BURGERFUEL

ENGINEERING THE ULTIMATE BURGER

BURGERFUEL WORLDWIDE LIMITED ANNUAL REPORT 2012

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2012

The directors of BurgerFuel Worldwide Limited and its Subsidiaries (the Group) report a pre-tax profit of $723,831 for the twelve month period to 31 March 2012. Net profit after tax is $708,360.

This compares with an after tax profit of $33,513 for the same period last year, an increase of $674,847.

Throughout this period the Group maintained a strong focus on international expansion in the Middle East with new stores opening and new territories being established in the MENA (Middle East North Africa) region. As well, there was a continued consolidation of the NZ system to ensure that the opening of new stores can commence in the forthcoming year.

Despite the world economy remaining fragile, store numbers have grown significantly in the Middle East. As well, there has been a positive increase in same store sales, reinforcing the acceptance and success of the BurgerFuel brand both in the Middle East and in NZ. These growth factors, in addition to a determined focus to control costs, have enabled the Group to return a substantially increased profit this year.

Previous years reported after tax results comparison:

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

BFW results for the year ended 31 March 2012

	Year End 2012 $(000's)
Total Revenue	9,596
Total Expenses	(8,872)
Net Profit Before Taxation	724
Tax Expense	(16)
NET PROFIT AFTER TAXATION	708

Net revenue for the Group was up $1.27M to $9.6M representing a 15.2% increase and store system sales were up 15.5% to $38.1M (unaudited).

Total store system sales (unaudited) up 15.5% to $38,113,594

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

Details by geographic region are reported below:

NEW ZEALAND

BurgerFuel NZ (unaudited) system sales up 5.0% to $28,393,401

Despite the continued weaker economic conditions and a trend toward lower consumer expenditure, we achieved positive sales growth of 5% in NZ. We did not open any new stores in NZ in this period, however we do anticipate new stores will open throughout the forthcoming year, following the opening of Cuba Street, Wellington in early April 2012.

AUSTRALIA (reported in $NZD)

BurgerFuel Australia (unaudited) system sales down 39.6% to $1,134,159

The year on year decline in system sales in Australia is largely due to the closure of the company owned store in Kings Cross. That store closed in November 2010. The Group now has no company owned stores in Australia but still maintains a presence in Sydney with the Newtown store, which is franchised.

Whilst Australia potentially represents a big market, at this stage the directors remain of the view that other regions such as the Middle East should remain the priority. Eventually however the Group will seek a Master Licensee for Australia thereby operating the same model as other countries (i.e. fully franchised).

MIDDLE EAST (reported in $NZD)

BurgerFuel Middle East: United Arab Emirates, Kingdom of Saudi Arabia and Iraq (unaudited) system sales up 110% to $8,586,034

During the year to 31 March 2012 the Group opened 6 new stores in the Middle East over and above its first 2 stores there in the prior year. These were as follows:

	Opened in FY 12	Total Store Numbers
Dubai	3	4
Saudi Arabia	2	3
Iraq	1	1

There were a total of 8 stores operating in the Middle East region as at 31 March 2012.

Exports to Middle East

FY 2012 saw the continued export of all beef and other Group proprietary products from New Zealand to the Middle East.

ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2012

GROUP OUTLOOK

During 2012 the Group made significant steps toward establishing its international revenue base which represented around 25% of the total income for the Group. Whilst growth in store numbers was lower than we would have liked, we have proven that our model is scalable and above all is popular in the Middle East.

We intend to continue expansion in the Middle East in both our existing territories as well as the new territories which were added in this period. The new countries where master license agreements were signed were: Egypt, Qatar and Libya.

We are currently working with our partners in those new countries to establish supply arrangements, assess potential sites and look to construct first stores in 2013.

In NZ as previously advised, we intend to commence opening new stores in the coming year. In addition, it is our objective to continue to increase same store sales as well as consolidate system costs. We are always mindful of increasing commodity and other costs and accordingly we maintain a strong focus on controlling both system and company costs.

SUMMARY

The financial year to 31 March 2012 has demonstrated a significant improvement in our performance. In addition to expanding the system and managing costs, the Group has also completed its internal restructuring so as to better serve its activities which are now clearly defined in terms of separation between the NZ business and the international business.

Burger Fuel Limited now has a fully dedicated NZ office (separate to the rest of the Group) whose sole focus is on the growth of the NZ business. Burger Fuel International Management Limited as the international franchisor is dedicated to the service of our international franchisees, as well as the growth and development of the business in each of those territories.

Despite significant economic uncertainty around the world, the Group is proving that it can grow under these circumstances. We have achieved considerable growth in all areas of the business.

Our focus remains on building an international brand and that entails significant resource to ensure that we establish the business to a high standard, in each country that we enter.

Every store that opens creates an annuity stream for the Group in the form of ongoing royalties. Accordingly our efforts are concentrated on the development of more stores and improving existing stores.

Last year we stated that "The board will continue with its strategy of continued development and investment, with the objective of growing profit. It does however believe that there will be further times ahead where investment ahead of the growth curve will be necessary and this may affect short term profit. As always this will be measured against the Group's resources and the ability to re-coup investment with acceptable returns". It is appropriate to repeat this statement as it accurately reflects the current views of the directors.

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

As at 31 March 2012 the Group's net asset position was $4,022,492 which included cash reserves of $2,339,589, an increase of $1,125,804, up 92.8% from the previous year.

The Group has no debt.

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

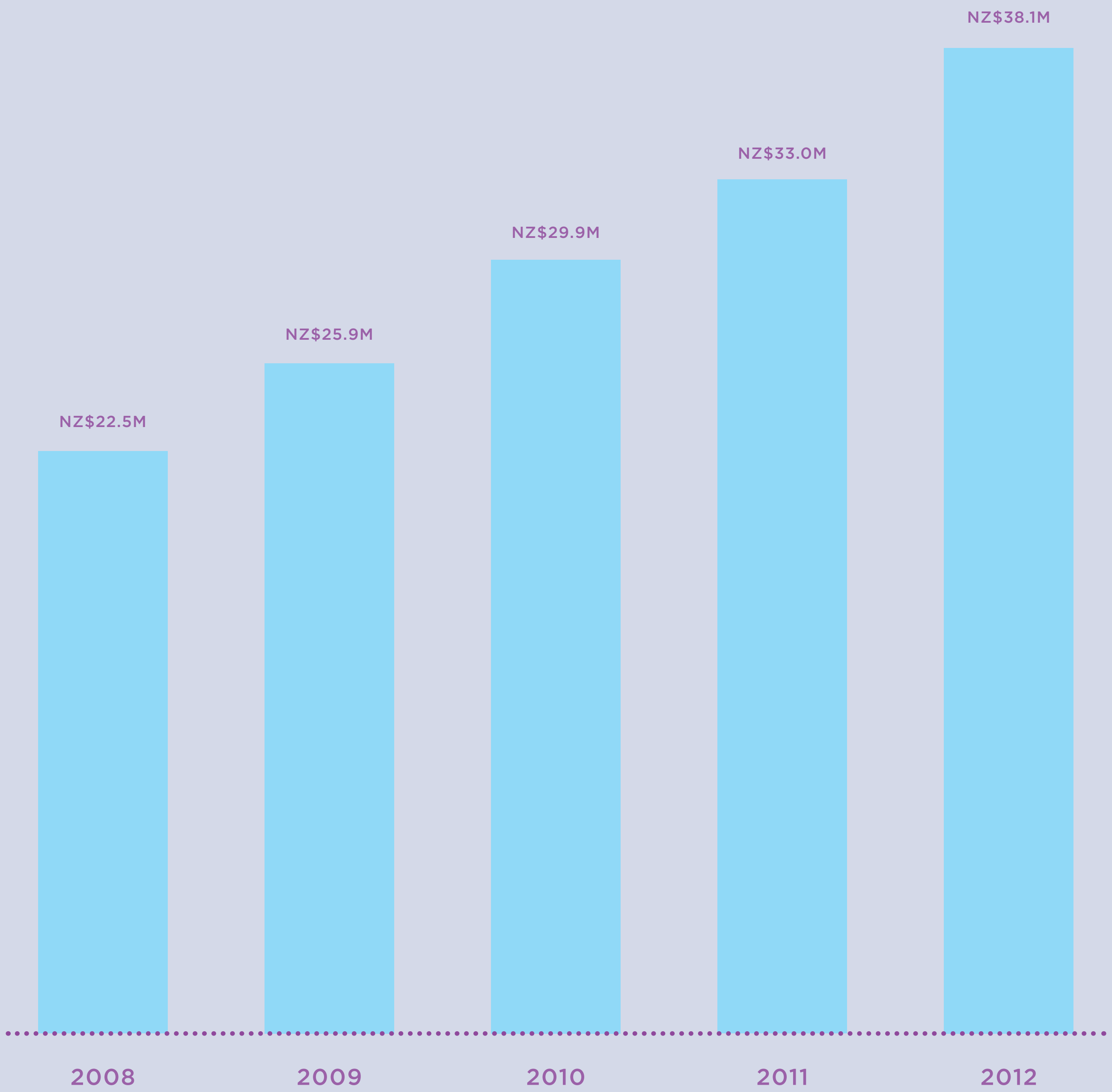
Peter Brook
Chairman

Josef Roberts
Group CEO

TOTAL SYSTEM SALES SALES TREND

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

TOTAL (UNAUDITED) SYSTEM SALES UP 15.5% TO $38,113,594



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.

