

Purchases and sales of loans and receivables are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

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. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

f) Investments

Investments in Subsidiaries

Investments in subsidiaries are held in the Company's financial statements at cost less impairment if any. The carrying amount of the investment is reviewed at each balance date to determine if there is any evidence of impairment.

g) Share Capital

Ordinary shares

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

h) Merger Reserves

Merger reserves relate to retained earnings brought in prior to the acquisition of Burger Fuel Limited by the original shareholders. This has been transferred to retained earnings during the prior year.

i) Finance Income and Expense

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes in to account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

3) SPECIFIC ACCOUNTING POLICIES (continued)

j) 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 or loss as incurred.

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

Motor Vehicles	16% - 36% diminishing value
Leasehold Improvements	9% - 26.4% diminishing value
Information Technology	33% - 67% diminishing value
Furniture & Fittings	11.4% - 67% diminishing value
Kitchen Equipment	14.4% - 39.6% diminishing value
Office Equipment	10% - 60% diminishing value

The depreciation expense calculated on a diminishing value basis would not be materially different from the expense as calculated using the rates as allowed by the Income Tax Act 2007.

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.

k) Leased Assets

Operating and Financing Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the future minimum lease payments, and are depreciated as described above. Leases that are not finance leases are classified as operating 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.

l) Intangible Assets

The Group's intangible assets have finite useful lives and are stated at cost 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 10 years. Where there has been a permanent diminution 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, including expenditure on brands is recognised in the Statement of Comprehensive Income when incurred.

m) 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

3) SPECIFIC ACCOUNTING POLICIES (continued)

m) Employee Benefits (continued)

Share based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

Fair value

The fair value of employee share options is measured by using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

n) Taxation

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in 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.

o) Impairment of Non-Financial Assets

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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

p) Goods and Services Tax (GST)

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced. The operations of the Company and Group comprise both exempt and non-exempt supplies for GST purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

3) SPECIFIC ACCOUNTING POLICIES (continued)

q) 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 dates 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. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised as a 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 average exchange rates.

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.

r) Statement of Cash Flow

Cash and cash equivalents comprise cash at bank and call deposits net of bank overdrafts. Investing activities comprise the purchase and sale of fixed assets 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.

s) Earnings 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.

t) Segment Reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group.

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 three operating segments – these consist of the following geographical locations, New Zealand, Australia and the Middle East.

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

4) NEW STANDARDS ADOPTED AND INTERPRETATIONS NOT YET ADOPTED

Standards and Interpretations effective in the current period.

The following new standards and amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2012. These changes are relevant and have been adopted. These do not result in material accounting and/or disclosure changes.

Amendments to NZ IFRS 7 – Disclosures on Transfers of Financial Assets

Amendments introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposure when a financial asset is transferred and derecognised but the transferor retains some level of continuing exposure in the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

Amendments to FRS 44 – New Zealand Additional Disclosures

Amendments to the standard include slight modifications to disclosures as a result of the harmonisation amendments.

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

Amendments to Standards

- NZ IFRS 10 'Consolidated Financial Statements' replaces NZ IAS 27 'Separate Financial Statements' and NZ SIC-12 'Consolidation – Special Purpose Entities'. The objective of NZ IFRS 10 is to establish control as the single basis for consolidation for all entities, regardless of the nature of the investee. It is applicable for annual periods beginning on or after 1 January 2013. The Group has assessed that the adoption of this standard will not have any impact on the Group.
- NZ IFRS 11 'Joint Arrangements'. NZ IFRS 11 'Joint Arrangements' supersedes NZ IAS 31 'Interests in Joint Ventures' and NZ SIC-13 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers'. It is applicable for annual periods beginning on or after 1 January 2013. NZ IFRS 11 classifies joint arrangements as either joint operations or joint ventures. The Group has assessed that the adoption of this standard will not have any impact on the Group.
- NZ IFRS 12 'Disclosure of Interests in Other Entities' is applicable for annual periods beginning on or after 1 January 2013. The Group has assessed that the adoption of this standard will not have any impact on the Group.
- NZ IFRS 13 'Fair Value Measurement', clarifies the definition of fair value and provides further guidance. It is applicable for annual periods beginning on or after 1 January 2013. The Group has assessed that the adoption of this standard will not have any impact on the Group.
- NZ IFRS 27 (revised 2011) – this includes amendments for the issue of NZ IFRS 10, but retains the current guidance for separate financial statements. It is applicable for annual periods beginning on or after 1 January 2013. It is applicable for annual periods beginning on or after 1 January 2013. The Group has assessed that the adoption of this standard will not have any impact on the Group.

NZ IAS 1 'Presentation of Financial Statements' (amendment) require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group has assessed that the adoption of this standard will not have any impact on the Group.

NZ IAS 19 'Employee Benefits' (amendment). This includes changes to a number of disclosure and presentation changes and is applicable for annual periods beginning on or after 1 January 2013. The Group has assessed that the adoption of this standard will not have any impact on the Group.

