BURGER FUEL WORLDWIDE LIMITED ANNUAL REPORT 2016

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

ANNUAL REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016

OVERVIEW

The Directors of BurgerFuel Worldwide (BFW) present the audited results for the 12 months to 31 March 2016.

Group Operating Revenue increased by 9% to $20.3M.

BurgerFuel Total (unaudited) System Sales up 16.6% to $96.5M for the 12 month period. (Please note that foreign exchange rate movements account for 6% of this figure, meaning actual sales growth on a year-on-year basis is 10.6%).

Net loss after tax in the period was ($1,143,655) which is in line with Directors' expectations.

The group has no debt, and cash reserves of $6.1M.

Our Group Operating Revenue increased by 9% on the same period last year. This revenue is largely comprised of long term recurring royalties & sales. The 16.6% increase in BurgerFuel Total System Sales for the period is made up of both new and existing stores' sales growth.

We have added 12 new restaurants between 1 April 2015 and 31 March 2016 within New Zealand as well as in Australia & the Middle East. We have also implemented the strategic consolidation of stores in both the MENA region and Australia and with this we have closed or relocated 4 stores in the MENA region & 2 in Australia. The total number of BurgerFuel restaurants operating as at 31 March 2016 was 78.

BFW RESULTS FOR THE YEAR 1 APRIL 2015 TO 31 MARCH 2016

	31 March 2016	31 March 2015
	$000	$000
Operating Revenue*	20,328	18,678
Operating Expenses**	(21,374)	(17,861)
Net Profit (Loss) Before Tax	(1,046)	817
Net Profit (Loss) After Tax	(1,144)	532

* Revenue includes; Operating revenue & interest income.

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

THE YEAR SO FAR

The past year has been challenging in terms of attaining our international growth aspirations in the United States. This is largely being driven by events beyond our control, which we will highlight in the relevant sections of the following directors report.

The Group remains focused on three key areas. Firstly, strengthening and growing the New Zealand and Australian business. Secondly, consolidation in the Middle East, which involves creating a specific distinction between those countries where we see growth and those, that for political and safety reasons, have proven too difficult to operate in. Finally, our big mission remains entering the United States under the Franchise Brands and Subway partnership.

TOTAL (UNAUDITED) SYSTEM SALES UP 16.6% to $96.5M

AUSTRALASIAN REGION

System sales across New Zealand (47 restaurants) & Australia (where 5 BurgerFuel restaurants now operate) have increased by 21%. For yet another year, we have experienced strong sales growth in New Zealand.

More restaurants are planned for New Zealand in both the North and South Islands in the near future and we are positive about our expansion plans in this market.

BurgerFuel New Zealand is the third largest burger concept in the market and continues to act as an incubator and testing ground for the global business. There has been a heavy focus in the New Zealand market on development, and this has included upgrading systems and training programmes, increasing operational capacity and efficiency, kitchen and cooking process improvements and store design developments.

We have had mixed success in Australia and as indicated, we would consolidate low performing stores as early as possible in their life cycle by either closing them or relocating them.

We can see very quickly if a store will perform well in a particular location and thus, earlier this year, we moved to consolidate two franchised stores within the Australian market. This was a financial decision based on the franchisee's ability to perform within these particular districts. BFW has no company-owned stores in the Australian market, and as these stores are franchised, these closures have no material impact on the Group's results.

Australia remains a challenging and competitive market, however, we do see opportunity there and have achieved some level of success in certain areas. The concerns in Australia are around high operating costs and the length of time required to establish the brand, to the point where we achieve profitable individual franchised units. The Board's view on Australia is to persist with a responsible level of investment for the next 12 months and review the position at the end of the FY17 financial year.

MIDDLE EASTERN REGION

In the Middle East we are focused less on the number of outlets and more on opening larger restaurants with higher turnovers. The reason for this is that retail rents in locations like Dubai remain extremely high in comparison to other countries and we also face economic volatility in these markets due to fluctuations in the price of oil as well as in tourist numbers. This, of course, means a shift in focus and resource to

ANNUAL REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016

high performing stores as well as looking at the strategic consolidation of low performing stores where necessary – something we have always done in this market.

As earlier indicated we saw very little future in Kuwait so long as regional terrorism and instability continued to contribute to lower volumes than originally anticipated. Subsequently, in January 2016 we moved to close our two Kuwait-based stores. Once again this had no material impact on the Group's results.

In Iraq, our partners there saw enough stabilisation to relaunch BurgerFuel in this market. In mid-May 2016 they opened a large new store in Baghdad and it is performing well so far (please note that these numbers are not reflected in the financial year covered in this report). Once again we caution the market that our outlook in any of these regions can change quickly due to the ongoing potential of volatility and terrorism in the Middle East. We will monitor this market closely with our Iraqi partners.

Business in Saudi Arabia has continued to be difficult due to the Saudiisation programme that continues in that country. This is where the government's key objective is to have local people working as opposed to imported labour and it has been problematic for our Saudi partners staffing wise. In addition, Saudi has seen a proliferation of competitor burger concepts.

Both these factors have impacted our business in Saudi Arabia, however at this stage, our Master Franchisee remains optimistic about BurgerFuel's future in this country and thus we will continue to support the brand in Saudi Arabia, with the view to further growth over time.

Whilst Egypt is a captivating and interesting market for BurgerFuel, the reality is that due to ongoing political turmoil, store turnover is low and consequently, this market will be monitored closely over the coming months with regards to its ongoing viability.

The UAE has also experienced the effects of the regional unrest, but not to the same extent as other Middle Eastern countries, and this market continues to perform well for us. In an ongoing effort to innovate globally, a menu update was launched earlier this year, to further meet the requirements of this unique market. Whilst we do not believe there is much opportunity for increased store numbers in the UAE, we do see a solid business that can continue to grow year on year and accordingly our focus will remain on this market as a longer-term development opportunity.

UNITED STATES ENTRY

As previously advised, our entry to the US has been a lot more complex than we first envisaged for a number of reasons. Firstly, the timing has been, and still is, governed by the relationship with Subway and Franchise Brands LLC. Subway itself is currently going through significant challenges and changes – largely due to the passing last year of Subway founder, Fred de Luca. Accordingly, we advise the market to expect further delays to our proposed entry into the United States.

Although it could be possible for BurgerFuel to move forward in this market independently of Franchise Brands, we feel the potential support available from a large United States-based organisation is essential to our success in this market.

GROUP OUTLOOK

We are aware that shareholders will be disappointed by the stall of activity in entering the United States, however the Group continues to make very good progress in other areas of the business. We also wish to point out that all markets, in general, are experiencing a massive surge in food concepts both in the burger space and other categories.

In NZ in particular, we hold a very strong growth position and see great opportunity for continued expansion. The Board will be considering all options for the expansion of the Group both in New Zealand and internationally and in this regard, will keep the market informed of progress in due course.

The Group is in a strong position, not only financially, but equally from a management and intellectual property perspective.

The Group has no debt and as at 31st March 2016 had cash reserves of $6.1M.

We would like to thank all our shareholders for their continued support and we look forward to keeping you informed of our progress.