BURGERFUEL WORLDWIDE REVENUE AND TRADING HISTORY

NET PROFIT UP FROM $33,513 TO $708,360

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

NEW ZEALAND/ AUSTRALIA

BURGERFUEL NEW ZEALAND SYSTEM SALES UP 5.0% TO $28,393,401

The New Zealand system has achieved positive sales growth of 5% in the face of tough economic conditions. No new stores were opened in New Zealand during this period, however, following the opening of Cuba Street, Wellington in early April this year (FY 2013) we have more stores planned as we look to expand the system. The Manukau store was recently relocated in July to a prime position closer to the action at 652 Great South Road. A new store is now open at The Base, New Zealand's largest shopping centre, to help satisfy the needs of the Hamilton public after the Victoria Street lease had finished.

Sydney's first BurgerFuel store in Newtown continues to operate under a single store franchise agreement. Currently, expansion in the Middle East remains the priority even though Australia is still viewed as a large market for BurgerFuel. Eventually, it is thought that a Master Licensee for Australia will be the most appropriate model moving forward.

CUBA STREET STAFF IN WELLINGTON SETTING UP BEFORE OPENING DAY

MALL OF EMIRATES, DUBAI, UAE

UNITED ARAB EMIRATES

BURGERFUEL MIDDLE EAST
UAE, SAUDI ARABIA AND IRAQ
SYSTEM SALES UP 110% TO $8,586,034

Expansion in Dubai has increased steadily, with a further 3 stores opened in Dubai during the reporting period. The Dubai Mall opened on 28 August 2011, followed quickly by openings of the Mirdif City Centre Mall (28 October 2011) and Dubai World Trade Centre (17 February 2012). In addition to this, the Mall of Emirates store opened on 12 July 2012 taking the total number of stores in Dubai to 5.

The Dubai Mall store was a great addition to the BurgerFuel system with a site overlooking the ice rink inside the world's largest shopping mall known to attract up to 750,000 visitors a week. Meanwhile, the Mirdif City Centre store opened as the first traditional food court store for BurgerFuel, opening a new store model and expansion style to fit in to the local environment dominated by large malls and shopping centres. Not to be outdone in terms of significance, BurgerFuel at the Dubai World Trade Centre opened to serve the 1 million square foot exhibition space during Gulfood, the world's largest annual trade exhibition for the food and hospitality industry.

The most recent store opening at the Mall of Emirates has provided a new store in close proximity to the entrance of one of the busiest cinema multiplexes in Dubai and, in true BurgerFuel fashion, by the remarkable concept of an indoor ski resort in the middle of the desert.

BurgerFuel's local partners, Al Khayyat Investments (AKI) have also entered a joint venture agreement with the Bin Hammoodah Group. The Bin Hammoodah Group is a substantial and long standing company in Abu Dhabi where procurement of prime locations is difficult. Their wider group interests include industrial services, computer and communication, civil construction, real estate management and manufacturing. They also operate other high profile brands in the area such as Chevrolet, GMC and Nortel Networks. They are currently undertaking a site selection process in Abu Dhabi.

SAUDI ARABIA

BURGERFUEL NOW OPEN IN THE "TRIPLET CITIES", RIYADH TO COME

AMWAJ MALL, DHAHRAN, SAUDI ARABIA

BurgerFuel in Saudi Arabia has expanded further, opening an additional 2 stores to the original 200 seater store in Al Khobar. BurgerFuel is now located in the 3 major retail areas of the Eastern Province; Dhahran, Dammam and Khobar known as the "triplet cities".

The Al Shatea Mall opened on 7 July 2011 in Dammam, which holds the largest port on the Persian Gulf. The Dhahran store in the Amwaj Mall opened on 18 October 2011 near the large Aramco compound, a dedicated expat community, as well as the King Fahad University of Petroleum and Minerals.

More stores are in the pipeline with the first store in the Saudi capital, Riyadh already under construction and widely anticipated by the local fans who have friends in the Eastern Province or have visited BurgerFuel stores themselves.

IRAQ

FIRST STORE IN IRAQ OPENED IN SULAYMANIYAH ON 22 JANUARY 2012

SULAYMANIYAH, IRAQ

On 22 January 2012 BurgerFuel opened its first store in Iraq. The new Iraq store opened in Sulaymaniyah, which is in Northern Iraq, the Kurdish speaking area known as Iraqi Kurdistan. Northern Iraq itself has a population of over 5 million people.

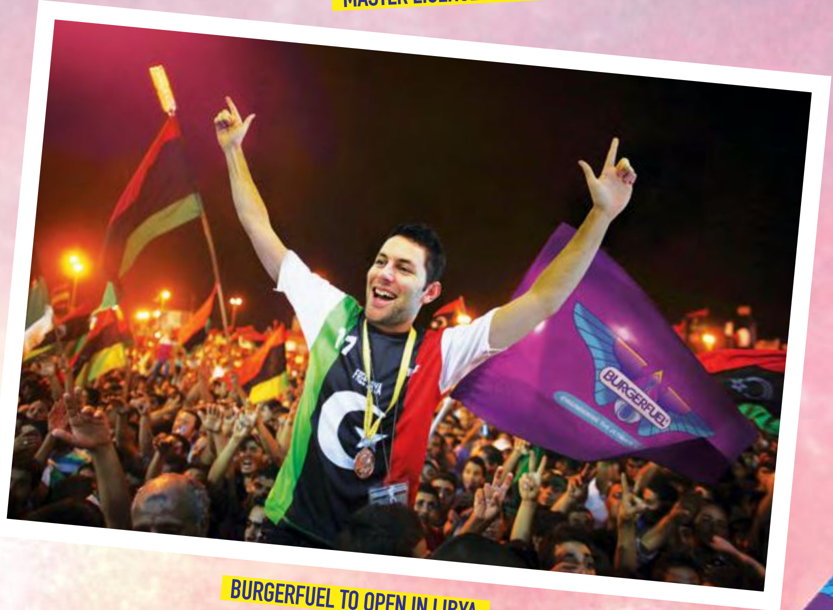
The Iraqi consortium who have bought the rights for BurgerFuel Iraq also own 50% of Iraq's North Bank financial institution as well as 50% of Pepsi Iraq.

Since opening, the Iraq store in Sulaymaniyah has already attracted the attention of high class society in the area with the Iraqi first lady, Hero Ibrahim Ahmed (pictured), already known as a regular customer at the country's first BurgerFuel.

THE FIRST LADY OF IRAQ WITH THE BURGERFUEL IRAQ CREW

JOSEF ROBERTS & CHRIS MASON WITH
MASTER LICENCE FRANCHISE HOLDER IN QATAR

JOSEF ROBERTS & CHRIS MASON WITH
MASTER LICENCE FRANCHISE HOLDERS FOR BAHRAIN



BURGERFUEL TO OPEN IN LIBYA

UPCOMING INTERNATIONAL TERRITORIES

BURGERFUEL ANNOUNCES THREE NEW MASTER LICENCE AGREEMENTS FOR EGYPT, QATAR AND LIBYA

During the year (FY 2012), 3 new territories were announced. These were in addition to the existing territories currently operating as well as existing agreements in place for Bahrain, which is held by the Saudi Arabian Master Licence holder - Abdulla Fouad Group and Abu Dhabi (UAE), which is under joint venture between Dubai Master Licence Holder AKI group and Bin Hammoodah Group.

On 29 September 2011, BurgerFuel announced an Egypt Master Licence agreement with well known Egyptian company; Wadi Degla who have business interests across telecommunications (EGYPRO) and property development sectors in addition to their Food & Beverage operations. They operate Egypt's largest and most prestigious private health, sports and leisure compounds. Each of the private health clubs houses 8-9 separate food concepts to service the 30,000 strong members' only community.