NZ IAS 28 'Investments in Associates and Joint Ventures' (revised 2011) – this has been amended for conforming changes based on the issue of NZ IFRS 10 and NZ IFRS 11. It is applicable for annual periods beginning on or after 1 January 2013. The Group has assessed that the adoption of this standard will not have any impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

5) REVENUE

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Sales of goods	6,137,054	4,918,830	-	-
Franchising fees	1,142,372	1,013,206	-	-
Training fees	80,000	35,124	-	-
Royalties	2,613,123	1,949,393	-	-
Advertising fees	1,323,596	1,069,301	-	-
Construction management fees	90,000	42,255	-	-
Capital gain on sale of fixed assets (refer note 11)	7,160	386,750	-	-
Foreign exchange gains/(losses)	(16,129)	(59,146)	-	-
Other income	574,494	201,912	-	138,737
	11,951,670	9,557,625	-	138,737

6) EXPENSES

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Operating expenses include:				
Cost of sales	4,202,719	3,042,481	-	-
Rental and operating lease costs	410,928	399,189	-	-
Loss on disposal of property, plant and equipment	14,736	119,722	-	-
Provision for impairment against franchisee loans/trade receivables	-	60,323	-	-
Directors' fees	103,333	106,666	-	-
Wages and salaries	2,301,330	2,152,663	-	-
Contributions to a defined contribution plan	28,804	23,897	-	-
<i>Key management personnel costs:</i> (refer note 24)				
- Salary and other short-term benefits	885,385	803,500	-	-
<i>Auditor's remuneration - Audit Services - Staples Rodway:</i>				
- Audit of financial statements	51,988	39,794	-	-
Other operating expenses	2,433,379	1,907,920	1,207	158,204
	10,432,602	8,656,155	1,207	158,204

The above key management personnel costs include remuneration of the Group Chief Executive, CEO International Markets, directors and the members of the executive team.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

7) INCOME TAX

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Surplus before income tax expense	1,313,975	723,831	66,789	-
Tax effect of amounts which are not deductible in calculating taxable income:				
Amortisation of intangible assets	(36,307)	48,055	-	-
50% entertainment	38,098	24,271	-	-
Accruals	(6,041)	4,164	-	-
Make good provision	(3,636)	(26,981)	-	-
Holiday pay not paid out within 63 days	7,963	46,289	-	-
Capital gain on sale of assets	(7,160)	(386,750)	-	-
Other	(14,331)	(67,239)	-	-
	(21,414)	(358,191)	-	-
Taxable profit	1,292,561	365,640	66,789	-
Tax losses utilised	(496,977)	(186,211)	-	-
Prima Facie Taxation @ 28% (2012: 28%)	222,764	50,240	18,701	-
Prior year tax adjustment	6,836	-	-	-
Deferred tax movement	(13,919)	(34,769)	-	-
	215,681	15,471	18,701	-
Total income tax expense per statement of comprehensive income	215,681	15,471	18,701	-
Reconciliation of deferred tax asset				
Deferred tax on temporary differences				
Opening balance	34,769	-	-	-
Provision for employee benefits	2,230	43,285	-	-
Provisions for make good	9,028	1,010	-	-
Accruals	(1,692)	3,150	-	-
Prepayments	4,353	(12,676)	-	-
	48,688	34,769	-	-
Taxation expense/(benefit) is represented by:				
Current Tax	229,600	50,240	18,701	-
Deferred Tax	(13,919)	(34,769)	-	-
	215,681	15,471	18,701	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

7) INCOME TAX (continued)

The Group has \$1,443,471 of losses to be carried forward (2012: \$2,004,768). The potential benefit of these losses is \$404,172 (2012: \$554,949). The losses carried forward relate to the Australian operations.

The Group has recognised a deferred tax asset of \$48,688 (2012: \$34,769) 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 Company and Group is effectively 16.40 % (2012: 26.60%) based on operating in New Zealand and Australia. There are no other tax jurisdictions, other than New Zealand and Australia, in which the Group earns taxable income.

8) IMPUTATION CREDITS

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Opening balance	20,271	17,063	415	3,275
Add				
Provisional tax paid	17,600	-	-	-
Terminal tax paid	25,144	-	-	-
Resident withholding tax	147,840	7,575	19,589	415
	190,584	7,575	19,589	415
Deduct				
Income tax refund received	(5,675)	(4,367)	(415)	(3,275)
	(5,675)	(4,367)	(415)	(3,275)
Closing balance	205,180	20,271	19,589	415

9) TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Trade receivables	2,685,195	1,256,532	-	-
Less provision for impairment	-	(60,323)	-	-
Prepayments	37,864	45,275	-	-
GST receivable	51,058	7,733	-	-
Sundry receivables	62,501	37,656	-	-
	2,836,618	1,286,873	-	-

Receivables denominated in currencies other than the presentation currency comprise 26.7% of the trade receivables (2012: 0.39%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

10) INVENTORIES

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Raw materials	512,452	225,742	-	-

11) PROPERTY, PLANT & EQUIPMENT

2013

	Motor vehicles	Office Equipment	Furniture and Fittings	IT
	\$	\$	\$	\$
Group				
Cost				
Balance 1 April 2012	358,408	69,290	520,049	347,020
Acquisitions	156,690	695	172,183	96,266
Disposals	(7,008)	-	(10,801)	(167)
Foreign exchange movement	(87)	-	(5)	(2)
Cost at 31 March 2013	508,003	69,985	681,426	443,117

Depreciation and Impairment Losses

Balance 1 April 2012	258,558	33,324	291,327	251,091
Depreciation for the year	54,538	5,991	78,090	67,572
Foreign exchange movement	-	-	-	1
Balance 31 March 2013	313,096	39,315	369,417	318,664