Best regards

Peter Brook
Chairman

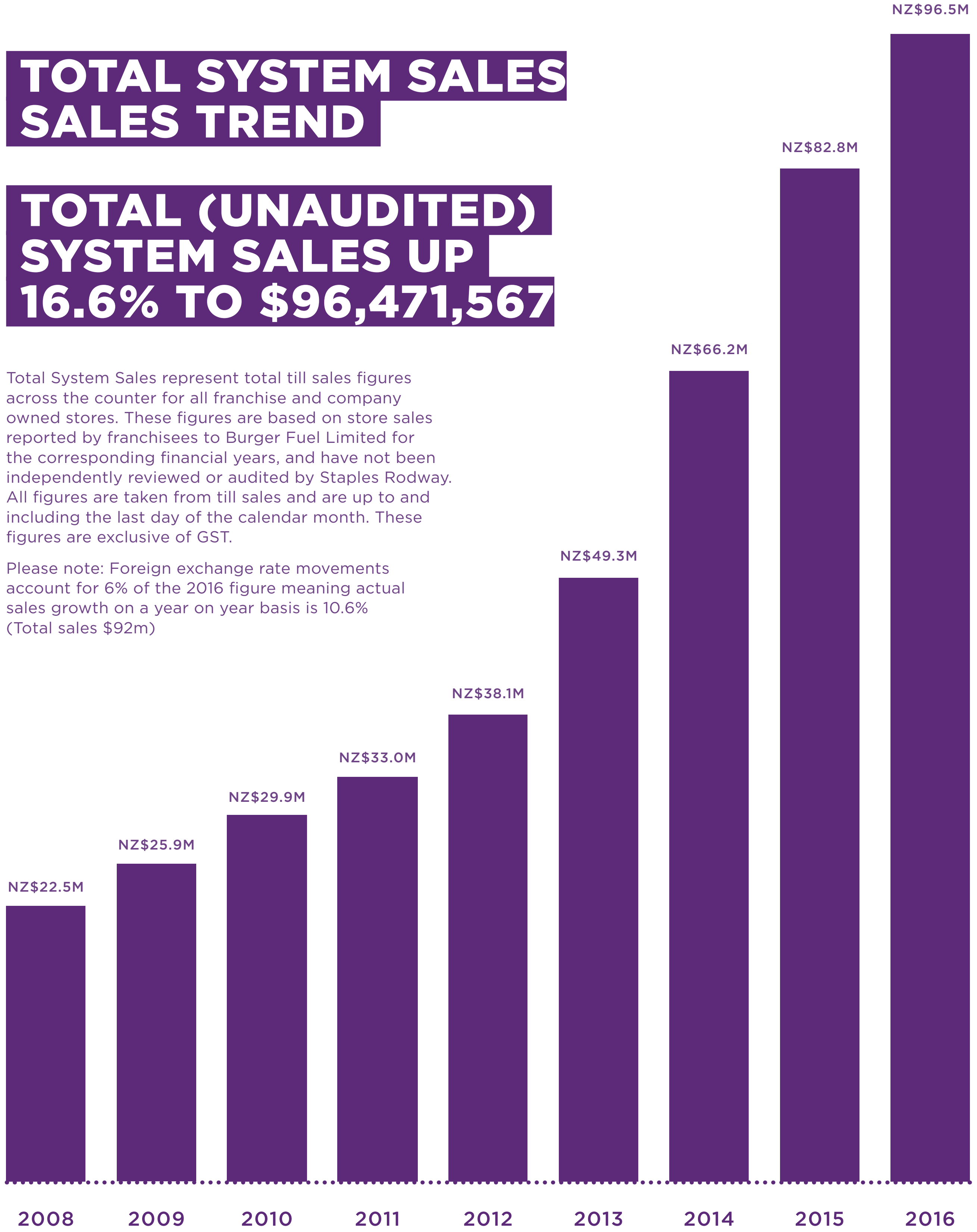
Josef Roberts
Group CEO

TOTAL SYSTEM SALES SALES TREND

TOTAL (UNAUDITED) SYSTEM SALES UP 16.6% TO $96,471,567

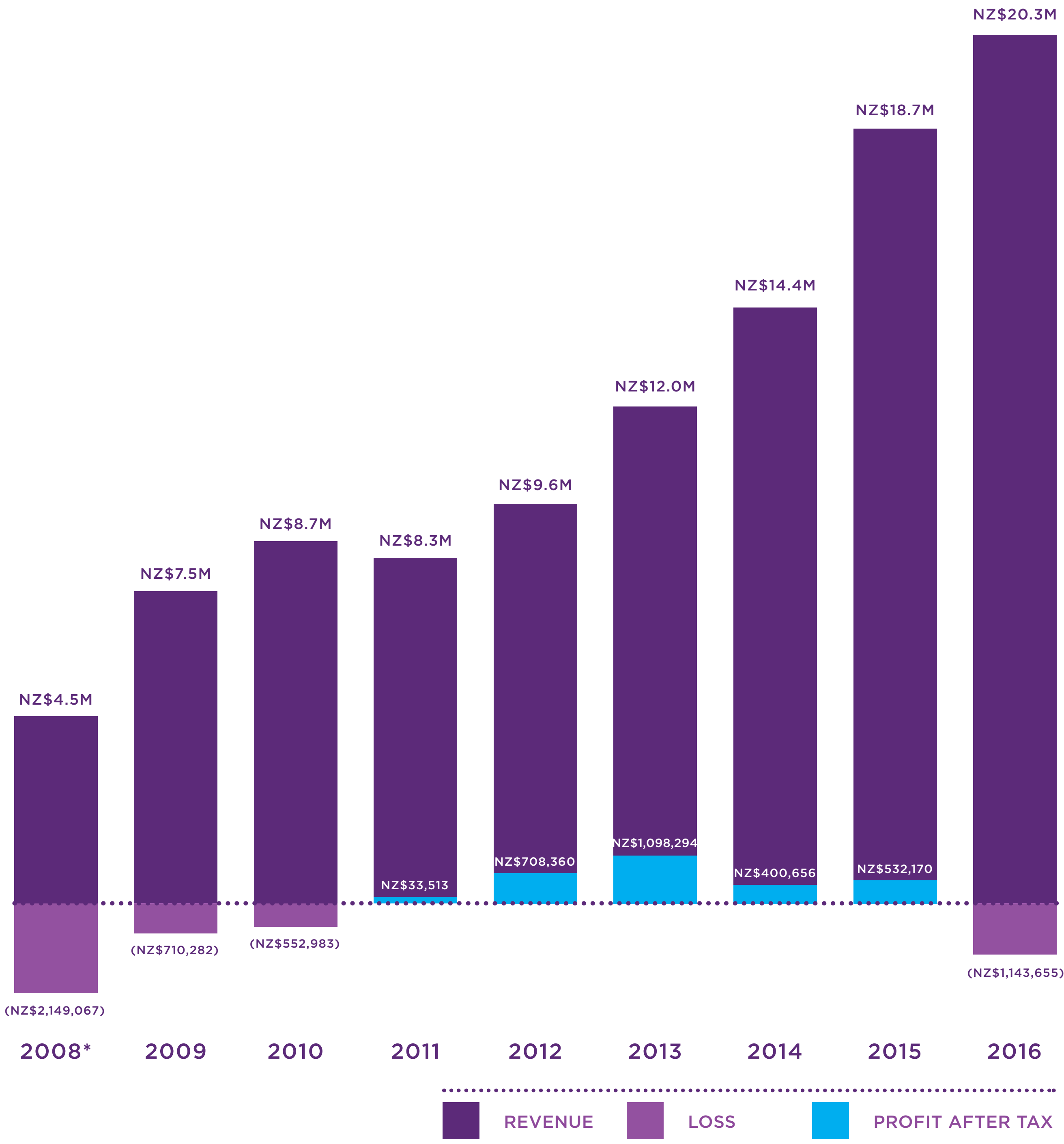
Total System Sales represent total till sales figures across the counter for all franchise and company owned stores. These figures are based on store sales reported by franchisees to Burger Fuel Limited for the corresponding financial years, and have not been independently reviewed or audited by Staples 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.

Please note: Foreign exchange rate movements account for 6% of the 2016 figure meaning actual sales growth on a year on year basis is 10.6% (Total sales $92m)



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

BURGER FUEL WORLDWIDE LIMITED REVENUE AND TRADING HISTORY



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

AUSTRALASIA

SYSTEM SALES UP 21.1% ACROSS NZ + AU

For yet another year, we have experienced strong sales growth in New Zealand. BurgerFuel New Zealand is the third largest burger concept in the market (by store number) and continues to act as an incubator and testing ground for the global business. More restaurants are planned for New Zealand in both the North and South Islands in the near future and we are positive about our expansion plans in this market.

We have had mixed success in Australia, and thus, earlier this year, we moved to consolidate two franchised stores within the Australian market. As these stores are franchised, this has no material impact on the Group's results.

Australia remains a challenging market, however, we do see opportunity there and have achieved some level of success. We will persist in this market with a responsible level of investment for the next 12 months and review the position at the end of the FY17 financial year.

MIDDLE EAST NORTH AFRICA (MENA)

BURGERFUEL IRAQ RE-OPENS IN BAHGDAD

Our partners in Iraq recently saw enough stabilisation to relaunch BurgerFuel in this market. In mid-May 2016 they opened a large new store in Baghdad and it is performing well so far.

Our strategy for the Middle East as a whole, is to concentrate less on the number of outlets we have in this region and more on opening larger restaurants with higher turnovers, in key locations. This also means a shift in focus and resource to high performing stores, as well as looking at the strategic consolidation of low performing stores where necessary – something we have always done in this market.

THE BOARD

MARK PIET
CHIEF FINANCIAL OFFICER

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

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

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

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.

CHRIS MASON
FOUNDING DIRECTOR

Chris is the founder of BurgerFuel having opened the first store on Ponsonby Road in 1995.

He is an executive member of the board of directors. Chris was previously based in the UAE but since September 2015 he has been based in the USA, driving our international business.

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.

PETER BROOK
BCOM, ACA, CFIP

CHAIRMAN

MEMBER - BFW AUDIT COMMITTEE

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

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

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

ALAN DUNN
INDEPENDENT DIRECTOR

CHAIRMAN - BFW AUDIT COMMITTEE

Former CEO and Chairman of McDonald's NZ from 1993 to 2003. In 2004 he 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.

JOHN PFANNENBECKER
INDEPENDENT DIRECTOR

John is currently serving as the Managing Attorney for Finance and Investments and as a member of its Executive Management Committee for Franchise World Headquarters, LLC advising Doctor's Associates Inc., Franchise Brands, LLC and its private equity holdings.

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CHARTERED ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Burgerfuel Worldwide Limited and its subsidiaries (together the 'Group') on pages 16 to 51, which comprise the consolidated statement of financial position of the Group as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 and fair presentation of the consolidated 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

staplesrodway
CHARTERED ACCOUNTANTS

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 Group.

Opinion

In our opinion, the consolidated financial statements on pages 16 to 51 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Burgerfuel Worldwide Limited and its subsidiaries for the year ended 31 March 2016 included on Burgerfuel Worldwide Limited's website. The Group's Board of Directors is responsible for the maintenance and integrity of Burgerfuel Worldwide Limited's website. We have not been engaged to report on the integrity of Burgerfuel Worldwide Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 July 2016 to confirm the information included in the audited financial statements presented on this website.