The Egyptian company also has a keen interest in football with ownership of Egyptian and Belgian premier league teams, both linked to the Arsenal development programme.

On 10 February 2012 BurgerFuel announced a partnership with the Al Siddiqi Group (SIG), well known in Qatar for a wide range of business activities. This includes the operation of a substantial hospitality portfolio with several premium food brands such as Biella, The Noodle House, Wafi Gourmet and the French restaurant chain Les Deux Magots. They will operate BurgerFuel in Qatar under a Master Licence agreement.

Shortly after the Qatar signing, another Master Licence agreement with the Sadeen General Trading Co based in Libya was announced on 27 March 2012. This well known local company operates the Il Caffe di Roma concept as well as a host of international brands such as Lavazza coffee, Villeroy & Boch and Italian mineral water - Ferrarelle. The group also represents Dornbracht, Bossini, Roca and an array of other high quality European brands.

BurgerFuel continues to export pure New Zealand grass fed beef to the Middle East and North Africa region, working to strengthen the overall business model and brand proposition.

THE BOARD

PETER BROOK

BCOM, ACA, CFIP

CHAIRMAN

MEMBER - BFW AUDIT COMMITTEE

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

Trustee of the Melanesian Mission Trust Board.

Member of the Institute of Finance Professionals New Zealand Incorporated.

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

JOSEF ROBERTS

GROUP CEO

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

Former CEO and Founder of Red Bull Australasia

CHRIS MASON

CEO INTERNATIONAL MARKETS

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

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

ALAN DUNN

INDEPENDENT DIRECTOR

CHAIRMAN - BFW AUDIT COMMITTEE

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

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

ANDREW KINGSTONE

BBS, CA, FCIS

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

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

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

staplesrodway
CHARTERED ACCOUNTANTS

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

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

Report on the Financial Statements

We have audited the financial statements of Burger Fuel Worldwide Limited ('the Company') and its Subsidiaries (together 'the Group') on pages 22 to 61, which comprise the Statements of Financial Position of the Company and Group as at 31 March 2012, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company and Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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 Company or Group.

Opinion

In our opinion, the financial statements on pages 22 to 61:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and Group as at 31 March 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2012:

i. we have obtained all the information and explanations that we have required; and

ii. In our opinion proper accounting records have been kept by the Company as far as appears from our examination of those records.

Staples Rodway

STAPLES RODWAY AUCKLAND
CHARTERED ACCOUNTANTS
AUCKLAND

21 May 2012

THE FINANCIALS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group 2012 $	Group 2011 $	Parent 2012 $	Parent 2011 $
Revenue	5	9,557,625	8,260,167	138,737	-
Operating Expenses	6	(8,656,155)	(8,097,141)	(158,204)	(4,143,459)
Surplus/(Loss) before interest, taxation, depreciation and amortisation		**901,470**	**163,026**	**(19,467)**	**(4,143,459)**
Depreciation	11	166,389	149,036	-	-
Amortisation	14	48,055	39,235	-	-
		214,444	188,271	-	-
Surplus/(Loss) before interest and taxation		**687,026**	**(25,245)**	**(19,467)**	**(4,143,459)**
Interest Income	24	38,483	65,410	19,467	840,000
Interest Expense		(1,678)	(6,652)	-	-
		36,805	58,758	19,467	840,000
Surplus/(Loss) before taxation		**723,831**	**33,513**	**-**	**(3,303,459)**
Income Tax Expense/(benefit)	7	15,471	-	-	(177,549)
Net Surplus/(Loss) attributable to shareholders		**708,360**	**33,513**	**-**	**(3,125,910)**
Other comprehensive income:					
Movement in Foreign Currency Translation Reserve	20	11,873	(157,390)	-	-
Total comprehensive income		**720,233**	**(123,877)**	**(3,125,910)**	**(3,125,910)**
Basic Net Earnings per Share (cents)	25	**1.32**	**0.06**	**-**	**-**
Diluted Earnings per Share (cents)	25	**1.32**	**0.06**	**-**	**-**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2012

		Group		Parent	
	Note	2012 $	2011 $	2012 $	2011 $
Shareholders' Equity					
Contributed equity	18	8,221,002	8,147,002	8,221,002	8,147,002
Retained Earnings	19	(3,655,271)	(4,548,430)	(4,906,126)	(4,906,126)
IPO capital costs	18	(223,432)	(223,432)	-	-
Other reserves	20	(319,807)	(146,881)	5,269	5,269
		4,022,492	**3,228,259**	**3,320,145**	**3,246,145**
Current assets					
Cash and cash equivalents	17	2,339,589	1,213,785	1,327,592	383,208
Trade and other receivables	9	1,286,873	1,218,811	-	-
Income Tax Receivable		-	1,035	5,553	3,281
Inventories	10	225,742	270,594	-	-
Loans	13	46,000	104,716	138,737	-
		3,898,204	2,808,941	1,471,882	386,489
Non-current assets					
Property, plant and equipment	11	746,215	831,942	-	-
Investment in subsidiaries	12	-	-	2	2
Deferred tax asset	7	34,769	-	-	-
Loans	13	184,000	540,698	1,848,261	2,859,654
Intangible assets	14	146,944	147,401	-	-
		1,111,928	1,520,041	1,848,263	2,859,656
Total assets		**5,010,132**	**4,328,982**	**3,320,145**	**3,246,145**
Current liabilities					
Trade and other payables	15	751,515	941,285	-	-
Income tax payable		42,049	-	-	-
Provisions	16	154,589	118,778	-	-
		948,153	1,060,063	-	-
Non-current liabilities					
Provisions	16	39,487	40,660	-	-
		39,487	40,660	-	-
Total liabilities		**987,640**	**1,100,723**	**-**	**-**
Net assets		**4,022,492**	**3,228,259**	**3,320,145**	**3,246,145**

For and on behalf of the board who approved these financial statements for issue on 21 May 2012

Director Director Director

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

GROUP

2012	Contributed Equity $	Foreign currency translation reserve $	Merger reserve $	IPO capital costs $	Share option reserve $	Retained earnings $	**Total equity $**
Balance as at 1 April 2011	8,147,002	(336,949)	184,799	(223,432)	5,269	(4,548,430)	**3,228,259**
Issue of ordinary shares	74,000	-	-	-	-	-	**74,000**
Transfer to Retained Earnings	-	-	(184,799)	-	-	184,799	**-**
Foreign currency translation reserve recognised in other comprehensive income	-	11,873	-	-	-	-	**11,873**
Net Surplus for the year ended 31 March 2012	-	-	-	-	-	708,360	**708,360**
Balance as at 31 March 2012	**8,221,002**	**(325,076)**	**-**	**(223,432)**	**5,269**	**(3,655,271)**	**4,022,492**

2011	Contributed Equity $	Foreign currency translation reserve $	Merger reserve $	IPO capital costs $	Share option reserve $	Retained earnings $	**Total equity $**
Balance as at 1 April 2010	8,063,002	(179,559)	184,799	(223,432)	5,269	(4,581,943)	**3,268,136**
Issue of ordinary shares	84,000	-	-	-	-	-	**84,000**
Foreign currency translation reserve recognised in other comprehensive income	-	(157,390)	-	-	-	-	**(157,390)**
Net Surplus for the year ended 31 March 2011	-	-	-	-	-	33,513	**33,513**
Balance as at 31 March 2011	**8,147,002**	**(336,949)**	**184,799**	**(223,432)**	**5,269**	**(4,548,430)**	**3,228,259**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