Net Book Value

Balance 1 April 2012	99,850	35,966	228,722	95,929
Depreciation charge	(54,538)	(5,991)	(78,090)	(67,572)
Additions	156,690	695	172,183	96,266
Disposals	(7,008)	-	(10,801)	(167)
Foreign exchange movement	(87)	-	(5)	(3)
Net Book Value at 31 March 2013	194,907	30,670	312,009	124,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

11) PROPERTY, PLANT & EQUIPMENT (continued)

2013

Group	Kitchen Equipment	Leasehold Impr	Total
	\$	\$	\$
Cost			
Balance 1 April 2012	269,898	473,342	2,038,007
Acquisitions	47,464	29,243	502,541
Disposals	(9,694)	-	(27,670)
Foreign exchange movement	(79)	-	(173)
Cost at 31 March 2013	307,589	502,585	2,512,705
Depreciation and Impairment Losses			
Balance 1 April 2012	199,478	258,014	1,291,792
Depreciation for the year	13,801	26,769	246,761
Foreign exchange movement	-	-	1
Balance 31 March 2013	213,279	284,783	1,538,554
Net Book Value			
Balance 1 April 2012	70,420	215,328	746,215
Depreciation charge	(13,801)	(26,769)	(246,761)
Additions	47,464	29,243	502,541
Disposals	(9,694)	-	(27,670)
Foreign exchange movement	(79)	-	(174)
Net Book Value at 31 March 2013	94,310	217,802	974,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

11) PROPERTY, PLANT & EQUIPMENT (continued)

2012

Group	Motor vehicles	Office Equipment	Furniture and Fittings	IT
	\$	\$	\$	\$
Cost				
Balance 1 April 2011	270,551	64,588	594,798	266,948
Acquisitions	87,857	4,857	166,436	87,010
Disposals	-	(155)	(241,198)	(6,941)
Foreign exchange movement	-	-	13	3
Cost at 31 March 2012	358,408	69,290	520,049	347,020
Depreciation and Impairment Losses				
Balance 1 April 2011	237,270	25,446	235,552	203,602
Depreciation for the year	20,864	7,883	51,466	47,248
Foreign exchange movement	424	(5)	4,309	241
Balance 31 March 2012	258,558	33,324	291,327	251,091
Net Book Value				
Balance 1 April 2011	33,281	39,142	359,246	63,346
Depreciation charge	(20,864)	(7,883)	(51,466)	(47,248)
Additions	87,857	4,857	166,436	87,010
Disposals	-	(155)	(241,198)	(6,941)
Foreign exchange movement	(424)	5	(4,296)	(238)
Net Book Value at 31 March 2012	99,850	35,966	228,722	95,929

The capital gain on sale recorded in the Statement of Comprehensive Income of \$7,160 for the year ended 31 March 2013 (2012: \$386,750) was due to the sale of Kitchen Equipment and a Motor Vehicle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

11) PROPERTY, PLANT & EQUIPMENT (continued)**2012**

Group	Kitchen Equipment	Leasehold Improvements	Total
	\$	\$	\$
Cost			
Balance 1 April 2011	289,313	461,845	1,948,043
Acquisitions	67,908	200,426	614,494
Disposals	(87,419)	(188,929)	(524,642)
Foreign exchange movement	96	-	112
Cost at 31 March 2012	269,898	473,342	2,038,007
Depreciation and Impairment Losses			
Balance 1 April 2011	182,264	231,967	1,116,101
Depreciation for the year	12,881	26,047	166,389
Foreign exchange movement	4,333	-	9,302
Balance 31 March 2012	199,478	258,014	1,291,792
Net Book Value			
Balance 1 April 2011	107,049	229,878	831,942
Depreciation charge	(12,881)	(26,047)	(166,389)
Additions	67,908	200,426	614,494
Disposals	(87,419)	(188,929)	(524,642)
Foreign exchange movement	(4,237)	-	(9,190)
Net Book Value at 31 March 2012	70,420	215,328	746,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 2013	Interest Held 2012
BF Lease Company Limited	New Zealand	100%	100%
BF Lease Company No 1 Limited	New Zealand	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%	-
BF Lease Company No 5 Limited	New Zealand	100%	-
BF Lease Company No 6 Limited	New Zealand	100%	-
BF Lease Company No 7 Limited	New Zealand	100%	-
BF Lease Company No 8 Limited	New Zealand	100%	-
BF Lease Company No 9 Limited	New Zealand	100%	-
BF Lease Company No 10 Limited	New Zealand	100%	-
BF Lease Company No 11 Limited	New Zealand	100%	-
BF Lease Company No 12 Limited	New Zealand	100%	-
BF Lease Company No 13 Limited	New Zealand	100%	-
BF Lease Company No 14 Limited	New Zealand	100%	-
BF Lease Company No 15 Limited	New Zealand	100%	-
BF Lease Company No 16 Limited	New Zealand	100%	-
BF Lease Company No 17 Limited	New Zealand	100%	-
BF Lease Company No 18 Limited	New Zealand	100%	-
BF Lease Company No 19 Limited	New Zealand	100%	-
BF Lease Company No 20 Limited	New Zealand	100%	-
Burger Fuel (Dubai) NZ Limited	New Zealand	100%	-
Burger Fuel (ME) JLT	Dubai	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%
Burger Fuel Pty Limited (formerly Kincro Holdings Pty Limited)	Australia	100%	100%
Burger Fuel Australia Pty Limited	Australia	100%	100%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