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

Staples Rodway

STAPLES RODWAY AUCKLAND
AUCKLAND

27 July 2016

THE FINANCIALS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		$	$
Revenue	5	20,130,134	18,413,603
Operating Expenses	6	(20,637,107)	(17,349,090)
Profit / (Loss) before Interest, Taxation, Depreciation and Amortisation		**(506,973)**	**1,064,513**
Depreciation	11	(688,946)	(465,019)
Amortisation	14	(44,043)	(43,675)
		(732,989)	(508,694)
Profit / (Loss) before Interest and Taxation		**(1,239,962)**	**555,819**
Interest Income		198,204	264,429
Interest Expense		(4,350)	(3,053)
		193,854	261,376
Profit / (Loss) before Taxation		**(1,046,108)**	**817,195**
Income Tax Expense	7	(97,547)	(285,025)
Net Profit / (Loss) attributable to shareholders		**(1,143,655)**	**532,170**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in Foreign Currency Translation Reserve	20	23,792	54,636
Total comprehensive income		**(1,119,863)**	**586,806**
Basic Earnings per Share (cents)	25	**(1.92)**	**0.89**
Diluted Earnings per Share (cents)	25	**(1.92)**	**0.89**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	2016	2015
Shareholders' equity		$	$
Contributed equity	18	16,034,443	16,034,443
Retained earnings	19	(2,762,537)	(1,624,151)
IPO capital costs	18	(223,432)	(223,432)
Other reserves	20	(308,787)	(327,310)
		12,739,687	**13,859,550**
Current assets			
Cash and cash equivalents	17	6,078,288	7,721,033
Trade and other receivables	9	2,719,652	2,743,707
Income tax receivable		111,779	-
Inventories	10	1,293,561	1,256,125
Loans	13	46,000	46,000
		10,249,280	**11,766,865**
Non-current assets			
Property, plant and equipment	11	3,155,480	2,969,491
Deferred tax asset	7	76,375	82,330
Loans	13	-	46,000
Intangible assets	14	1,127,910	863,654
		4,359,765	3,961,475
Total assets		**14,609,045**	**15,728,340**
Current liabilities			
Trade and other payables	15	1,527,689	1,402,347
Income tax payable		-	159,950
Provisions	16	307,219	273,243
		1,834,908	**1,835,540**
Non-current liabilities			
Provisions	16	34,450	33,250
		34,450	33,250
Total liabilities		**1,869,358**	**1,868,790**
Net assets		**12,739,687**	**13,859,550**
Net tangible assets per share ($ per share)	29	0.19	0.22

For and on behalf of the board who approved these financial statements for issue on 27th July 2016.

Director Director

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

2016	Note	Contributed Equity	Foreign Currency Translation Reserve	IPO Capital Costs	Share Option Reserve	Retained Earnings	Total Equity
		$	$	$	$	$	**$**
Balance as at 1 April 2015		16,034,443	(332,579)	(223,432)	5,269	(1,624,151)	**13,859,550**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	23,792	-	-	-	**23,792**
Movement in Share option reserve		-	-	-	(5,269)	5,269	-
Net Loss for the year ended 31 March 2016		-	-	-	-	(1,143,655)	**(1,143,655)**
Total comprehensive income		-	23,792	-	-	(1,143,655)	**(1,143,655)**
Balance as at 31 March 2016		**16,034,443**	**(308,787)**	**(223,432)**	**-**	**(2,762,537)**	**12,739,687**

2015	Note	Contributed Equity	Foreign Currency Translation Reserve	IPO Capital Costs	Share Option Reserve	Retained Earnings	Total Equity
		$	$	$	$	$	**$**
Balance as at 1 April 2014		16,034,443	(387,215)	(223,432)	5,269	(2,156,321)	**13,272,744**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	54,636	-	-	-	**54,636**
Net Profit for the year ended 31 March 2015		-	-	-	-	532,170	**532,170**
Total comprehensive income		-	54,636	-	-	532,170	**586,806**
Balance as at 31 March 2015		**16,034,443**	**(332,579)**	**(223,432)**	**5,269**	**(1,624,151)**	**13,859,550**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		19,294,725	19,063,395
Interest received		198,204	264,429
Goods and services tax received		95,104	54,831
		19,588,033	**19,382,655**
Cash was applied to:			
Payments to suppliers & employees		(19,945,381)	(17,633,964)
Interest paid		(4,350)	(3,053)
Taxes paid		(363,320)	(58,540)
		(20,313,051)	(17,695,557)
Net cash flows provided from / (applied to) operating activities	26	**(725,018)**	**1,687,098**
Cash flows from investing activities			
Cash was provided from:			
Repayments from franchisees		46,000	46,000
Sale of property, plant and equipment		115,475	21,573
		161,475	67,573
Cash was applied to:			
Acquisition of intangible assets		(308,299)	(42,739)
Acquisition of property, plant & equipment		(949,171)	(1,709,052)
Acquisition of subsidiary		-	(933,302)
		(1,257,470)	(2,685,093)
Net cash flows applied to investing activities		**(1,095,995)**	**(2,617,520)**
Net movement in cash and cash equivalents		(1,821,013)	(930,422)
Exchange gains on cash and cash equivalents		178,268	85,397
Opening cash and cash equivalents		7,721,033	8,566,058
Closing cash and cash equivalents	17	**6,078,288**	**7,721,033**

The attached notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1) REPORTING ENTITIES AND STATUTORY BASE

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

The financial statements presented are those of Burger Fuel Worldwide Limited (the 'Group'). A list of its wholly owned subsidiaries is listed in note 12 of the financial statements.

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

2) BASIS OF PREPARATION

Statement of Compliance

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

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

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

Basis of Measurement

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

Use of Estimates and Judgements

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

Impairment of Receivables

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

Accounting for Income Tax

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

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

Impairment of Goodwill

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

3) SPECIFIC ACCOUNTING POLICIES

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

3) SPECIFIC ACCOUNTING POLICIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

a) Basis of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

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

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

b) Revenue Recognition

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

Sale of Goods

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

Franchise Fees

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

Royalties

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

Training Fees

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

Advertising Income

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

Construction Management Fees

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

Dividends

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

Other Income

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

c) Accounts Receivable

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

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.

e) Financial Instruments

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

Loans and Receivables

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

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. Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Group's other financial liabilities are trade and other payables, and these are usually paid within 30 days.

f) Share Capital

Ordinary Shares

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

g) Finance Income and Expense

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

h) Property, Plant and Equipment

Recognition and Measurement

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

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

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

Subsequent Costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

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

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

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

i) Leased Assets

Operating and Financing Leases

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.

j) Intangible Assets

The Group's intangible assets have finite useful lives with the exception of Goodwill 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 up to 10 years. Where there has been an impairment in the value, the balance has been written off in the Statement of Comprehensive Income.

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

k) Employee Benefits

Short-term Benefits

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

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

The Group pays contributions to superannuation plans, such as KiwiSaver. 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.

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.

l) Taxation

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

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

balance date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

m) Goods and Services Tax (GST)

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

n) Foreign Currency

Foreign Currency Transactions

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

Foreign Operations

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

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.

o) Statement of Cash Flows

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.

p) Earnings and Net Tangible Assets Per Share

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

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

q) Segment Reporting

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

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

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

r) Goodwill

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3) SPECIFIC ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

4) NEW STANDARDS ADOPTED AND INTERPRETATIONS NOT YET ADOPTED

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

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

NZ IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39. The main changes are:

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group has not yet assessed the full impact of NZ IFRS 9.

NZ IFRS 15 – Revenue from contracts with customers (effective date from 1 January 2017)

The IASB and the XRB have now published NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15:

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

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

- contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts timing – whether revenue is required to be recognised over time or at a single point in time.
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue.
- time value – when to adjust a contract price for a financing component, and
- various specific issues, such as non-cash consideration and asset exchanges, contract costs, rights of return and other customer options, supplier repurchase options, warranties, principal versus agent, licencing, breakage, non-refundable upfront fees, and consignment and bill-and-hold arrangements.

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

The Group is yet to undertake a detailed assessment of the impact of NZ IFRS 15.

NZ IFRS 16 - Leases

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

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

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

NZ IFRS 16 will not have any effect on the total amount of cash flows reported but it is expected to have an effect on the presentation of cash flows. This is because, applying NZ IAS 17 Leases, cash flows relating to operating leases are presented as cash flows from operating activities while applying NZ IFRS 16 will result in the presentation within financial activities of cash flows relating to the repayment of principal on lease liabilities.