PARENT

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

2011	Contributed Equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	**Total equity**
	$	$	$	$	$	$	**$**
Balance as at 1 April 2010	8,063,002	-	-	-	5,269	(1,780,216)	**6,288,055**
Issue of ordinary shares	84,000	-	-	-	-	-	**84,000**
Net loss for the year ended 31 March 2011	-	-	-	-	-	(3,125,910)	**(3,125,910)**
Balance as at 31 March 2011	**8,147,002**	**-**	**-**	**-**	**5,269**	**(4,906,126)**	**3,246,145**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group 2012 $	Group 2011 $	Parent 2012 $	Parent 2011 $
Cash flows from operating activities					
Cash was provided from					
Receipts from customers		9,083,820	8,189,092	-	-
Interest received		38,483	65,410	19,467	9,739
Taxes received					
-Income tax		1,035	2,880	-	2,529
-Goods and services tax		34,541	226	-	-
		9,157,879	8,257,608	19,467	12,268
Cash was applied to					
Payments to suppliers & employees		(8,529,137)	(7,956,803)	(84,204)	(372)
Interest paid		(1,678)	(6,652)	-	-
Taxes paid - Resident withholding tax		(8,191)	-	(2,271)	-
		(8,539,006)	(7,963,455)	(86,475)	(372)
Net cash flows provided from / (applied to) operating activities	26	**618,873**	**294,153**	**(67,008)**	**11,896**
Cash flows from investing activities					
Cash was provided from					
Repayments from franchisees		645,414	96,815	-	-
Sale of Property, Plant and Equipment	11	791,660	254,901	-	-
		1,437,074	351,716	-	-
Cash was applied to					
Advances to franchisees		(230,000)	-	-	-
Acquisition of intangible assets	14	(47,598)	(17,259)	-	-
Acquisition of Property, Plant and Equipment	11	(614,494)	(437,303)	-	-
		(892,092)	(454,562)	-	-
Net cash flow provided from/(applied to) investing activities		**544,982**	**(102,846)**	**-**	**-**
Cash flows from financing activities					
Cash was provided from					
Loans to related parties		-	-	1,011,392	-
		-	-	1,011,392	
Cash was applied to					
Repayment of finance leases		-	(101,252)	-	-
		-	(101,252)	-	-
Net cash flow from/(applied to) financing activities		**-**	**(101,252)**	**1,011,392**	**-**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group 2012 $	Group 2011 $	Parent 2012 $	Parent 2011 $
Net movement in cash and cash equivalents		**1,163,855**	**90,055**	**944,384**	**11,896**
Exchange losses on cash and cash equivalants		**(38,051)**	**(35,016)**	**-**	**-**
Opening cash and cash equivalents		1,213,785	1,158,746	383,208	371,312
Closing cash and cash equivalents	17	**2,339,589**	**1,213,785**	**1,327,592**	**383,208**

The attached notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1) REPORTING ENTITIES AND STATUTORY BASE

Burger Fuel Worldwide Limited is a public company registered under the Companies Act 1993 and is listed with the New Zealand Alternative Stock Exchange (NZAX). The company is an issuer in terms of the Financial Reporting Act 1993 and the Securities Act 1978.

The financial statements presented are those of Burger Fuel Worldwide Limited (the 'Company' or the 'Parent Company') and its wholly owned subsidiaries Burger Fuel International Limited, Burger Fuel International Management Limited, BF Lease Company Limited, BF Lease Company No 2 Limited, BF Lease company No 3 Limited and Burger Fuel Limited (the 'Group' or 'Burger Fuel'). Kincro Holdings Pty Limited is a wholly owned subsidiary of Burger Fuel (Australia) Pty Limited, which is a wholly owned subsidiary of Burger Fuel International Limited. Burger Fuel Australia Pty Limited is a wholly owned subsidiary of Burger Fuel (Australia) No 2 Pty Limited, which is a wholly owned subsidiary of Burger Fuel International Management Limited.

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

2) BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Standards as appropriate for profit oriented entities. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and the Companies Act 1993, and its financial statements comply with these Acts. 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 23 of the Annual Report.

Basis of Measurement

The financial statements have been prepared on the basis of historical cost with the exception of financial instruments through profit or loss which are measured at fair value.

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 principle areas of judgments in preparing these financial statements are set out below:

Impairment of Receivables

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

Accounting for Income Tax

Preparation of the annual financial statements requires management to make estimates as to, amongst other things, the amount of tax that will ultimately be payable, the availability of losses to be carried forward and the amount of foreign tax credits it will receive. No previous deferred taxation was recognised in the financial statements given the carried forward losses. Deferred tax assets are now recognised for deductible temporary differences and unused tax losses (where applicable) only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3) SPECIFIC ACCOUNTING POLICIES

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

a) Basis of Consolidation

Subsidiaries

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

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

b) Revenue Recognition

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

Franchise Fees

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

Royalties

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

Training Fees

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

Advertising Income

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

Construction Management Fees

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

Dividends

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

Other Income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3) SPECIFIC ACCOUNTING POLICIES (continued)

c) Accounts Receivable

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

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

Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets.

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

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

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

Loans and receivables are derecognised when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Trade and other payables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3) SPECIFIC ACCOUNTING POLICIES (continued)

f) Investments

Investments in subsidiaries

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

g) Share Capital

Ordinary shares

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

h) Merger Reserves

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

i) Finance Income and Expense

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

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

j) Property, Plant and Equipment

Recognition and measurement

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

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

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

Subsequent costs

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

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

Motor Vehicles	18% - 36% diminishing value
Leasehold Improvements	9% - 26.4% diminishing value
Information Technology	33% - 67% diminishing value
Furniture & Fittings	11.4% - 60% diminishing value
Kitchen Equipment	14.4% - 39.6% diminishing value
Office Equipment	10% - 60% diminishing value

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3) SPECIFIC ACCOUNTING POLICIES (continued)

k) Leased Assets

Operating and Financing Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the future minimum lease payments, and are depreciated as described above. Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable in the Statement of Comprehensive Income on a straight line basis.

l) Intangible Assets

The Group's intangible assets have finite useful lives and are stated at cost less accumulated amortisation. The intangible assets are amortised in the Statement of Comprehensive Income on a straight line basis over the period during which benefits are expected to be derived, which is 10 years. Where there has been a permanent diminution in the value the balance has been written off in the Statement of Comprehensive Income.

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

m) Employee Benefits

Short-term benefits

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

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

Share based payments

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

Fair value

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

n) Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

3) SPECIFIC ACCOUNTING POLICIES (continued)

o) Impairment of non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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

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

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

p) Goods and Services Tax (GST)

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

q) Foreign Currency

Foreign currency transactions

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

Foreign operations

The assets and liabilities of foreign operations arising on acquisition are translated to New Zealand dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations, are translated to New Zealand dollars at average exchange rates.

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

r) Statement of Cash Flow

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

s) Earnings Per Share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

3) SPECIFIC ACCOUNTING POLICIES (continued)

t) Segment Reporting

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

Operating segments have been identified based on the information provided to the chief operating decision maker; being the executive management team.

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

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

4) NEW STANDARDS ADOPTED AND INTERPRETATIONS NOT YET ADOPTED

Standards and Interpretations effective in the current period.

The following new standards and amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2011, but are either not currently relevant for the Group or do not result in material accounting and/or disclosure changes:

a) NZ IFRS 24 Related Party Disclosure

IFRS 24 requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, and contained some minor changes to the definition of related parties.

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

Amendments to Standards

- NZ IFRS 10 'Consolidated Financial Statements' replaces NZ IAS 27 'Separate Financial Statements' and NZ SIC-12 'Consolidation – Special Purpose entities'. The objective of NZ IFRS 10 is to establish control as the single basis for consolidation for all entities, regardless of the nature of the investee. It is applicable for annual periods beginning on or after 1 January 2013.
- NZ IFRS 11 'Joint Arrangements'. NZ IFRS 11 'Joint Arrangements' supersedes NZ IAS 31 'Interests in Joint ventures" and NZ SIC-13 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It is applicable for annual periods beginning on or after 1 January 2013. NZ IFRS 11 classifies joint arrangements as either joint operations or joint ventures.
- NZ IFRS 12 'Disclosure of Interests in Other Entities" It is applicable for annual periods beginning on or after 1 January 2013
- NZ IFRS 13 Fair Value Measurement, clarifies the definition of fair value and provides further guidance.
- NZ IFRS 27 (revised 2011) – this includes amendments for the issue of NZ IFRS 10, but retains the current guidance for separate financial statements. It is applicable for annual periods beginning on or after 1 January 2013
- NZ IAS 1 Presentation of Financial Statements (amendment) require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b)will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012.
- NZ IAS 19 Employee Benefit (amendment). This includes changes to a number of disclosure and presentation changes and is applicable for annual periods beginning on or after 1 January 2013.
- NZ IAS 28 'Investments in Associates and Joint ventures' (revised 2011) – this has been amended for conforming changes based on the issue of NZ IFRS 10 and NZ IFRS 11.