12) INVESTMENT IN SUBSIDIARIES (continued)

The principal activities of the subsidiaries are:

- BF Lease Company Limited – Head lease holder for the store premises in New Zealand
- BF Lease Company No 1 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 2 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 3 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 4 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 5 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 6 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 7 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 8 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 9 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 10 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 11 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 12 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 13 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 14 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 15 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 16 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 17 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 18 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 19 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 20 Limited – Head lease holder for a store premise in New Zealand
- Burger Fuel Limited – Franchise systems – gourmet burger restaurants
- Burger Fuel International Limited – Holds patents, trademarks and licences
- Burger Fuel International Management Limited – Owns the Burger Fuel 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 – Lease holder for the store premises in Australia (Newtown)
- Burger Fuel (ME) JLT – Dubai based trading company
- Burger Fuel (Dubai) NZ Limited – Holding company of the subsidiary in Dubai

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

13) LOANS

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Loans to Franchisees				
Loan to Xotic Burgers Limited	-	37,671	-	-
Loan to Retrop Limited	184,000	230,000	-	-
Loans to Related Parties				
Loan to Burger Fuel Limited (refer note 24)	-	-	1,824,667	1,590,000
Loan to Burger Fuel International Management Limited (refer note 24)	-	-	240,000	138,737
Loan to Burger Fuel International Limited (refer note 24)	-	-	273,099	258,261
	184,000	267,671	2,337,766	1,986,998
Provision against franchisee loans	-	(37,671)	-	-
Total Loans	184,000	230,000	2,337,766	1,986,998
Current	46,000	46,000	-	138,737
Non-current	138,000	184,000	2,337,766	1,848,261
	184,000	230,000	2,337,766	1,986,998

Loan to Xotic Burgers Limited

This was an advance to assist in further development of the franchisee and this store. The loan was non-interest bearing, unsecured and was repayable over the term of the franchise agreement. A provision was made against the loan of \$37,671 as the directors considered full repayment of this loan to be doubtful based on future cash flow budgets. During the year this balance was written off.

Loan to Retrop Limited

This is an advance to assist the operation of the BurgerFuel franchise in Rotorua. The loan is non-interest bearing, secured by way of a guarantee by Frances Porter and has a term of 60 months.

Loan to Burger Fuel Limited

Burger Fuel Limited is a subsidiary company. The loan is unsecured, non-interest bearing and repayable on demand.

Loan to Burger Fuel International Limited

Burger Fuel International Limited is a subsidiary company. The loan is unsecured, non-interest bearing and repayable on demand.

Loan to Burger Fuel International Management Limited

Burger Fuel International Management Limited is a subsidiary company. The loan is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

14) INTANGIBLE ASSETS

2013

Group	Key Money \$	Domain Name \$	Patent \$	Trademarks \$	Total \$
Cost					
Balance 1 April 2012	67,500	14,478	20,776	280,082	382,836
Acquisitions	-	2,353	-	23,414	25,767
Balance at 31 March 2013	67,500	16,831	20,776	303,496	408,603
Amortisation					
Balance 1 April 2012	51,841	12,999	18,308	152,744	235,892
Current year amortisation	4,764	2,139	1,917	28,795	37,615
Balance 31 March 2013	56,605	15,138	20,225	181,539	273,507
Net Book Value					
Balance 1 April 2012	15,659	1,479	2,468	127,338	146,944
Additions	-	2,353	-	23,414	25,767
Amortisation	(4,764)	(2,139)	(1,917)	(28,795)	(37,615)
Net Book Value at 31 March 2013	10,895	1,693	551	121,957	135,096

2012

Group	Key Money \$	Domain Name \$	Patent \$	Trademarks \$	Total \$
Cost					
Balance 1 April 2011	67,500	12,110	20,776	234,852	335,238
Acquisitions	-	2,368	-	45,230	47,598
Balance at 31 March 2012	67,500	14,478	20,776	280,082	382,836
Amortisation					
Balance 1 April 2011	44,857	10,820	16,230	115,930	187,837
Current year amortisation	6,984	2,179	2,078	36,814	48,055
Balance 31 March 2012	51,841	12,999	18,308	152,744	235,892
Net Book Value					
Balance 1 April 2011	22,643	1,290	4,546	118,922	147,401
Additions	-	2,368	-	45,230	47,598
Amortisation	(6,984)	(2,179)	(2,078)	(36,814)	(48,055)
Net Book Value at 31 March 2012	15,659	1,479	2,468	127,338	146,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

15) TRADE AND OTHER PAYABLES

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Trade payables	1,285,808	702,813	18,702	-
GST payable	120,172	-	-	-
Accrued expenses	22,245	48,702	-	-
	1,428,225	751,515	18,702	-

Payables denominated in currencies other than the presentation currency comprise 0.22% of the trade payables (2012: 2.00%).