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

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

The Group has not yet assessed the full impact of NZ IFRS 16 as this standard does not apply mandatorily before 1 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5) REVENUE

	2016	2015
	$	$
Sale of Goods	9,678,690	9,432,810
Franchising Fees	707,781	742,907
Training Fees	120,000	110,417
Royalties	5,325,962	4,461,996
Advertising Fees	3,245,728	2,713,906
Construction Management Fees	15,000	57,083
Gain on Sale of Fixed Assets	26,590	6,358
Foreign Exchange Gains	169,821	31,007
Other Income	840,562	857,119
	20,130,134	**18,413,603**

6) EXPENSES

	2016	2015
	$	$
Operating expenses include:		
Cost of Sales	5,564,998	5,987,291
Rental and Operating Lease Costs	740,201	628,355
Loss on Disposal of Property, Plant and Equipment	696	2,208
Directors' Fees	115,000	110,000
Wages and Salaries	4,399,094	3,472,240
Contributions to a defined contribution plan	142,227	107,257
Key management personnel costs: (refer note 24)		
- Salary and other short-term benefits	2,271,147	1,514,600
Auditors' remuneration – Audit Services – Staples Rodway:		
- Audit of Financial Statements	64,808	53,557
- Other Assurance services	-	1,900
Other Operating Expenses	4,093,208	2,757,776
Advertising Expenditure	3,245,728	2,713,906
	20,637,107	**17,349,090**

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 2016

7) INCOME TAX

	2016	2015
	$	$
Taxation expense is represented by:		
Current Tax	90,758	316,401
Deferred Tax	6,789	(31,376)
	97,547	**285,025**
Profit / (Loss) before income tax expense	(1,046,108)	817,195
Timing differences & non-deductible expenses:		
Amortisation of intangible assets	-	5,484
50% entertainment	50,601	31,718
Accruals	(13,600)	42,800
Make good provision	1,200	1,200
Holiday pay not paid out within 63 days	14,519	78,692
Capital gain on sale of assets	(26,590)	(6,358)
Other	12,427	14,597
	38,557	**168,133**
Taxable Profit / (Loss)	(1,007,551)	985,328
Loss made by Australian, and Middle East Entities	602,695	144,674
Tax losses utilised	-	-
Net Taxable Profit	(404,856)	1,130,002
Taxation at the Company's effective tax rate	(119,228)	316,401
Deferred tax movement	6,789	(31,376)
NZ Losses not recognised as a deferred tax asset	121,786	-
Foreign tax credits lost	88,200	-
Total income tax expense per statement of comprehensive income	**97,547**	**285,025**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

7) INCOME TAX (CONTINUED)

	2016	2015
Reconciliation of deferred tax asset:	$	$
Deferred tax on temporary differences		
Opening balance	82,330	50,954
Provision for employee benefits	4,066	22,033
Provisions for make good	336	336
Recognition of USA Non-Operating loss	10,704	-
Depreciation	(21,667)	-
Accruals	(3,808)	11,984
Prepayments NZ	4,414	(2,977)
	76,375	**82,330**
Opening Balance	**82,330**	**50,954**
Charged to profit or loss	(6,789)	31,376
Foreign Currency transition	834	-
Closing Balance	**76,375**	**82,330**

The Group has $2,324,922 of unrecognised losses to be carried forward (2015: $1,799,967). The potential benefit of these losses is $650,978 (2015: $503,991) which has not been recognised in the financial statements. The losses carried forward relate to the Australian & New Zealand operations.

The Group has recognised a deferred tax asset of $76,375 (2015: $82,330) with respect to other timing differences. This has been recognised as it is probable that future taxable profit will be available to allow the asset to be utilised.

The weighted average tax rate of the Group is effectively 10.7% (2015: 34.90% based on operating in New Zealand and Australia). There are no other tax jurisdictions, other than New Zealand, USA and Australia, in which the Group earns taxable income.

8) IMPUTATION CREDITS

	2016	2015
	$	$
Opening balance	380,997	452,718
Add		
Provisional tax paid	54,373	72,633
Terminal tax paid	155,355	-
Resident withholding tax	54,993	(14,691)
	264,721	57,942
Deduct		
Income tax refund received	(2,870)	(129,663)
	(2,870)	(129,663)
Closing Balance	**642,848**	**380,997**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

9) TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Trade receivables	3,071,772	2,608,072
Prepayments	236,810	61,512
GST receivable	-	1,207
Sundry receivables	45,432	72,916
	3,354,014	**2,743,707**
Doubtful Debt Provision	(634,362)	-
	2,719,652	**2,743,707**

Receivables denominated in currencies other than the presentation currency are Australian Dollars, US Dollars and UAE Dirhams and they comprise 41.84% of the trade receivables (2015: 37.60%). The total receivables impaired for the 2016 financial year are $634,362 (2015: Nil).

The doubtful debt provision was mainly derived from unpaid franchise fees in Australia & royalties. This has been assessed by management & the directors in relation to collectability.

Impairment Provision Movement:

	2016	2015
	$	$
Opening Balance	-	-
Additional provisions	(634,362)	-
Closing Balance	**(634,362)**	**-**

10) INVENTORIES

	2016	2015
	$	$
Finished Goods	1,293,561	1,256,125
Total Finished Goods	**1,293,561**	**1,256,125**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11) PROPERTY, PLANT & EQUIPMENT

	Motor vehicles	Office equipment	Furniture and fittings	IT
2016	$	$	$	$
Cost				
Balance 1 April 2015	737,548	99,502	991,409	791,753
Additions	478,693	9,402	110,974	194,352
Disposals	-	(288)	(15,270)	(73,165)
Cost at 31 March 2016	**1,216,241**	**108,616**	**1,087,113**	**912,940**
Depreciation and impairment losses				
Balance 1 April 2015	325,271	50,070	399,535	454,435
Depreciation for the year	184,379	9,652	122,322	167,232
Foreign exchange impact	(365)	(8)	(5,727)	(58)
Balance 31 March 2016	**509,285**	**59,714**	**516,130**	**621,609**
Net Book Value				
Balance 1 April 2015	412,277	49,432	591,874	337,318
Depreciation for the year	(184,379)	(9,652)	(122,322)	(167,232)
Additions	478,693	9,402	110,974	194,352
Disposals	-	(288)	(15,270)	(73,165)
Foreign exchange impact	365	8	5,727	58
Net Book Value at 31 March 2016	**706,956**	**48,902**	**570,983**	**291,331**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11) PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Kitchen equipment	Leasehold improvements	Work in Progress	Total
2016	$	$	$	$
Cost				
Balance 1 April 2015	462,454	1,580,291	-	**4,662,957**
Additions	76,558	79,192	-	**949,171**
Fully depreciated asset write off	-	-	-	**-**
Disposals	(858)	-	-	**(89,581)**
Cost at 31 March 2016	**538,154**	**1,659,483**	**-**	**5,522,547**
Depreciation and impairment losses				
Balance 1 April 2015	134,067	330,088	-	**1,693,466**
Depreciation for the year	75,423	129,938	-	**688,946**
Fully depreciated asset write off	-	-	-	**-**
Foreign exchange impact	(3,938)	(5,249)	-	**(15,345)**
Balance 31 March 2016	**205,552**	**454,777**	**-**	**2,367,067**
Net Book Value				
Balance 1 April 2015	328,387	1,250,203	-	**2,969,491**
Depreciation for the year	(75,423)	(129,938)	-	**(688,946)**
Additions	76,558	79,192	-	**949,171**
Disposals	(858)	-	-	**(89,581)**
Foreign exchange impact	3,938	5,249	-	**15,345**
Net Book Value at 31 March 2016	**332,602**	**1,204,706**	**-**	**3,155,480**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11) PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Motor vehicles	Office equipment	Furniture and fittings	IT
2015				
Cost				
Balance 1 April 2014	438,078	70,985	746,317	507,197
Additions	309,639	29,163	297,035	322,183
Fully depreciated asset write off	-	(646)	(49,735)	(37,627)
Disposals	(10,169)	-	(2,208)	-
Cost at 31 March 2015	**737,548**	**99,502**	**991,409**	**791,753**
Depreciation and impairment losses				
Balance 1 April 2014	216,130	42,599	349,370	375,038
Depreciation for the year	109,141	8,117	99,952	117,026
Fully depreciated asset write off	-	(646)	(49,735)	(37,627)
Foreign exchange impact	-	-	(52)	(2)
Balance 31 March 2015	**325,271**	**50,070**	**399,535**	**454,435**
Net Book Value				
Balance 1 April 2014	221,948	28,386	396,947	132,159
Depreciation for the year	(109,141)	(8,117)	(99,952)	(117,026)
Additions	309,639	29,163	297,035	322,183
Disposals	(10,169)	-	(2,208)	-
Foreign exchange impact	-	-	52	2
Net Book Value at 31 March 2015	**412,277**	**49,432**	**591,874**	**337,318**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11) PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Kitchen equipment	Leasehold improvements	Work in Progress	Total
2015	$	$	$	$
Cost				
Balance 1 April 2014	233,985	559,507	290,581	**2,846,650**
Additions	244,665	738,243	-	**1,940,928**
Additions (Work in Progress)	-	290,581	-	**290,581**
Fully depreciated asset write off	(11,149)	(8,040)	-	**(107,197)**
Disposals	(5,047)	-	(290,581)	**(308,005)**
Cost at 31 March 2015	**462,454**	**1,580,291**	**-**	**4,662,957**
Depreciation and impairment losses				
Balance 1 April 2014	101,860	250,892	-	**1,335,889**
Depreciation for the year	43,515	87,268	-	**465,019**
Fully depreciated asset write off	(11,149)	(8,040)	-	**(107,197)**
Foreign exchange impact	(159)	(32)	-	**(245)**
Balance 31 March 2015	**134,067**	**330,088**	**-**	**1,693,466**
Net Book Value				
Balance 1 April 2014	132,125	308,615	290,581	**1,510,761**
Depreciation for the year	(43,515)	(87,268)	-	**(465,019)**
Additions	244,665	738,243	-	**1,940,928**
Additions (Work in Progress)	-	290,581	-	**290,581**
Disposals	(5,047)	-	(290,581)	**(308,005)**
Foreign exchange impact	159	32	-	**245**
Net Book Value at 31 March 2015	**328,387**	**1,250,203**	**-**	**2,969,491**