All standards will be adopted at their effective date (except for those standards that are not applicable to the Group). The Board of Directors is of the opinion that the impact of the application of these standards will be minor or not currently quantifiable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

5) REVENUE

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Sales	4,918,830	4,817,789	-	-
Franchising Fees	1,013,206	190,922	-	-
Training Fees	35,124	56,511	-	-
Royalties	1,949,393	1,655,369	-	-
Advertising Fees	1,069,301	1,025,048	-	-
Construction Management Fees	42,255	30,000	-	-
Capital Gain on Sale of Assets				
(refer note 11)	386,750	-	-	-
Foreign Exchange Gains/(Losses)	(59,146)	136,811	-	-
Other income	201,912	347,717	138,737	-
	9,557,625	**8,260,167**	**138,737**	**-**

6) EXPENSES

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Operating expenses include:				
Cost of sales	3,042,481	2,643,937	-	-
Rental and operating lease costs	399,189	493,141	-	-
Loss on disposal of property, plant and motor vehicles	119,722	209,160	-	-
Provision for impairment	60,323	-		
Directors' fees	106,666	141,668	-	-
Wages and salaries	2,176,560	2,623,906	-	-
Key management personnel costs:				
(refer note 24)				
- Salary and other short-term benefits	803,500	809,000	-	-
Auditors remuneration				
– Audit Services – Staples Rodway:				
- Audit of financial statements	39,794	37,925	-	-
Impairment of Related Party Loans (refer 24)	-	-	-	843,087
Write off of Related Party Loans (refer 24)	-	-	-	3,300,000
Other operating expenses	1,907,920	1,138,404	158,204	372
	8,656,155	**8,097,141**	**158,204**	**4,143,459**

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 2012

7) INCOME TAX

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Surplus/(Loss) before income tax expense	723,831	33,513	-	(3,303,459)
Tax effect of amounts which are not deductible in calculating taxable income:				
Amortisation of intangible assets	48,055	10,248	-	-
50% entertainment	24,271	22,831	-	-
Accruals	4,164	(8,733)	-	-
Make good provision	(26,981)	9,175	-	4,143,088
Loan provision	-	-	-	-
Holiday pay not paid out within 63 days	46,289	(75,713)	-	-
Capital Gain on Sale of Assets	(386,750)	-		
Other	(67,239)	101,823	-	-
	(358,191)	**59,631**	**-**	**4,143,088**
Taxable profit	365,640	93,144	-	839,629
Tax losses utilised	(186,211)	(93,144)	-	(839,629)
Prima Facie Taxation @ 28% (2011: 30%)	50,240	-	-	-
Prior year tax adjustment	-	-	-	(177,549)
Deferred tax movement	(34,769)	-	-	-
Total income tax expense/(benefit) per statement of comprehensive income	**15,471**	**-**	**-**	**(177,549)**
Reconciliation of Deferred tax asset				
Deferred tax on temporary differences				
Opening Balance	-	-	-	-
Provision for employee benefits	43,285	-	-	-
Provisions for make good	1,010	-	-	-
Accruals	3,150	-	-	-
Prepayments	(12,676)	-	-	-
	34,769	-	-	-
Taxation expense/(benefit) is represented by:				
Current Tax	50,240	-	-	(177,549)
Deferred Tax	(34,769)	-	-	-
	15,471	**-**	**-**	**(177,549)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

7) INCOME TAX (continued)

The Group has $1,981,960 of losses to be carried forward (2011: $2,168,171). The potential benefit of these losses is $554,949 (2011:$650,451). The losses carried forward relate to the Australian operations. It is not likely that these will be able to utilised to reduce group liabilities as it is not probable that future taxable profit will be earned in Australia. The Parent company has no losses to carry forward as all the losses were subvented.

The Group has recognised a deferred tax asset of $34,769 (2011: $Nil) with respect to other timing differences. This has been recognised as it is probable that future taxable profit will be available to allow the asset to be utilised.

The weighted average tax rate of the Company and Group is effectively 26.60% (2011:30.0%) based on operating in New Zealand and Australia. There are no other tax jurisdictions, other than New Zealand and Australia, in which the Group earns taxable income.

8) IMPUTATION CREDITS

	Group		Parent	
	20112 $	2011 $	2012 $	2011 $
Opening Balance	17,063	20,169	3,275	5,804
Add				
Resident Withholding Tax	7,575	4,367	415	3,275
	7,575	4,367	415	3,275
Deduct				
Income Tax Refund Received	(4,367)	(7,473)	(3,275)	(5,804)
	(4,367)	(7,473)	(3,275)	(5,804)
Closing Balance	**20,271**	**17,063**	**415**	**3,275**

9) TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Trade receivables	1,256,532	991,155	-	-
Less Provision for impairment	(60,323)	-	-	-
Prepayments	45,275	104,128	-	-
GST receivable	7,733	44,105	-	-
Sundry receivables	37,656	79,423	-	-
	1,286,873	**1,218,811**	**-**	**-**

Receivables denominated in currencies other than the presentation currency comprise 0.39% of the trade receivables (2011: 2.4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

10) INVENTORIES

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Raw materials	**225,742**	**270,594**	**-**	**-**

11) PROPERTY, PLANT & EQUIPMENT

2012

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

The capital gain on sale recorded in the Statement of Comprehensive Income was due to the sale of the Burger Fuel mobile kitchen to the United Arab Emirates (UAE) master license agreement holder and the sale of other certain assets for the establishment of a new franchise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

11) PROPERTY, PLANT & EQUIPMENT (continued)

2012

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

11) PROPERTY, PLANT & EQUIPMENT (continued)

2011

Group	Motor vehicles $	Office Equipment $	Furniture and Fittings $	IT $
Cost				
Balance 1 April 2010	324,197	25,802	407,,875	217,563
Acquisitions	3,624	38,786	253,092	54,641
Disposals	(57,850)	-	(70,105)	(5,626)
Foreign exchange movement	580	-	3,936	370
Cost at 31 March 2011	**270,551**	**64,588**	**594,798**	**266,948**
Depreciation and Impairment Losses				
Balance 1 April 2010	224,915	21,313	181,170	170,920
Depreciation for the year	12,099	4,122	53,164	32,391
Effects of movements in foreign exchange rates	256	11	1,218	291
Balance 31 March 2011	**237,270**	**25,446**	**235,552**	**203,602**
Net Book Value				
Balance 1 April 2010	99,282	4,489	226,705	46,643
Depreciation charge	(12,099)	(4,122)	(53,164)	(32,391)
Additions	3,624	38,786	253,092	54,641
Disposals	(57,850)	-	(70,105)	(5,626)
Foreign exchange movement	324	(11)	2,718	79
Net Book Value at 31 March 2011	**33,281**	**39,142**	**359,246**	**63,346**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

11) PROPERTY, PLANT & EQUIPMENT (continued)

2011

Group	Kitchen Equipment $	Leasehold Improvements $	Total $
Cost			
Balance 1 April 2010	330,715	651,336	**1,957,488**
Acquisitions	2,754	84,406	**437,303**
Disposals	(48,026)	(282,469)	**(464,076)**
Foreign exchange movement	3,870	8,572	**17,328**
Cost at 31 March 2011	**289,313**	**461,845**	**1,948,043**
Depreciation and Impairment Losses			
Balance 1 April 2010	157,557	208,315	**964,190**
Depreciation for the year	23,608	23,652	**149,036**
Effects of movements in foreign exchange rates	1,099	-	**2,875**
Balance 31 March 2011	**182,264**	**231,967**	**1,116,101**
Net Book Value			
Balance 1 April 2010	173,158	443,021	**993,298**
Depreciation charge	(23,608)	(23,652)	**(149,036)**
Additions	2,754	84,406	**437,303**
Disposals	(48,026)	(282,469)	**(464,076)**
Foreign exchange movement	2,771	8,572	**14,453**
Net Book Value at 31 March 2011	**107,049**	**229,878**	**831,942**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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 2012	Interest Held 2011
BF Lease Company Limited	New Zealand	100%	100%
BF Lease Company No 2 Limited	New Zealand	100%	-
BF Lease Company No 3 Limited	New Zealand	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%
Kincro Holdings Pty Limited	Australia	100%	100%
Burger Fuel Australia Pty Limited	Australia	100%	100%

The principal activities of the subsidiaries are:

- BF Lease Company Limited – Head lease holder for the store premises in New Zealand
- BF Lease Company No 2 Limited – Head lease holder for a store premise in New Zealand
- BF Lease Company No 3 Limited – Head lease holder for a store premise in New Zealand
- Burger Fuel Limited – Franchise systems – gourmet burger restaurants
- Burger Fuel International Limited – Holds patents, trademarks and licences.
- Burger Fuel International Management Limited – Owns the Burger Fuel Australia operation, and holds the international Master Franchise Agreements
- Burger Fuel (Australia) Pty Limited – Non Trading
- Burger Fuel (Australia) No2 Pty Limited – Non Trading
- Burger Fuel Australia Pty Limited – Gourmet burger restaurant in New South Wales
- Kincro Holdings Pty Limited – Lease holder for the store premises in Australia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