16) PROVISIONS

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Store Closure Provision				
Opening balance	39,487	40,660	-	-
Provisions made during the year	4,169	45,340	-	-
Provisions used during the year	(7,806)	(2,343)	-	-
Provisions reversed during the year	-	(44,170)	-	-
	35,850	39,487	-	-
Holiday Pay Provision				
Opening balance	154,589	118,778	-	-
Provisions made during the year	27,504	52,884	-	-
Provisions used during the year	(20,132)	(17,073)	-	-
	161,961	154,589	-	-
Total Provisions	197,811	194,076	-	-
Current	161,961	154,589	-	-
Non-current	35,850	39,487	-	-
Total Provisions	197,811	194,076	-	-

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 natural 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 2013

17) CASH AND CASH EQUIVALENTS

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash at bank	4,138,639	2,063,750	3,073,177	1,327,592
Cash on deposit	59,347	275,839	21,068	-
	4,197,986	2,339,589	3,094,245	1,327,592

18) CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	2013	2012	2013	2012
			\$	\$
Opening ordinary shares on issue	53,597,391	53,407,647	8,221,002	8,147,002
Shares issued	1,678,861	189,744	2,064,667	74,000
Authorised Ordinary shares on issue at 31 March	55,276,252	53,597,391	10,285,669	8,221,002
Less: IPO Capital Costs			(223,432)	(223,432)
Contributed Equity			10,062,237	7,997,570

Burger Fuel Worldwide Limited was listed on the New Zealand Alternative Stock Exchange on the 27 July 2007. The Company has 55,276,252 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.

19) RETAINED EARNINGS

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Retained Earnings/(Accumulated Losses)				
Opening balance	(3,655,271)	(4,548,430)	(4,906,126)	(4,906,126)
Transfers from Merger Reserves	-	184,799	-	-
Net surplus for the year	1,098,294	708,360	48,088	-
Closing Balance	(2,556,977)	(3,655,271)	(4,858,038)	(4,906,126)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

20) OTHER RESERVES

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Foreign Currency Translation Reserve				
Opening Balance	(325,076)	(336,949)	-	-
Movements	(6,139)	11,873	-	-
Closing Balance	(331,215)	(325,076)	-	-
Merger Reserves				
Opening Balance	-	184,799	-	-
Movements (Transfers to Retained Earnings)	-	(184,799)	-	-
Closing Balance	-	-	-	-
Share Option Reserve				
Opening Balance	5,269	5,269	5,269	5,269
Closing Balance	5,269	5,269	5,269	5,269
Total Other Reserves	(325,946)	(319,807)	5,269	5,269

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.

Merger Reserves

The merger reserves consist of retained earnings prior to the acquisition of Burger Fuel Worldwide Limited, during the prior year this was transferred to retained earnings.

Share Option Reserve

This reserve takes into account the fair value of share options that have been issued to staff of the Group, but have since lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Categories of Financial Instruments

	Group		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial Assets (Loans and Receivables)				
Cash	4,197,986	2,339,589	3,094,245	1,327,592
Related Party Receivables (Current)	-	-	-	138,737
Related Party Receivables (Term)	-	-	2,337,766	1,848,261
Loans (Current)	46,000	46,000	-	-
Loans (Term)	138,000	184,000	-	-
Trade Receivables	2,685,195	1,196,209	-	-
Sundry Receivables	62,501	-	-	5,553
	7,129,682	3,765,798	5,432,011	3,320,143
Other Financial Liabilities				
Trade Payables	1,285,808	702,813	-	-

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 Company and Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Management reports quarterly to the Company's audit committee, an independent body that monitors risk and policies implemented to mitigate risk exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 bank account and the trading of its Australian subsidiary. It maintains minimal amounts in the US bank account and transfers funds when foreign exchange rates are favourable. Invoicing to foreign parties is done in New Zealand dollars with payment due in New Zealand dollars thus moving the foreign exchange risk to the counterparty.

Foreign currency sensitivity analysis

The Group is mainly exposed to Australian dollars. The following table details the Group's sensitivity to a 10% increase and decrease in the NZ\$ against the Australian 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 & PARENT	10% strengthening		10% weakening	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Profit or (Loss)	64	154	(70)	(169)
Equity	64	154	(70)	(169)

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.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's operating result for the year ended 31 March 2013 would have not changed, as the Group was not exposed to floating interest rates on borrowings. The group has no borrowings and as such its interest rate risk is limited to the movements in the Official Cash Rate (OCR) and its effect on the interest earned on the Company and Group's cash and cash equivalent accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of the Company and Group's assets and liabilities will fluctuate due to changes in market interest rates. Both the Company and the Group are exposed to interest rate risk primarily through its cash balances and advances.

There are no contractual rights in respect of interest rate re-pricing on its assets and liabilities that expose either the Company or the Group to any material risk.

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

GROUP

2013

	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year \$	Non-interest bearing \$	Total \$
Financial assets					
Cash and cash equivalent	0.07%	-	4,197,986	-	4,197,986
Loans to franchisees	-	-	184,000	184,000	184,000
Trade and other receivables	-	-	2,747,696	2,747,696	2,747,696
			7,129,682	2,931,696	7,129,682
Financial Liabilities					
Trade payables	-	-	1,285,808	1,285,808	1,285,808
			1,285,808	1,285,808	1,285,808

2012

	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year \$	Non-interest bearing \$	Total \$
Financial assets					
Cash and cash equivalent	0.53%	-	2,339,589	-	2,339,589
Loans to franchisees	-	-	230,000	230,000	230,000
Trade and other receivables	-	-	1,196,209	1,196,209	1,196,209
			3,765,798	1,426,209	3,765,798
Financial Liabilities					
Trade payables	-	-	702,813	702,813	702,813
			702,813	702,813	702,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk Profile (continued)

PARENT

2013

	Weighted average effective interest rate %	Less than 1 year \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalent	4.00%	3,094,245	-	3,094,245
Related party receivables	-	-	2,337,766	2,337,766
		3,094,245	2,337,766	5,432,011

2012

	Weighted average effective interest rate %	Less than 1 year \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalent	4.22%	1,327,592	-	1,327,592
Related party receivables	-	-	1,986,998	1,986,998
		1,327,592	1,986,998	3,314,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 Company and Group have 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.