The capital gain on sale recorded in the Statement of Comprehensive Income is $26,590 for the year ended 31 March 2016 (2015: $6,358) was due to the sale of Motor vehicles, IT and Kitchen equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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 2016	Interest Held 2015
BF Lease Company Limited	New Zealand	100%	100%
BF Lease Company No 1 Limited	New Zealand	100%	100%
BF Lease Company No 2 Limited	New Zealand	100%	100%
BF Lease Company No 3 Limited	New Zealand	100%	100%
BF Lease Company No 4 Limited	New Zealand	100%	100%
BF Lease Company No 5 Limited	New Zealand	100%	100%
BF Lease Company No 6 Limited	New Zealand	100%	100%
BF Lease Company No 7 Limited	New Zealand	100%	100%
BF Lease Company No 8 Limited	New Zealand	100%	100%
BF Lease Company No 9 Limited	New Zealand	100%	100%
BF Lease Company No 10 Limited	New Zealand	100%	100%
BF Lease Company No 11 Limited	New Zealand	100%	100%
BF Lease Company No 12 Limited	New Zealand	100%	100%
BF Lease Company No 13 Limited	New Zealand	100%	100%
BF Lease Company No 14 Limited	New Zealand	100%	100%
BF Lease Company No 15 Limited	New Zealand	100%	100%
BF Lease Company No 16 Limited	New Zealand	100%	100%
BF Lease Company No 17 Limited	New Zealand	100%	100%
BF Lease Company No 18 Limited	New Zealand	100%	100%
BF Lease Company No 19 Limited	New Zealand	100%	100%
BF Lease Company No 20 Limited	New Zealand	100%	100%
BF Lease Company No 21 Limited	New Zealand	100%	100%
BF Lease Company No 22 Limited	New Zealand	100%	100%
BF Lease Company No 23 Limited	New Zealand	100%	100%
BF Lease Company No 24 Limited	New Zealand	100%	100%
BF Lease Company No 25 Limited	New Zealand	100%	100%
BF Lease Company No 26 Limited	New Zealand	100%	100%
BF Lease Company No 27 Limited	New Zealand	100%	100%
BF Lease Company No 28 Limited	New Zealand	100%	100%
BF Lease Company No 29 Limited	New Zealand	100%	100%
BF Lease Company No 30 Limited	New Zealand	100%	100%
BF Lease Company No 31 Limited	New Zealand	100%	100%
BF Lease Company No 32 Limited	New Zealand	100%	100%
BF Lease Company No 33 Limited	New Zealand	100%	100%
BF Lease Company No 34 Limited	New Zealand	100%	100%
BF Lease Company No 35 Limited	New Zealand	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12) INVESTMENT IN SUBSIDIARIES (CONTINUED)

Subsidiary Companies	Country of Incorporation	Interest Held 2016	Interest Held 2015
BF Lease Company No 36 Limited	New Zealand	100%	100%
BF Lease Company No 37 Limited	New Zealand	100%	100%
BF Lease Company No 38 Limited	New Zealand	100%	100%
BF Lease Company No 39 Limited	New Zealand	100%	100%
BF Lease Company No 40 Limited	New Zealand	100%	100%
BF Lease Company No 41 Limited	New Zealand	100%	100%
BF Lease Company No 42 Limited	New Zealand	100%	100%
BF Lease Company No 43 Limited	New Zealand	100%	100%
BF Lease Company No 44 Limited	New Zealand	100%	100%
BF Lease Company No 45 Limited	New Zealand	100%	100%
BF Lease Company No 46 Limited	New Zealand	100%	100%
BF Lease Company No 47 Limited	New Zealand	100%	100%
BF Lease Company No 48 Limited	New Zealand	100%	100%
BF Lease Company No 49 Limited	New Zealand	100%	100%
BF Lease Company No 50 Limited	New Zealand	100%	100%
Burger Fuel (Dubai) NZ Limited	New Zealand	100%	100%
Burger Fuel (ME) DMCC	Dubai	100%	100%
Burger Fuel International Limited	New Zealand	100%	100%
Burger Fuel (Australia) Pty Limited	New Zealand	100%	100%
Burger Fuel (Australia) No2 Pty Limited	New Zealand	100%	100%
Burger Fuel International Management Limited	New Zealand	100%	100%
Burger Fuel Limited	New Zealand	100%	100%
BurgerFuel Henderson Limited	New Zealand	100%	100%
Burger Fuel Pty Limited (formerly Kincro Holdings Pty Limited)	Australia	100%	100%
Burger Fuel Australia Pty Limited	Australia	100%	100%
Burger Fuel (USA) Inc.	United States of America	100%	100%
Burger Fuel (USA) Management Inc.	United States of America	100%	100%
Burger Fuel (USA) Franchising Inc.	United States of America	100%	100%
BF Hollywood LLC.	United States of America	100%	-
BF California One LLC.	United States of America	100%	-
BF California Two LLC.	United States of America	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12) INVESTMENT IN SUBSIDIARIES (CONTINUED)

The principal activities of the subsidiaries are:

Burger Fuel Limited – Franchise systems – gourmet burger restaurants.

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

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

Burger Fuel (Australia) Pty Limited – Non trading.

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

Burger Fuel Australia Pty Limited – Non trading.

Burger Fuel Pty Limited – Lease holder for the store premises in Australia (Newtown), and trading entity.

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

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

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

Burger Fuel (USA) Inc. – Non trading.

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

Burger Fuel (USA) Franchising Inc. – Non trading.

BF Hollywood LLC. – Non trading.

BF California One LLC. – Non trading.

BF California Two LLC. – Non trading.

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

13) LOANS

	2016	2015
	$	$
Loans to Franchisees	46,000	92,000
Loan to Retrop Limited	46,000	92,000
Total loans	**46,000**	**92,000**
Current	46,000	46,000
Non-current	-	46,000
	46,000	**92,000**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14) INTANGIBLE ASSETS

2016	Key money	Goodwill	Domain name	Patent	Trademarks	Total
	$	$	$	$	$	$
Cost						
Balance 1 April 2015	90,000	701,427	34,829	30,774	361,484	**1,218,514**
Acquisitions	-	-	9,306	1,918	297,075	**308,299**
Balance at 31 March 2016	**90,000**	**701,427**	**44,135**	**32,692**	**658,559**	**1,526,813**
Amortisation						
Balance 1 April 2015	68,483	-	25,529	21,015	239,833	**354,860**
Current year amortisation	4,248	-	9,979	876	28,940	**44,043**
Balance 31 March 2016	**72,731**	**-**	**35,508**	**21,891**	**268,773**	**398,903**
Net Book Value						
Balance 1 April 2015	21,517	701,427	9,300	9,759	121,651	**863,654**
Additions	-	-	9,306	1,918	297,075	**308,299**
Amortisation	(4,248)	-	(9,979)	(876)	(28,940)	**(44,043)**
Net Book Value at 31 March 2016	**17,269**	**701,427**	**8,627**	**10,801**	**389,786**	**1,127,910**

2015	Key money	Goodwill	Domain name	Patent	Trademarks	Total
	$	$	$	$	$	$
Cost						
Balance 1 April 2014	90,000	-	25,027	20,776	338,545	**474,348**
Acquisitions	-	701,427	9,802	9,998	22,939	**744,166**
Balance at 31 March 2015	**90,000**	**701,427**	**34,829**	**30,774**	**361,484**	**1,218,514**
Amortisation						
Balance 1 April 2014	62,999	-	18,134	20,372	209,680	**311,185**
Current year amortisation	5,484	-	7,395	643	30,153	**43,675**
Balance 31 March 2015	**68,483**	**-**	**25,529**	**21,015**	**239,833**	**1,526,813**
Net Book Value						
Balance 1 April 2014	27,001	-	6,893	404	128,865	**163,163**
Additions	-	701,427	9,802	9,998	22,939	**744,166**
Amortisation	(5,484)	-	(7,395)	(643)	(30,153)	**(43,675)**
Net Book Value at 31 March 2015	**21,517**	**701,427**	**9,300**	**9,759**	**121,651**	**863,654**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

14.1) Impairment testing

Based on the impairment testing results, no impairment loss on Goodwill is recorded in the 2016 financial year. In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount to present values. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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

	2016	2015
	$	$
New Zealand Retail	701,427	701,427
Goodwill allocation at 31 March	701,427	701,427

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

	Growth Rates		Discount Rates	
	2016	2015	2016	2015
New Zealand Retail	3%	2%	9.6%	10.8%

14.2) Growth rates

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

14.3) Discount rates

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

14.4) Cash flow assumptions

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

The Group have used different discount and growth rates to determine the value-in-use of the cash-generating units and have concluded that there has been no indication of impairment loss in Goodwill value. An increase of 3% in Discount with no increase in Growth rate from the 2016 year would still not have generated impairment loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

15) TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Trade payables	1,196,568	1,209,044
Payroll liabilities	79,458	54,696
GST payable	191,305	97,408
Accrued expenses	60,358	41,199
	1,527,689	**1,402,347**

Payables denominated in currencies other than the presentation currency comprise 5.38% of the trade payables (2015: 3.9%).

16) PROVISIONS

	2016	2015
	$	$
Store Closure Provision		
Opening balance	33,250	32,050
Provisions made during the year	1,200	1,200
Provisions used during the year	-	-
	34,450	**33,250**
Holiday Pay Provision		
Opening balance	273,243	210,467
Provisions made during the year	77,744	72,731
Provisions used during the year	(43,768)	(9,955)
	307,219	**273,243**
Total Provisions	**341,669**	**306,493**
Current	307,219	273,243
Non-current	34,450	33,250
Total Provisions	**341,669**	**306,493**

Store Closure Provision

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

Holiday Pay Provision

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17) CASH AND CASH EQUIVALENTS

	2016	2015
	$	$
Cash at bank	1,763,580	3,491,492
Cash on deposit	4,314,708	4,229,541
	6,078,288	**7,721,033**

At balance date there is $63,612 (2015: $60,030) in restricted cash for bonds issued to the NZX & to landlords. Refer note 22 for further information.

18) CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	2016	2015	2016	2015
			$	$
Opening ordinary shares on issue	59,633,550	59,633,550	16,034,443	16,034,443
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
Authorised & issued ordinary shares on issue at 31 March	**59,633,550**	**59,633,550**	**16,034,443**	**16,034,443**
Less: IPO Capital Costs			(223,432)	(223,432)
Contributed Equity			**15,811,011**	**15,811,011**

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

No Dividends were paid in the 2016 financial year (2015: NIL).

No shares were issued during the 2016 financial year (2015: NIL).

19) RETAINED EARNINGS

	2016	2015
	$	$
Retained Earnings / (Accumulated Losses)		
Opening Balance	(1,624,151)	(2,156,321)
Re-class from share option reserve	5,269	-
Net surplus for the year	(1,143,655)	532,170
Closing Balance	**(2,762,537)**	**(1,624,151)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

20) OTHER RESERVES

	2016	2015
	$	$
Foreign Currency Translation Reserve		
Opening Balance	(332,579)	(387,215)
Movements	23,792	54,636
Closing Balance	**(308,787)**	**(332,579)**

	2016	2015
	$	$
Share Option Reserve		
Opening Balance	5,269	5,269
Reclassification	(5,269)	-
Closing Balance	**-**	**5,269**
Total Other Reserves	**(308,787)**	**(327,310)**

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.

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.

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Instruments

	2016	2015
	$	$
Financial Assets		
Cash	6,078,288	7,721,033
Loans (Current)	46,000	46,000
Loans (Term)	-	46,000
Trade Receivables	2,437,410	2,608,072
Sundry Receivables	45,432	72,916
	8,607,130	**10,494,021**
Other Financial Liabilities		
Trade Payables	1,196,568	1,209,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management Objectives

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

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

Market Risk

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

Foreign currency risk management

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

Foreign currency sensitivity analysis

The Group is mainly exposed to Australian dollars, US Dollars and UAE Dirhams. The following table details the Group's sensitivity to a 10% increase and decrease in the NZ$ against the Australian, UAE & USA currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rates.

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

GROUP

	10% Strengthening		10% Weakening	
	2016	2015	2016	2015
	$000	$000	$000	$000
Profit / (Loss)	28	6	(31)	(7)
Equity	20	4	(31)	(5)

Interest rate sensitivity analysis

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

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

If the interest rates had been 100 basis points higher and all other variables were held constant, the Group's operating result for the year ended 31 March 2016 would have been $60,782 higher (2015: $77,210 higher).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest Rate Risk

The Group has no fair value interest rate risk because it does not have any financial instruments carried at fair value. The Group has cash flow interest rate risk from financial instruments that attract interest. Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances.

There are no contractual rights in respect of interest rate re-pricing on its assets and liabilities that expose 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

2016	Weighted average effective interest rate %	Less than 1 year	Non - interest bearing	Total
		$	$	$
Financial Assets				
Cash and cash equivalent	2.34%	6,078,288	-	**6,078,288**
Loans to Franchisees	-	-	46,000	**46,000**
Trade and other receivables	-	-	2,482,842	**2,482,842**
		6,078,288	**2,528,842**	**8,607,130**
Financial Liabilities				
Trade payables	-	-	1,196,568	**1,196,568**
		-	**1,196,568**	**1,196,568**

2015	Weighted average effective interest rate %	Less than 1 year	Non - interest bearing	Total
		$	$	$
Financial Assets				
Cash and cash equivalent	2.21%	7,721,033	-	**7,721,033**
Loans to Franchisees	-	-	92,000	**92,000**
Trade and other receivables	-	-	2,680,988	**2,680,988**
		7,721,033	**2,772,988**	**10,494,021**
Financial Liabilities				
Trade payables	-	-	1,209,044	1,209,044
		-	**1,209,044**	**1,209,044**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit Risk

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

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

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

	Group 2016	Group 2015
	$	$
Cash and bank balances	6,078,288	7,721,033
Loans, advances and receivables	2,528,842	2,772,988

Maximum exposures are net of any recognised provisions, and at balance date no loans or advances are past due or considered to be impaired (2015: $Nil). Receivables of $634,362 are impaired with no further amounts past due (2015: $453,712 past due).

Cash

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

Receivables

The Group has a credit policy, which is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set, lending is subject to defined criteria and loans are monitored on a regular basis. The trade receivable are payable on the 10th of the following month and loans are subject a loan agreement which stipulates monthly repayments or payable on demand.

Capital Management

The Group's capital includes share capital, reserves and retained earnings as shown in the Statements of Financial Position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the required capital structure the Group may issue new shares, sell assets to reduce debt and/or adjust amounts paid to investors.

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

Liquidity Risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All payables are due within 6 months of balance date (2015: 6 months).

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 2016

22) COMMITMENTS

Lease Commitments

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

	2016 Total future minimum payments	2015 Total future minimum payments
	$	$
Less than one year	2,789,830	2,622,361
Between one and five years	7,185,603	5,568,243
More than five years	1,311,630	1,180,144
	11,287,063	**9,370,748**

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 the Australia stores and in turn licenses each of these sites to its franchisees under the same terms and conditions. At balance date, the total value of lease commitments under this arrangement was $3,043,526 (2015: $2,765,330).

Capital Commitments

At 31 March 2016, no capital expenditure (2015: 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:

	2016 Total future minimum payments	2015 Total future minimum payments
	$	$
NZX Bond	20,000	20,000
Bond for Newtown Premises	32,483	29,837
Bond for Australian Kitchen Premises	11,129	10,223
	63,612	**60,060**

23) CONTINGENCIES

The Group has no contingencies at balance date (2015: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24) RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the year the following related party transactions took place:

Group	Relationship	Nature of transaction	2016 $	2015 $
Redmond Enterprises Limited	Common Directorship	Consultancy Expenses Paid	500,000	300,000
Trumpeter Consulting Limited	Common Directorship	Directors Fees	50,000	50,000
Peter Brook	Common Directorship	Directors Fees	65,000	60,000
66 Surrey Limited	Common Directorship	Head Office Rental	360,462	318,690
Trumpeter Consulting Limited	Common Directorship	Consultancy Expenses Paid	14,000	-

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.

	2016	2015
	$	$
Salaries and other short-term employee benefits	2,271,147	1,514,600
KiwiSaver Employer Contribution	35,404	26,388
Directors' Fees	115,000	110,000
	2,421,551	**1,650,988**

25) EARNINGS PER SHARE

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

	2016	2015
	$	$
Surplus / (Deficit) attributable to the owners of the Group	(1,143,655)	532,170
Weighted average number of ordinary shares on issue	59,633,550	59,633,550
Basic earnings per share (cents)	(1.92)	0.89
Diluted earnings per share (cents)	(1.92)	0.89

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 2016

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

	2016	2015
	$	$
Net surplus / (Deficit) after tax	(1,143,655)	532,170
Add: Non-cash items		
Amortisation	44,043	43,675
Depreciation	688,946	465,019
Deferred tax asset	(5,955)	31,376
Loss on disposal of property, plant and equipment	696	2,208
Unrealised exchange loss / (gain)	(169,820)	(31,006)
Provision for Doubtful Debts	634,362	-
	1,192,272	**511,272**
Add: Items classified as investing or financing activities		
Gain on sale of assets	(26,590)	(6,358)
Add: Working capital movements		
(Increase) / decrease in trade and other receivables	(1,244,669)	709,491
(Increase) / decrease in inventories	(37,436)	(607,249)
(Increase) / decrease in taxation receivable	(259,820)	195,110
Increase / (decrease) in accounts payable and accruals and provisions	794,880	352,662
	(747,045)	650,014
Net cash flows provided from / (applied to) operating activities	**(725,018)**	**1,687,098**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

27) SEGMENT REPORTING

Operating Segments

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

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

2016	New Zealand	Australia	Middle East	USA	Consolidated
	$	$	$	$	$
Revenue					
Sales	7,923,910	311,557	1,443,223	-	**9,678,690**
Royalties	3,453,907	283,487	1,588,568	-	**5,325,962**
Franchising fees	615,250	38,178	54,353	-	**707,781**
Training fees	120,000	-	-	-	**120,000**
Construction management fees	15,000	-	-	-	**15,000**
Advertising fees	2,725,381	208,939	311,408	-	**3,245,728**
Foreign exchange gain	82,647	87,006	168	-	**169,821**
Sundry income	817,204	76,245	(26,297)	-	**867,152**
Interest received	192,306	1,167	4,731	-	**198,204**
Total Revenue	**15,945,605**	**1,006,579**	**3,376,154**	**-**	**20,328,338**
Interest Expense	**1,092**	**75**	**-**	**3,183**	**4,350**
Depreciation	**627,561**	**30,218**	**20,323**	**10,844**	**688,946**
Amortisation	**44,043**	**-**	**-**	**-**	**44,043**
Segment Result	**(37,030)**	**(529,790)**	**56,594**	**(535,882)**	**(1,046,108)**
Income Tax Expense	**80,248**	**-**	**-**	**17,299**	**97,547**
Segment Assets	**13,531,694**	**272,722**	**741,484**	**63,145**	**14,609,045**
Segment Liabilities	**921,625**	**902,796**	**4,554**	**40,383**	**1,869,358**

Acquisition of Property, Plant & Equipment & Intangible Assets.