13) LOANS

	Group 2012 $	Group 2011 $	Parent 2012 $	Parent 2011 $
Loans to Franchisees				
Loan to Harakoa Pty Limited	-	250,168	-	-
Loan to Pari Mutuel Limited	-	96,527	-	-
Loan to Fuel Race Team Limited	-	222,100	-	-
Loan to Xotic Burgers Limited	37,671	77,151	-	-
Loan to Janeron Limited	-	15,146	-	-
Loan to VLJK Limited	-	51,895	-	-
Loan to Bosniakiwi Limited	-	55,000	-	-
Loan to Retrop Limited	230,000	-	-	-
Loans to Related Parties				
Loan to Burger Fuel Limited (refer note 24)	-	-	1,590,00	-
Loan to BF Lease Company Limited (refer note 24)	-	-	-	5,220,391
Loan to Burger Fuel International Management Limited (refer note 24)	-	-	138,737	-
Loan to Burger Fuel International Limited (refer note 24)	-	-	258,261	882,350
	267,671	767,987	1,986,998	6,102,741
Provision against franchisee loans	(37,671)	(122,573)	-	-
Provision against intercompany loans (refer note 24)	-	-	-	(3,243,087)
Total loans	**230,000**	**645,414**	**1,986,998**	**2,859,654**
Current	46,000	104,716	138,737	-
Non-current	184,000	540,698	1,848,261	2,859,654
	230,000	**645,414**	**1,986,998**	**2,859,654**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

13) LOANS (continued)

Loan to Hakaroa Pty Limited

Harakoa Pty Limited is a registered Australian company. The loan was secured by way of a guarantee by Jack Ngawiki Tuhi and was subject to an interest rate of 10% p.a. if requested (as at balance date interest had not been requested) by the sole discretion of the franchisor and subject to certain terms and conditions of the franchise agreement. The loan was repaid in full during the year.

Loan to Pari Mutuel Limited

This was an advance to assist in setting up a franchise in July 2004. The loan was unsecured, had an interest rate of 10% pa and subject to certain terms and conditions of the franchise agreement. The loan was repayable in equal instalments over the remaining term of the franchise agreement. The loan was repaid in full during the year.

Loan to Fuel Race Team Limited

The loan was unsecured, had an interest rate of 10% pa and subject to certain terms and conditions of the franchise agreement. The loan was repayable over the term of the franchise agreement and was repayable on demand. A provision was made against the loan in the prior year of $91,573 as the directors consider full repayment of this loan to be doubtful based on future cashflow budgets. The loan was written off in the current financial year.

Loan to Xotic Burgers Limited

This was an advance to assist in further development of the franchisee and this store. The loan is unsecured and is repayable over the term of the franchise agreement. A provision was made against the loan of $37,671 as the directors consider full repayment of this loan to be doubtful based on future cashflow budgets.

Loan to Janeron Limited

The loan was unsecured, had an interest rate of 5% pa and subject to certain terms and conditions of the franchise agreement. The loan was repayable over the term of the franchise agreement. This loan was repaid in full during the year.

Loan to VLJK Limited

The loan was unsecured, had an interest rate of 8.5% pa and subject to certain terms and conditions of the franchise agreement. The loan was repayable over the term of the franchise agreement. This loan was repaid in full during the year.

Loan to Bosniakiwi Limited

The loan was unsecured, had an interest rate of 8.5% pa and subject to certain terms and conditions of the franchise agreement. The loan was repayable over the term of the franchise agreement. A provision was made in the prior year respect of this for $31,000 as the directors consider full payment of this loan to be doubtful based on the terms surrounding the loan and store fit out costs. During the year the $24,000 of the outstanding amount was settled through the acquisition and exchange of assets. The outstanding balance was written off.

Loan to Retrop Limited

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

Loan to Burger Fuel Limited

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

Loan to Burger Fuel International Limited

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

Loan to BF Lease Company Limited

Burger Fuel Lease Company Limited is a subsidiary company. The loan is unsecured and repayable on demand. Interest on this advance is fixed at 10% p.a.

Loan to Burger Fuel International Management Limited

Burger Fuel International Management Limited is a subsidiary company. The loan represents the subvention receivable. There is no interest charged and it is repayable by 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

14) INTANGIBLE ASSETS

2012

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

2011

Group	Key Money $	Domain Name $	Patent $	Trademarks $	Total $
Cost					
Balance 1 April 2010	67,500	10,965	20,776	218,738	317,979
Acquisitions	-	1,145	-	16,114	17,259
Balance at 31 March 2011	**67,500**	**12,110**	**20,776**	**234,852**	**335,238**
Amortisation					
Balance 1 April 2010	34,609	9,132	14,152	90,709	148,602
Current year amortisation	10,248	1,688	2,078	25,221	39,235
Balance 31 March 2011	**44,857**	**10,820**	**16,230**	**115,930**	**187,837**
Net Book Value					
Balance 1 April 2010	32,891	1,833	6,624	128,029	169,377
Additions	-	1,145	-	16,114	17,259
Amortisation	(10,248)	(1,688)	(2,078)	(25,221)	(39,235)
Net Book Value at 31 March 2011	**22,643**	**1,290**	**4,546**	**118,922**	**147,401**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

15) TRADE AND OTHER PAYABLES

	Group 2012 $	Group 2011 $	Parent 2012 $	Parent 2011 $
Trade payables	702,813	861,910	-	-
Accrued expenses	48,702	79,375	-	-
	751,515	**941,285**	**-**	**-**

Payables denominated in currencies other than the presentation currency comprise 2.00% of the trade payables (2011:24.7%).

16) PROVISIONS

	Group 2012 $	Group 2011 $	Parent 2012 $	Parent 2011 $
Store Closure Provision				
Opening balance	40,660	125,285	-	-
Provisions made during the year	45,340	8,444	-	-
Provisions used during the year	(2,343)	(93,069)	-	-
Provisions reversed during the year	(44,170)	-	-	-
	39,487	**40,660**	**-**	**-**
Holiday Pay Provision				
Opening balance	118,778	160,561	-	-
Provisions made during the year	52,884	(11,029)	-	-
Provisions used during the year	(17,073)	(30,754)	-	-
	154,589	**118,778**	**-**	**-**
Total provisions	**194,076**	**159,438**	**-**	**-**
Non-current	39,487	40,660	-	-
Current	154,589	118,778	-	-
Total provisions	**194,076**	**159,438**	**-**	**-**

Store Closure Provision

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

Holiday Pay Provision

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

17) CASH AND CASH EQUIVALENTS

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Cash at bank	2,063,750	1,075,316	1,327,592	365,779
Cash on deposit	275,839	138,469	-	17,429
	2,339,589	**1,213,785**	**1,327,592**	**383,208**

18) CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	2012	2011	2012 $	2011 $
Opening ordinary shares on issue	53,407,647	53,210,000	8,147,002	8,063,002
Shares issued	189,744	197,647	74,000	84,000
Authorised Ordinary shares on issue at 31 March	**53,597,391**	**53,407,647**	**8,221,002**	**8,147,002**
Less: IPO Capital Costs			(223,432)	(223,432)
Contributed Equity			**7,997,570**	**7,923,570**

Burger Fuel Worldwide Limited was listed on the New Zealand Alternative Stock Exchange on the 27 July 2007. The Company has 53,597,391 authorised and fully paid ordinary shares on issue. All shares have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

19) RETAINED EARNINGS

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Retained Earnings/(Accumulated Losses)				
Opening balance	(4,548,430)	(4,581,943)	(4,906,126)	(1,780,216)
Transfers from Merger Reserves	184,799	-	-	-
Net surplus/(deficit) for the year	708,360	33,513	-	(3,125,910)
Closing balance	**(3,655,271)**	**(4,548,430)**	**(4,906,126)**	**(4,906,126)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

20) OTHER RESERVES

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Foreign Currency Translation Reserve				
Opening Balance	(336,949)	(179,559)	-	-
Movements	11,873	(157,390)	-	-
Closing balance	**(325,076)**	**(336,949)**	**-**	**-**
Merger Reserves				
Opening Balance	184,799	184,799	-	-
Movements (Transfers to Retained Earnings)	(184,799)	-	-	-
Closing balance	**-**	**184,799**	**-**	**-**
Share Option Reserve				
Opening Balance	5,269	5,269	5,269	5,269
Movements	-	-	-	-
Closing balance	**5,269**	**5,269**	**5,269**	**5,269**
Total Reserves	**(319,807)**	**(146,881)**	**5,269**	**5,269**

Nature and purpose of reserves

Foreign Currency Translation Reserve

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

Merger Reserves

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

Share Option Reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Significant Accounting Policies

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

Categories of financial instruments

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Financial assets				
Loans and receivables (including cash and cash equivalents)	3,765,798	3,201,617	3,320,143	3,246,143
Other Financial liabilities				
Trade Payables	702,813	861,910	-	-

Financial risk management objectives

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

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

Foreign currency risk management

The Groups foreign exchange risk is limited to its US dollar bank account. It maintains minimal amounts in this account and transfers funds when foreign exchange rates are favourable. Invoicing to foreign parties is done in New Zealand dollars with payment due in New Zealand dollars thus moving the foreign exchange risk to the counterparty.