Except for cash and bank balances, concentration of credit risk did not exceed 15% of gross monetary assets at any time during the year ended 31 March 2013 or 31 March 2012. The credit risk on bank and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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:

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash and Bank Balances	4,197,986	2,339,589	3,094,245	1,327,592
Loans, Advances and Receivables	2,931,696	1,426,209	2,337,766	1,992,551

Maximum exposures are net of any recognised provisions, and at balance date no loans, advances or receivables are past due or considered to be impaired (2012: \$97,994) - all of which pertained to a franchisee loan to Xotic Burgers Limited and their associated accounts receivable, which was written off during the current period.

Cash

The Company and Group's major concentration of credit risk relates to cash deposits with the ASB Limited in New Zealand, and CBA Bank Limited in Australia.

Receivables

The Company and Group have 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 Company and 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.

Fair Values

The carrying amount of cash and advances reflect their fair values. There are no off Statement of Financial Position financial instruments, to which the Company or Group is a party, in place at balance date (2012: Nil).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

(a) Cash, Bank Balances and Trade Creditors

The carrying amounts of these balances approximate fair value.

(b) Receivables

Each loan has particular circumstances that determine its fair value. All current assets are expected to be settled in the next 6-12 months and non-current assets are expected to be settled within the next 12-24 months.

Liquidity Risk

Liquidity risk is the risk that the Company and Group will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. The Company and Group maintains sufficient funds to meet the commitments based on historical and forecasted cash flow requirements. The exposure is 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.

BurgerFuel 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 2013

22) COMMITMENTS

Lease Commitments

Operating leases relate to motor vehicle rental and store leases. Non-cancellable operating lease rentals are payable as follows:

	2013	2012
Group	Total future minimum payments	Total future minimum payments
	\$	\$
Less than one year	1,576,990	1,309,855
Between one and five years	2,728,230	1,955,794
More than five years	781,856	-
	5,087,076	3,265,649

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. BurgerFuel holds the head lease over all of its franchisee sites with the exception of Takapuna, 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 \$3,758,410 (2012: \$2,524,001).

Capital Commitments

At 31 March 2013, capital expenditure amounting to \$ Nil (2012: Nil) had been committed under contractual arrangements with substantially all payments due within one year.

Indemnity / Guarantees

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

	2013	2012
Group	Total future minimum payments	Total future minimum payments
	\$	\$
NZX Bond	20,000	20,000
Bond for Newtown Premises	37,131	37,131
	57,131	57,131

23) CONTINGENCIES

The Group has no contingencies at balance date (2012: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

24) RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the year the following related party transactions took place:

	Relationship	Nature of transaction	2013	2012
			\$	\$
Group				
Redmond Enterprises	Common Directorship	Consultancy Expenses Paid	200,000	200,000
Trumpeter Consulting Limited	Common Directorship	Consultancy & Directors Fees Paid	43,333	78,666
66 Surrey Limited	Common Directorship	BurgerFuel HQ Rental	18,752	-
Parent				
Burger Fuel International Limited	Subsidiary	Advance/(Repayment)	14,838	(624,089)
Burger Fuel International Management Limited	Subsidiary	Subvention Receivable	-	138,737
Burger Fuel Limited	Subsidiary	Advance	234,667	1,590,000
BF Lease Company Limited	Subsidiary	Repayment	-	(1,977,304)

The Parent has the following balances receivable from related parties as at 31 March

Burger Fuel Limited	Subsidiary	1,824,667	1,590,000
Burger Fuel International Limited	Subsidiary	273,099	258,261
Burger Fuel International Management Limited	Subsidiary	240,000	138,737
		2,337,766	1,986,998

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

24) RELATED PARTY TRANSACTIONS (continued)

Key Management Compensation

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

	2013	2012
	\$	\$
Salaries and other short-term employee benefits	820,718	729,500
Share based payments	64,667	74,000
	885,385	803,500

The Group has had the following transactions with key management personnel:

			2013	2012
	Relationship	Nature of transaction	\$	\$
Peter C Brook	Director	Acquisition of Shares - Directors Fees 36,585 shares @ 0.82 (2012: 76,923 shares @ 0.39)	30,000	30,000
Alan M Dunn	Director	Acquisition of Shares - 42,276 shares @ 0.82 (2012: 112,821 shares @ 0.39)	34,667	44,000

The new shares issued to the directors and officers were based on the market price of the equity on the date of issue.