	New Zealand	Australia	Middle East	USA	Consolidated
Business Combination	**-**	**-**	**-**	**-**	**-**
Other	**896,047**	**89,330**	**69,372**	**202,722**	**1,257,471**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

27) SEGMENT REPORTING (CONTINUED)

2015	New Zealand	Australia	Middle East	Consolidated
	$	$	$	$
Revenue				
Sales	6,669,211	564,322	2,199,277	**9,432,810**
Royalties	2,874,789	117,010	1,470,197	**4,461,996**
Franchising fees	536,553	113,747	92,607	**742,907**
Training fees	105,000	5,417	-	**110,417**
Construction management fees	30,000	27,083	-	**57,083**
Advertising fees	2,357,150	74,532	282,224	**2,713,906**
Foreign exchange gain	81,900	(50,893)	-	**31,007**
Sundry income	897,377	(1)	(33,899)	**863,477**
Interest received	253,097	1,151	10,181	**264,429**
Total Revenue	**13,805,077**	**852,368**	**4,020,587**	**18,678,032**
Interest Expense	**2,951**	**102**	**-**	**3,053**
Depreciation	**460,923**	**4,096**	**-**	**465,019**
Amortisation	**43,675**	**-**	**-**	**43,675**
Segment Result	**823,171**	**(62,301)**	**56,325**	**817,195**
Income Tax Expense	**285,025**	**-**	**-**	**285,025**
Segment Assets	**14,009,588**	**912,561**	**806,191**	**15,728,340**
Segment Liabilities	**826,028**	**883,602**	**159,160**	**1,868,790**

Acquisition of Property, Plant & Equipment & Intangible Assets.

	New Zealand	Australia	Middle East	Consolidated
Business Combination	**921,053**	**-**	**-**	**921,053**
Other	**1,543,333**	**177,968**	**42,739**	**1,764,040**

28) SUBSEQUENT EVENTS

There have been no material events subsequent to balance date (2015: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

29) NET TANGIBLE ASSET PER SHARE

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

	2016	2015
	$	$
Total Assets	14,609,045	15,728,340
Less Intangible Assets	(1,204,285)	(945,984)
Total Tangible Assets	13,404,760	14,782,356
Total Liabilities	(1,869,358)	(1,868,790)
Net Tangible Assets	11,535,402	12,913,566
Total ordinary shares on issue	59,633,550	59,633,550
Net Tangible Assets per share ($ per Share)	0.19	0.19

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Remuneration of Directors	2016 12 Months	2015 12 Months
	$	$
Peter Brook	65,000	60,000
Christopher Mason	306,597	200,000
Josef Roberts	500,000	300,000
Alan Dunn	50,000	50,000

Remuneration of Employees (Excluding Executive Directors)	2016 12 Months Number of Employees	2015 12 Months Number of Employees
$100,000 - $110,000	1	1
$110,000 - $120,000	1	1
$120,000 - $130,000	2	-
$130,000 - $140,000	1	2
$140,000 - $150,000	-	-
$150,000 - $160,000	1	1
$160,000 - $170,000	2	1
$180,000 - $190,000	2	1

Statement of Directors and Officers Interests

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

	Beneficially held at 31/03/16	Non-beneficially held at 31/03/16	Beneficially held at 31/03/15	Non-beneficially held at 31/03/15
Peter Brook	336,596	-	336,596	-
Christopher Mason	6,586,309	-	6,586,309	-
Josef Roberts	36,123,473	-	36,123,473	-
Alan Dunn	324,656	-	324,656	-
Tyrone Foley (Officer)	14,874	-	14,874	-
Mark Piet (Officer)	21,667	-	21,667	-

The following share transactions took place during the financial year.:

	Date of Transaction	Shares Acquired (Disposed)	Consideration Paid (received)	Nature of relevant interest
Peter Brook	-	-	-	Shares Held in Associated Trust
Christopher Mason	-	-	-	Shares Held in Associated Trust
Josef Roberts	-	-	-	Shares Held in Associated Trust
Alan Dunn	-	-	-	Shares Held in Associated Trust
Tyrone Foley (Officer)	-	-	-	Beneficial Owner
Mark Piet (Officer)	-	-	-	Beneficial Owner

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

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 30 April 2016 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	42,709,782	71.62%
Franchise Brands LLC	5,963,355	10.00%

The total number of voting securities of the Company on issue at 31 March 2016 was 59,633,550 fully paid ordinary shares.

Twenty Largest Security Holders as at 30 April 2016

Shareholder	Number of Shares	%
MASON ROBERTS HOLDINGS LIMITED	42,709,782	71.62%
FRANCHISE BRANDS LLC	5,963,355	10.00%
NATIONAL NOMINEES NEW ZEALAND LIMITED	1,939,393	3.25%
RRT CORPORATE TRUSTEE LIMITED	1,000,000	1.68%
CARTALLEN TRUSTEE LIMITED	486,373	0.82%
JBWERE (NZ) NOMINEES LIMITED	369,296	0.62%
PETER CLYNTON BROOK	336,596	0.56%
TRUMPETER TRUSTEES (2007) LIMITED	324,656	0.54%
AARON TRUSTEES LIMITED + DRURY NOMINEES NO 2 LIMITED	170,596	0.29%
CITIBANK NOMINEES (NEW ZEALAND) LIMITED	136,190	0.23%
GRANT SAMUEL & ASSOCIATES	100,000	0.17%
FORSYTH BARR CUSTODIANS LIMITED	90,835	0.15%
MATTHEW JAMES PRINGLE	75,000	0.13%
ASB NOMINEES LIMITED	72,500	0.12%
STERLING NOMINEES LIMITED	67,631	0.11%
JONATHAN LAURIE BUCKLEY	57,915	0.10%
ANDREW PAUL KINGSTONE + GRAEME ROSS KINGSTONE + JAMES SMELLIE	50,000	0.08%
BROOKE HARRY NELSON WOLFE	50,000	0.08%
STEVEN JAMES WALL + DEBORAH LOUISE WALL	41,197	0.07%
MICHAEL GRAHAME POLE + NATALIE KAREN POLE	40,353	0.07%
	54,081,668	**90.69%**

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Domicile of Security Holdings

Location	Holders	Units	Units %
New Zealand	2478	53,375,183	89.5%
U.S.A.	15	5,998,488	10.1%
New South Wales & A.C.T.	31	57,197	0.1%
United Arab Emirates	5	51,017	0.1%
United Kingdom	15	44,450	0.1%
Queensland	26	37,550	0.1%
Victoria	13	29,000	0.0%
Western Australia	9	12,825	0.0%
South Australia	2	6,500	0.0%
Singapore	1	3,500	0.0%
Others	3	3,040	0.0%
France	2	3,000	0.0%
Austria	1	2,000	0.0%
Canada	2	2,000	0.0%
China	1	2,000	0.0%
Germany	1	1,500	0.0%
Hong Kong	1	1,000	0.0%
Norway	1	1,000	0.0%
Taiwan	1	1,000	0.0%
South Africa	1	1,000	0.0%
Switzerland	1	300	0.0%
	2,610	**59,633,550**	**100.0%**

Spread of Security Holders

Shareholding Size	Number of Holders	Total Shares Held	%
1 - 99	4	154	0.0%
100 - 199	49	6,547	0.0%
200 - 499	171	60,849	0.1%
500 - 999	157	104,044	0.2%
1,000 - 1,999	1,437	1,585,934	2.6%
2,000 - 4,999	515	1,283,867	2.2%
5,000 - 9,999	151	855,841	1.4%
10,000 - 49,999	109	1,715,958	2.9%
50,000 - 99,999	6	373,046	0.6%
100,000 - 499,999	7	1,888,352	3.2%
500,000 - 999,999	-	-	0.0%
1,000,000 - 99,999,999	4	51,758,958	86.8%
	2,610	**59,633,550**	**100%**

CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 MARCH 2016

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

Role of the Board

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

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

The Board:

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

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

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

Board size and Composition

Unlike the NZX Listing Rules for NZSX listed companies, the NZAX Listing Rules do not require that the Company have any independent directors. However, in the interests of good governance, and notwithstanding that there is no requirement under the NZAX Listing Rules, the Directors have decided to adopt a governance policy whereby at least two of the Directors of the Board will be "independent" as defined in the NZX Listing Rules. The size and composition of the Board is determined by the Company's constitution. As at 31 May 2016, there were five Directors, a Chief Operating Officer, and a Chief Financial Officer / Company Secretary.

The Chairman of the Board and the Chairman of the Audit Committee are non-executive and independent of the role of the Chief Executive Officer and Chief Operating Officer.

Audit Committee

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

(i) Risk Management

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

(ii) Additional Assurance

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

(iii) Share Trading Policy

The Company has adopted a formal Securities Trading Policy ("Policy") to address insider trading requirements 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 2016

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings
Peter Brook (Chair)	6	4
Josef Roberts	6	4
Chris Mason	4	1
Alan Dunn	6	4
John Pfannenbecker	4	-
Officers		
Tyrone Foley (Chief Operating Officer)	6	4
Mark Piet (Chief Financial Officer / Company Secretary)	6	4

Constitution

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

Board Remuneration

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

Peter Brook, the Chairman, receives an annual fee of $65,000 and Alan Dunn the independent, non-executive Director receives an annual fee of $50,000. The Company Secretary attends to all company secretarial and corporate governance matters.