Foreign currency sensitivity analysis

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

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

GROUP & PARENT	10% strengthening		10% weakening	
	2012 $	2011 $	2012 $	2011 $
Profit or (Loss)	154	2,487	(169)	(2,736)

Interest rate sensitivity analysis

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

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's operating result for the year ended 31 March 2012 would have not changed, as the group was not exposed to floating interest rates on borrowings. The group has no borrowings and as such its interest rate risk is limited to the movements in the official cash rate and its effect on the interest earned on the Company and Groups cash and cash equivalent accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk

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

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

Interest Rate Risk Profile

Group

2012

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

2011

Group	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year $	Non interest bearing $	Total $
Financial assets					
Cash and cash equivalent	0.72%	-	1,213,785	-	1,213,785
Loans to franchisees	8.90%	-	318,627	-	318,627
Loans to franchisees	-	-	326,787	326,787	326,787
Trade receivables	-	-	1,219,846	1,219,846	1,219,846
			3,079,045	**1,546,623**	**3,079,045**
Financial Liabilities					
Trade payables	-	-	861,910	861,910	861,910
			861,910	**861,910**	**861,910**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk Profile (continued)

Parent

2012

	Weighted average effective interest rate %	Less than 1 year $	Non interest bearing $	Total $
Financial assets				
Cash and cash equivalent	4.22%	1,327,592	-	1,327,592
Related party receivables	10.00%	1,848,211	138,787	1,986,998
		3,175,803	**138,787**	**3,314,590**

2011

	Weighted average effective interest rate %	Less than 1 year $	Non interest bearing $	Total $
Financial assets				
Cash and cash equivalent	5.00%	383,208	-	383,208
Related party receivables	10.00%	2,859,654	-	2,859,654
		3,242,862	**-**	**3,242,862**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk

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

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

The Company and Group do not have any significant credit risk exposure other than trading banks. Concentration of credit risk did not exceed 15% of gross monetary assets at any time during the year ended 31 March 2012 or 31 March 2011. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Cash and Bank Balances	2,339,589	1,213,785	1,327,592	383,208
Loans, Advances and Receivables	1,426,209	1,987,832	1,992,551	2,862,935

Maximum exposures are net of any recognised provisions, and at balance date no loans, advances or receivables are past due or considered to be impaired (2011: Nil).

Cash

The Company and Group places all cash deposits with the ANZ National Bank Limited and ASB Limited in New Zealand and the ANZ Bank Limited and CBA Bank Limited in Australia.

Receivables

The Company and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital Management

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

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

Fair Values

The carrying amount of cash and advances reflect their fair values. There are no off Statement of Financial Position financial instruments, to which the Company or Group is a party, in place at balance date (2011: Nil).

Liquidity Risk

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

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

(a) Cash, Bank Balances and Trade Creditors

The carrying amounts of these balances are equivalent to their approximate fair value.

(b) Receivables

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

Burger Fuel 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 2012

22) COMMITMENTS

Lease Commitments

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

Group	2012 Total future minimum payments $	2011 Total future minimum payments $
Less than one year	1,309,855	1,225,932
Between one and five years	1,955,794	3,109,159
More than five years	-	240,638
	3,265,649	**4,575,729**

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Burger Fuel holds the head lease over all of its Franchisee sites with the exception of Takapuna, and in turn licenses each of these sites to its Franchisees under the same terms and conditions.

Capital Commitments

At 31 March 2012, capital expenditure amounting to $Nil (2011: Nil) had been committed under contractual arrangements with substantially all payments due within one year.

Indemnity / Guarantees

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

Group	2012 Total future minimum payments $	2011 Total future minimum payments $
Datacom – BF Lease Company Limited	-	40,000
NZX Bond	20,000	15,000
Bond for Newtown Premises	37,131	25,740
Bond for Kings Cross Premises	-	31,000
Bond for Shell Card	-	2,000
	57,131	**113,740**

23) CONTINGENCIES

The only contingent liabilities in existence at balance date pertain to the unexpired lease term of the New Zealand stores where Burger Fuel Limited holds the head lease, which it has in turn subleased to a franchisee on the same terms and conditions. The financial affect of this contingent liability is unable to be determined accurately given the remaining term of the lease and varied trading performance of the stores. At balance date, the total value of lease commitments under this arrangement was $2,524,001 (2011: $3,613,206).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

24) RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the year the following related party transactions took place:

	Relationship	Nature of transaction	2012 $	2011 $
Group				
Redmond Enterprises	Common Directorship	Consultancy Expenses	200,000	120,000
Trumpeter Consulting Limited	Common Directorship	Consultancy & Directors Fees	78,666	61,667
Parent				
Burger Fuel International Limited	Subsidiary	Advance/(Repayment)	(624,089)	224,537
Burger Fuel International Management Limited	Subsidiary	Subvention Receivable	138,737	-
Burger Fuel Limited	Subsidiary	Advance	1,590,000	-
BF Lease Company Limited	Subsidiary	Repayment	(1,977,304)	(140,502)
BF Lease Company Limited	Subsidiary	Interest Received	-	830,051
BF Lease Company Limited	Subsidiary	Related Party Provision	-	(843,087)
BF Lease Company Limited	Subsidiary	Related Party Write Off	-	(3,300,000)
The Parent has the following balances receivable from related parties as at 31 March				
Burger Fuel Limited	Subsidiary		1,590,000	-
Burger Fuel International Limited	Subsidiary		258,261	882,350
Burger Fuel International Management Limited	Subsidiary		138,737	-
BF Lease Company Limited	Subsidiary		-	5,220,391
Provision against Intercompany Loan			-	(3,243,087)
			1,986,998	**2,859,654**

A provision was made against the loan from Burger Fuel Worldwide Limited to BF Lease Company Limited for $3,243,087 in the 2011 year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

24) RELATED PARTY TRANSACTIONS (continued)

Key Management Compensation

Key management includes directors and members of the executive team. The compensation paid or payable to key management for employee services is shown below:

	2012 $	2011 $
Salaries and other short-term employee benefits	729,500	725,000
Share based payments	74,000	84,000
	803,500	**809,000**

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

	Relationship	Nature of transaction	2012 $	2011 $
Peter C Brook	Director	Acquisition of Shares - Directors Fees -76,923 shares @ .39 (2011 – 70,588 shares @ .425)	30,000	30,000
Alan M Dunn	Director	Acquisition of Shares – Directors fees & Consultancy Services – 112,821 shares @ .39 (2011 – 87,059 shares @ .425)	44,000	37,000
Andrew P Kingstone	Officer	Acquisition of Shares – Payment in Lieu of Bonus – 10,000 shares @.425	-	4,250
Paul Devereux	Officer	Acquisition of Shares – Payment in Lieu of Consultancy Services 10,000 shares @.425	-	4,250
Mark Piet	Officer	Acquisition of Shares – Payment in Lieu of Bonus – 20,000 shares @ .425	-	8,500

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

25) EARNINGS PER SHARE

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

	2012 $	2011 $
Surplus attributable to the owners of the Group	708,360	33,513
Weighted average number of ordinary shares on issue	53,528,251	53,289,059
Basic earnings per share (cents)	1.32	0.06
Diluted earnings per share (cents)	1.32	0.06