25) EARNINGS PER SHARE

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

	2013	2012
	\$	\$
Surplus attributable to the owners of the Group	1,098,294	708,360
Weighted average number of ordinary shares on issue	53,675,820	53,528,251
Basic earnings per share (cents)	2.05	1.32
Diluted earnings per share (cents)	2.05	1.32

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

26) RECONCILIATION OF NET SURPLUS AFTER TAXATION TO NET CASH FLOWS APPLIED TO OPERATING ACTIVITIES

	Group		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Net surplus after tax	1,098,294	708,360	48,088	-
Add: Non-cash items				
Amortisation	37,615	48,055	-	-
Depreciation	246,761	166,389	-	-
Issue of shares	64,667	74,000	64,667	74,000
Deferred tax asset	(13,919)	(34,768)	-	-
Loss on disposal of property, plant and equipment	14,736	119,722	-	-
Unrealised exchange loss	9,987	59,146	-	-
	359,847	432,544	64,667	74,000
Add: Items classified as investing or financing activities				
Capital gain on sale of assets	(7,160)	(386,750)	-	-
Add: Working capital movements				
(Increase)/decrease in trade and other receivables	(1,549,745)	(68,063)	-	-
(Increase)/decrease in inventories	(286,710)	44,852	-	-
Increase/(decrease) in taxation payable	41,595	43,084	4,665	(2,271)
Increase/(decrease) in accounts payable and accruals and provisions	680,450	(155,154)	-	(138,737)
	(1,114,410)	(135,281)	4,665	(141,008)
Net cash flows provided from/(applied to) operating activities	336,571	618,873	117,420	(67,008)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

27) SEGMENT REPORTING

Operating Segments

The Group operates in three operating segments, these operating segments have been divided into the following geographical regions, New Zealand, Australia, 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.

2013

	New Zealand	Australia	Middle East	Consolidated
	\$	\$	\$	\$
Revenue				
Sales	4,009,374	-	2,127,680	6,137,054
Royalties	1,778,148	-	834,975	2,613,123
Franchising fees	409,500	562,872	170,000	1,142,372
Training fees	80,000	-	-	80,000
Construction management fees	90,000	-	-	90,000
Advertising fees	1,147,529	-	176,067	1,323,596
Foreign exchange gain/(loss)	(5,678)	(5,423)	(5,028)	(16,129)
Sundry income	370,590	(147,112)	358,176	581,654
Interest received	72,845	2,120	5,479	80,444
Total Revenue	7,952,308	412,457	3,667,349	12,032,114
Interest Expense	-	(19)	1,180	1,161
Depreciation	246,678	83	-	246,761
Amortisation	37,615	-	-	37,615
Income Tax Expense	126,020	-	89,661	215,681
Segment Result	481,229	518,902	313,844	1,313,975
Segment Assets	6,682,300	419,068	1,787,623	8,888,991
Segment Liabilities	184,840	61,143	1,463,694	1,709,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

27) SEGMENT REPORTING (continued)

2012

	New Zealand	Australia	Middle East	Consolidated
	\$	\$	\$	\$
Revenue				
Sales	3,205,659	524,201	1,188,970	4,918,830
Royalties	1,562,674	20,763	365,956	1,949,393
Franchising fees	91,300	46,956	874,950	1,013,206
Training fees	15,000	20,124	-	35,124
Construction management fees	10,000	-	32,255	42,255
Advertising fees	980,350	6,921	82,030	1,069,301
Foreign exchange gain	361,834	(420,980)	-	(59,146)
Sundry income	534,807	4,365	49,490	588,662
Interest received	28,957	3,734	5,792	38,483
Total Revenue	6,790,581	206,084	2,599,443	9,596,108
Interest Expense	-	1,678	-	1,678
Depreciation	162,016	4,373	-	166,389
Amortisation	6,984	-	41,071	48,055
Income Tax Expense	(26,933)	-	42,404	15,471
Segment Result	1,097,818	(489,206)	99,748	708,360
Segment Assets	4,124,649	-	885,483	5,010,132
Segment Liabilities	187,634	14,273	785,733	987,640

28) SUBSEQUENT EVENTS

There have been no material events subsequent to balance date (2012: Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

29) ACQUISITION OF SUBSIDIARIES

2013

The following new entities were established with nominal share capital, and with the exception of Burger Fuel (ME) JLT were non-trading at 31 March 2013:

- BF Lease Company No 1 Limited
- BF Lease Company No 4 Limited
- BF Lease Company No 5 Limited
- BF Lease Company No 6 Limited
- BF Lease Company No 7 Limited
- BF Lease Company No 8 Limited
- BF Lease Company No 9 Limited
- BF Lease Company No 9 Limited
- BF Lease Company No 10 Limited
- BF Lease Company No 11 Limited
- BF Lease Company No 12 Limited
- BF Lease Company No 13 Limited
- BF Lease Company No 14 Limited
- BF Lease Company No 15 Limited
- BF Lease Company No 16 Limited
- BF Lease Company No 17 Limited
- BF Lease Company No 18 Limited
- BF Lease Company No 19 Limited
- BF Lease Company No 20 Limited
- Burger Fuel (Dubai) NZ Limited
- Burger Fuel (ME) JLT

2012

There were no material acquisitions of subsidiaries during the 2012 financial year.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2013

Remuneration of Directors

	2013 12 Months \$	2012 12 Months \$
Peter Brook*	60,000	60,000
Christopher Mason	200,000	200,000
Josef Roberts	200,000	200,000
Alan Dunn*	43,333	78,666

*Includes share based payments and consultancy fees paid in arrears.