Conflict of Interest

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

COMPANY DIRECTORY

AS AT 31 MARCH 2016

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

Company Number
1947191

Date of Incorporation
14 June 2007

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

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

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

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

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

Solicitors
Kensington Swan
18 Viaduct Harbour Avenue, Auckland 1011

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Business Headquarters
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Grey Lynn
Auckland 1021

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

THE TAKEOVERS PANEL GRANTED EXEMPTIONS

FOR FBLLC AND BFW FROM RULES 7(C) AND 15(B) OF THE TAKEOVERS CODE

BACKGROUND TO THE EXEMPTION

Burger Fuel Worldwide Limited (BFW) is a Code company. Mason Roberts Holdings Limited (MRHL) is the majority shareholder in BFW.

MRHL entered into a Sale and Option Agreement with Franchise Brands LLC (FBLLC) under which FBLLC agreed to purchase, and MRHL agreed to sell—

- 1,606,057 voting securities in BFW, being fully paid ordinary shares in BFW; and
- up to 23,853,420 voting securities in BFW, being an option to subscribe for up to 23,853,420 fully paid ordinary shares in BFW (the Call Options).

BFW obtained shareholder approval on 26 February 2014, in accordance with the Code, to the allotment of voting securities to FBLLC under the Subscription Agreement and to the acquisition of voting securities by FBLLC under the Sale and Option Agreement. The disclosures under rule 15(b) of the Code in respect of the acquisition of voting securities under the Sale and Option Agreement could not be definitively determined in advance because the actual number of voting securities that will be acquired by FBLLC under the Sale and Option Agreement depends on whether FBLLC exercises the maximum number of Call Options. Accordingly, the Panel granted the Takeovers Code (Burger Fuel Worldwide Limited) Exemption Notice 2014 (Exemption Notice), which granted the following exemptions:

(a) to FBLLC, from rule 7(c) of the Code in respect of any increase in FBLLC's voting control that results from the acquisition of voting securities by FBLLC under the call option to the extent that the notice of meeting does not comply with rule 15(b) of the Code; and

(b) to BFW, from rule 15(b) of the Code in respect of the notice of meeting, to the extent that rule 15(b) requires the notice of meeting to contain, or be accompanied by, particulars of voting securities to be acquired under the call option.

DISCLOSURES REQUIRED BY THE EXEMPTION NOTICE

Clause 7 of the Exemption Notice requires that every annual report issued by BFW during the period commencing on the date of the meeting and ending on the final completion date, and in the first annual report after the final completion date, contains the following information:

A SUMMARY OF THE TERMS OF THE CALL OPTION, AS APPROVED AT THE MEETING:

The Call Options are exercisable in four tranches over eight years from the initial completion date. Each tranche can be exercised in full or in part. Call Options not exercised in one tranche will accumulate in the subsequent tranche.

If Franchise Brands does not issue an Exercise Notice during any of the Tranche Periods, Mason Roberts Holdings Limited may sell up to 1,000,000 of the Tranche Option Shares (on each tranche period end date) on the public market.

If BFW reaches or exceeds its target of 1,000 open and operating BurgerFuel outlets by the eighth anniversary of the Call Option agreement, then the number of options will be limited to 35% of the total outstanding shares in the Company (if all options are exercised, which would take Franchise Brands to a 45% ownership). If the Company has not achieved a minimum of 1,000 outlets by the eighth anniversary of the Call Option agreement, then Franchise Brands could increase its ownership stake to 50% of the total issued shares of the Company (if all options are exercised).

As at balance date (31 March 2016) Franchise Brands LLC holds 10% of BFW's issued capital (5,963,355 shares) & no Call Options have been exercised in this period. Each Call Option (tranche) is for a maximum of 5,963,355 shares or 10% of the issued capital.

THE TAKEOVERS PANEL GRANTED EXEMPTIONS

FOR FBLLC AND BFW FROM RULES 7(C) AND 15(B) OF THE TAKEOVERS CODE

A summary of the milestone dates for the call options is contained in the table below:

CALL OPTION SHARE - MILESTONE DATES

EGM	Completion Date (2 Business Days post EGM)
26 February 2014	28 February 2014

	Tranche One Option Shares	Tranche Two Option Shares	Tranche Three Option Shares	Tranche Four Option Shares
Tranche Commencement Date	28 February 2014	28 February 2016	27 February 2018	27 February 2020
20 Day Exercise Period - Start Date	1 February 2016	31 January 2018	31 January 2020	30 January 2022
Tranche End Date	28 February 2016 (2nd Anniversary)	27 February 2018 (4th Anniversary)	27 February 2020 (6th Anniversary)	26 February 2022 (8th Anniversary)
If the Average Market Price of the BFW shares as at the commencement of the Tranche Period is Less than: **The Tranche End Date will be either**	NZD 1.49	NZD 1.64	NZD 1.80	NZD 1.98
Tranche End Date (+ 12 month extension) **OR**	27 February 2017	27 February 2019	26 February 2021	26 February 2023
Tranche End Date will be 20 Business Days after the Average Market Price becomes greater than:	> NZD 1.49	> NZD 1.64	> NZD 1.80	> NZD 1.98
Shares held by FBLLC at initial completion date – **5,963,355**	Up to 5,963,355	Up to 5,963,355	Up to 5,963,355	Up to 5,963,355
FBLLC Percentage held of BFW issued capital at initial completion date – **10%**	10%	10%	10%	10% (if less than 1,000 stores have been opened)

THE TAKEOVERS PANEL GRANTED EXEMPTIONS

FOR FBLLC AND BFW FROM RULES 7(C) AND 15(B) OF THE TAKEOVERS CODE

A SUMMARY OF THE TERMS AND CONDITIONS OF THE EXEMPTIONS GRANTED UNDER THE EXEMPTION.

In addition to disclosures made in the Notice of Meeting dated 11 February 2014, every annual report issued by BFW during the period in which the Exemption Notice is in force must contain the following in a prominent position:

(i) a summary of the terms of the Call Options, as approved at the meeting at which shareholder approval of the Call Options was given;

(ii) a summary of the terms and conditions of the exemptions granted under the exemption notice;

(iii) Particulars, as at the end of the financial year to which the report relates, of—

- (a) the number of voting securities acquired by FBLLC under the Call Options; and
- (b) the number of voting securities then on issue that are held or controlled by FBLLC, and the percentage of all voting securities on issue that that number represents; and
- (c) the percentage of all voting securities then on issue that are held or controlled, in aggregate, by FBLLC and FBLLC's associates; and
- (d) the maximum percentage of all voting securities that could be held or controlled by FBLLC if it acquires the approved maximum number of voting securities under the Sale and Option Agreement; and
- (e) the maximum percentage of all voting securities that could be held or controlled, in aggregate, by FBLLC and FBLLC's associates if it acquires the approved maximum number of voting securities under the Sale and Option Agreement; and
- (f) a statement of the assumptions on which these particulars are based.

From the date of the meeting, 26 February 2014, until the final completion date, BFW must show the following information in a prominent position on its website:

- (a) the information required to be disclosed in BFW's annual reports (set out above); and
- (b) as soon as BFW is aware of it, or ought reasonably to be aware of it, any aggregate increase of 1% or more in the voting securities held or controlled by FBLLC.

The exemptions are also subject to the additional conditions that during the period in which the notice is in force

- FBLLC must not increase its voting control except in accordance with;
  - (a) the approved transactions; or
  - (b) an exemption from the Panel under section 45 of the Act; or
  - (c) rule 7(c) or (d) of the code.
- There must be no change of control of FBLLC that results in another person becoming the holder or controller of an increased percentage of voting rights in BFW except in accordance with;
  - (a) An exemption from the Panel under section 45 of the Act; or
  - (b) rule 7(c) or (d) of the code.

THE TAKEOVERS PANEL GRANTED EXEMPTIONS

FOR FBLLC AND BFW FROM RULES 7(C) AND 15(B) OF THE TAKEOVERS CODE

PARTICULARS, AS AT THE 31ST MARCH 2016

the number of voting securities acquired by FBLLC under the Call Option; and	0
the number of voting securities then on issue that are held or controlled by FBLLC, and the percentage of all voting securities on issue that that number represents; and	5,963,355 / 10%
the percentage of all voting securities then on issue that are held or controlled, in aggregate, by FBLLC and FBLLC's associates; and	10%
the maximum percentage of all voting securities that could be held or controlled by FBLLC if it acquires the approved maximum number of voting securities under the Call Option; and	50%
the maximum percentage of all voting securities that could be held or controlled, in aggregate, by FBLLC and FBLLC's associates if it acquires the approved maximum number of voting securities under the Call Option; and	48.3%
a statement of the assumptions on which the particulars are calculated	• the number of voting securities on issue, was the number of voting securities on issue as at the date of the notice of meeting; • 1,606,057 fully paid ordinary shares in BFW were acquired by FBLLC from MRHL under the Sale and Option Agreement on the initial completion date; • 23,853,420 fully paid ordinary shares in BFW will be acquired by FBLLC from MRHL under the call options. • 4,357,298 fully paid ordinary shares in BFW were allotted to FBLLC under the Subscription Agreement, on the initial completion date; and • 600,000 fully paid ordinary shares in BFW are acquired by MRHL from T.E.A Custodians Limited on the initial completion date and; • There is no change in the total number of voting securities on issue from the date of the notice of meeting until the final completion date (other the acquisition above).


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