Remuneration of Employees (Excluding Executive Directors)

	2013 12 Months Number of Employees	2012 12 Months Number of Employees
\$130,000 - \$150,000	2	1

Statement of Directors and Officers Interests

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

	Beneficially held at 31/3/13	Non-beneficially held at 31/3/13	Beneficially held at 31/3/12	Non-beneficially held at 31/3/12
Peter Brook	336,596	-	300,011	-
Christopher Mason	7,875,711	-	10,685,711	-
Josef Roberts	37,018,607	-	43,980,764	-
Alan Dunn	374,656	-	332,380	-
Tyrone Foley (Officer)	9,346	-	-	-
Andrew Kingstone (Officer)	41,500	-	40,000	-
Mark Piet (Officer)	20,000	-	20,000	-

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2013

Substantial Security Holders

The following information is given pursuant to Section 26 of the Securities Amendment Act 1988. The following are registered by the Company at 25 June 2013 as Substantial Security Holders in the Company, having declared the following relevant interest in voting securities in terms of Section 25 of the Securities Amendment Act 1988.

Substantial Security Holder	Number of Voting Securities	%
Mason Roberts Holdings Limited	44,894,318	81.22%

The total number of voting securities of the Company on issue at 31 March 2013 was 55,276,252 fully paid ordinary shares.

Twenty Largest Security Holders as at 25 June 2013

Shareholder	Number of Shares	%
Mason Roberts Holdings Limited	44,894,318	81.22%
Tea Custodians Limited	2,525,220	4.57%
RRT Corporate Trustee Limited	1,000,000	1.81%
Trumpeter Consulting Limited	374,656	0.68%
Peter Brook	336,596	0.61%
Michael Daniel, Nigel Burton & Michael Benjamin	160,000	0.29%
Ginostra Capital Pty Limited	100,000	0.18%
Grant Samuel & Associates Limited	100,000	0.18%
Mathew James Pringle	75,000	0.14%
ASB Nominees Limited	62,500	0.11%
Maxwell Thomas Goodall	60,000	0.11%
Sterling Nominees Limited	51,431	0.09%
Andrew Kingstone, Graeme Kingstone, & James Smellie	41,500	0.08%
Farah George Farah	40,000	0.07%
Motu Trustee Pty Limited	40,000	0.07%
Roy Melvin Sunde	40,000	0.07%
Rebecca Amy Mclennan	32,660	0.06%
Beverly Dorman, Carl Howard-Smith & Pamela Howard-Smith	32,500	0.06%
John Mandeno & Lynette Dunn	30,000	0.05%
Chris Mills	27,500	0.05%
	50,023,881	90.50%

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2013

Domicile of Security Holdings

	Number of Holders	Number of Shares	%
New Zealand	2,388	54,895,451	99.30%
Australia	66	238,521	0.43%
Austria	2	3,500	0.01%
Canada	3	3,000	0.01%
France	2	3,500	0.01%
Hong Kong	1	1,000	0.00%
Japan	1	1,000	0.00%
Norway	1	1,000	0.00%
Singapore	1	3,500	0.01%
South Africa	1	1,000	0.00%
Taiwan	1	1,000	0.00%
United Arab Emirates	2	43,000	0.08%
United States of America	10	25,100	0.05%
United Kingdom	13	55,680	0.10%
	2,492	55,276,252	100%

Spread of Security Holders

Shareholding Size	Number of Holders	Total Shares Held	%
1 - 99	3	150	0.00%
100-199	1	100	0.00%
200 - 499	103	38,740	0.07%
500 - 999	75	48,402	0.09%
1,000 - 1,999	1,506	1,622,176	2.93%
2,000 - 4,999	522	1,282,251	2.32%
5,000 - 9,999	164	904,043	1.64%
10,000 - 49,999	106	1,619,112	2.93%
50,000 - 99,999	4	248,931	0.45%
100,000 - 499,999	5	1,071,252	1.94%
1,000,000 - 50,000,000	3	48,441,095	87.63%
	2,492	55,276,252	100.00%

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2013

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 9 May 2013, there were four 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 over viewing 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 under the Securities Markets Act 1988 (as amended by the Securities Markets Amendment Act 2006 and the Securities Markets Regulations 2007). 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 2013

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings
Peter Brook (Chair)	6	2
Josef Roberts	6	2
Chris Mason	4	1
Alan Dunn	6	2
Officers		
Tyrone Foley (Chief Operating Officer)	3	1
Andrew Kingstone (Chief Financial Officer/Company Secretary)	6	2
Mark Piet (Financial Accountant)	6	2

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, CEO International Markets, Chief Operating Officer and Chief Financial Officer/Company Secretary.

The Chairman receives an annual fee of \$60,000 and each independent, non-executive Director will receive 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 2013

Registered Office

Grant Thornton New Zealand Limited
152 Fanshawe Street
Auckland

Company Number

1947191

Date of Incorporation

14 June 2007

Directors

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

Board Executives

Tyrone Foley (Chief Operating Officer)
Andrew Kingstone (Chief Financial Officer/Company Secretary)

Accountant

Grant Thornton New Zealand Limited
Level 4
152 Fanshawe Street
Auckland

Bankers

ASB Bank Limited
CBA Bank Limited (Australia)

Solicitors

Kensington Swan
18 Viaduct Harbour Avenue, Auckland

Missingham Law Limited
Plaza Level, AXA Building, 41 Shortland Street, Auckland

Macky Robertson Limited
Level 1, 144 Parnell Road, Parnell, Auckland

Corporate Counsel Limited
4D, 28 Stanwell Street, Parnell, Auckland

Business Headquarters

Level 1
66 Surrey Crescent
Grey Lynn
Auckland

Auditor

Staples Rodway
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45 Queen Street
Auckland





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