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 2012

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

	Group		Parent	
	2012 $	2011 $	2012 $	2011 $
Net surplus/(loss) after tax	708,360	33,513	-	(3,125,910)
Add: Non-cash items				
Amortisation	48,055	39,235	-	-
Depreciation	166,389	149,036	-	-
Issue of shares	74,000	84,000	74,000	84,000
Prior year tax adjustment	-	-	-	(177,549)
Write off of related party loans	-	-	-	3,300,000
Loans from related parties	-	-	-	(914,255)
Deferred tax asset	(34,768)	-	-	-
Loss/(gain) on sale of property, plant and equipment	119,722	209,160	-	-
Unrealised exchange loss / (gain)	59,146	(136,811)	-	-
Loan Provision/(write-off)	-	-	-	843,087
	432,544	344,620	74,000	3,135,283
Add items classified as investing or financing activities				
Capital gain on sale of assets	(386,750)	-	-	-
Add: Working capital movements				
(Increase)/ decrease in trade and other receivables	(68,063)	40,432	-	2,523
(Increase)/decrease in inventories	44,852	(80,750)	-	-
Increase / (decrease) in taxation payable	43,084	6,484	(2,271)	-
Increase/(decrease) in accounts payable and accruals and provisions	(155,154)	(50,146)	(138,737)	-
	(135,281)	(83,980)	(141,008)	2,523
Net cash flows provided from / (applied to) operating activities	**618,873**	**294,153**	**(67,008)**	**11,896**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

27) SEGMENT REPORTING

Geographical Segments

The Group operates in three operating segments, these operating segments have been divided in to the following geographical regions, New Zealand, Australia, and the Middle East. All the segments operations are made up 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 measures in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

2012

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

27) SEGMENT REPORTING (continued)

2011

	New Zealand	Australia	Middle East	Consolidated
	$	$	$	$
Revenue				
Sales	3,484,600	743,054	590,135	4,817,789
Royalties	1,407,942	71,913	175,514	1,655,369
Franchising fees	35,000	-	155,922	190,922
Training fees	15,000	-	41,511	56,511
Construction management fees	-	-	30,000	30,000
Advertising fees	938,707	48,229	38,112	1,025,048
Foreign exchange gain	-	153,461	(16,650)	136,811
Sundry income	180,298	6,139	161,280	347,717
Interest received	40,744	24,613	53	65,410
Total Revenue	**6,102,291**	**1,047,409**	**1,175,877**	**8,325,577**
Interest Expense	**11,902**	**(5,250)**	**-**	**6,652**
Depreciation	**112,688**	**36,348**	**-**	**149,036**
Amortisation	**10,248**	**-**	**28,987**	**39,235**
Income tax expense	**-**	**-**	**-**	**-**
Segment Result	**224,766**	**(198,007)**	**6,754**	**33,513**
Segment Assets	**2,874,589**	**623,389**	**831,004**	**4,328,982**
Segment Liabilities	**2,930,154**	**(3,006,096)**	**1,176,665**	**1,100,723**

28) SUBSEQUENT EVENTS

There have been no material events subsequent to balance date (2011: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

29) ACQUISITION OF SUBSIDIARIES

2012

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

2011

There were no material acquisitions of subsidiaries during the 2011 financial year. Three new entities were established with nominal share capital, and were non-trading at 31 March 2011. They were:

- Burger Fuel International Management Limited (Incorporated in New Zealand)
- Burger Fuel (Australia) No2 Pty Limited (Incorporated in New Zealand)
- Burger Fuel Australia Pty Limited (Incorporated in Australia)

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2012

Remuneration of Directors	2012 12 Months $	2011 12 Months $
Peter Brook*	60,000	80,000
Christopher Mason	200,000	200,000
Josef Roberts	200,000	120,000
Alan Dunn*	78,666	61,667

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

Remuneration of Employees (Excluding Executive Directors)	2012 12 Months Number of Employees	2011 12 Months Number of Employees
$130,000 - $140,000	1	1

Statement of Directors and Officers Interests

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

	Beneficially held at 31/3/12	Non-beneficially held at 31/3/12	Beneficially held at 31/3/11	Non-beneficially held at 31/3/11
Peter Brook	300,011	-	223,088	-
Christopher Mason	10,685,711	-	22,018,132	-
Josef Roberts	43,980,764	-	24,725,532	-
Alan Dunn	332,380	-	219,959	-
Andrew Kingstone (Officer)	40,000	-	35,500	-
Mark Piet (Officer)	20,000	-	20,000	-

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2012

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 14 June 2012 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	46,723,664	87.18%

The total number of voting securities of the Company on issue at 31 March 2012 was 53,597,391 fully paid ordinary shares.

Twenty Largest Security Holders as at 14 June 2012

Shareholder	Number of Shares	%
Mason Roberts Holdings Limited	46,723,664	87.18%
Trumpeter Consulting Limited	374,656	0.70%
Peter Brook	336,596	0.62%
Michael Daniel, Nigel Burton & Michael Benjamin	160,000	0.30%
Motu Trustee Pty Limited	115,000	0.21%
Ginostra Capital Pty Limited	100,000	0.19%
Grant Samuel & Associates Limited	100,000	0.19%
Private Nominees Limited	77,500	0.14%
Tea Custodians	76,830	0.13%
Sterling Nominees Limited	51,431	0.10%
Andrew Kingstone, Graeme Kingstone, & James Smellie	40,000	0.07%
Roy Sunde	40,000	0.07%
Emmet Hobbs	32,500	0.06%
Beverly Dorman, Carl Howard-Smith & Pamela Howard-Smith	32,500	0.06%
John Mandeno & Lynette Dunn	30,000	0.06%
Simon Anthony Wagg	27,000	0.05%
Chris Mills	26,000	0.05%
Robyn Philippa Joy Fendall	25,000	0.05%
Benjamin James Long	25,000	0.05%
Ray Steven Urlich	25,000	0.05%
	48,418,677	**90.33%**

The attached notes form part of these financial statements

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2012

Domicile of Security Holdings

	Number of Holders	Number of Shares	%
New Zealand	2,453	53,199,440	99.26%
Australia	65	266,571	0.50%
Austria	2	3,500	0.01%
Canada	2	2,000	0.00%
France	2	3,500	0.01%
Hong Kong	1	1,000	0.00%
Italy	1	1,000	0.00%
Singapore	1	2,000	0.00%
Taiwan	1	1,000	0.00%
United Arab Emirates	2	23,000	0.04%
United States of America	11	28,100	0.05%
United Kingdom	16	280	0.13%
	2,557	**53,597,391**	**100%**

Spread of Security Holders

Shareholding Size	Number of Holders	Total Shares Held	%
1 – 99	2	100	0.00%
200 – 499	94	36,335	0.07%
500 – 999	60	39,950	0.07%
1,000 – 1,999	1,567	1,677,547	3.12%
2,000 – 4,999	545	1,304,547	2.43%
5,000 – 9,999	174	949,134	1.80%
10,000 – 49,999	106	1,547,462	2.88%
50,000 – 99,999	1	51,431	0.09%
100,000 – 499,999	7	1,267,221	2.36%
1,000,000 – 50,000,000	1	46,723,664	87.18%
	2,557	**53,597,391**	**100.00%**

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2012

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'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 Burger Fuel 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.

The Board monitors financial results and compares them to annual plans and forecasts 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 2 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 14 June 2012, there were four Directors, 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.

Audit Committee

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

(i) Risk Management

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

(ii) Additional Assurance

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

(iii) Share Trading Policy

The Company has adopted a formal Securities Trading Policy ("Policy") to address insider trading requirements under the Securities Markets Act 1988 (as amended by the Securities Markets Amendment Act 2006 and the Securities Markets Regulations 2007). The Policy is modelled on the Listed Companies Association Securities Trading Policy and Guidelines and is administered by the Audit Committee and restricts share trading in a number of ways.

(iv) Insurance and Indemnification

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

The attached notes form part of these financial statements

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2012

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings
Peter Brook (Chair)	6	3
Josef Roberts	6	3
Chris Mason	5	1
Alan Dunn	6	3
Officers		
Andrew Kingstone (Chief Financial Officer/ Co Sec)	6	3
Mark Piet (Financial Accountant)	1	0

Constitution

A full copy of the Company's constitution is available on the Company's internet 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 and the Chief Financial Officer/Company Secretary.

The Chairman receives an annual fee of $60,000 and each independent, non-executive Director will receive an annual fee of $50,000. The Company Secretary attends to all company secretarial and corporate governance matters.

Conflict of Interest

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

COMPANY DIRECTORY
AS AT 31 MARCH 2012

Registered Office

Grant Thornton New Zealand Limited
152 Fanshawe Street
Auckland

Company Number

1947191

Date of Incorporation

14 June 2007

Directors

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

Board Executives

Andrew Kingstone (Chief Financial Officer/Company Secretary)

Accountant

Grant Thornton New Zealand Limited
Level 4
152 Fanshawe Street
Auckland

Bankers

ANZ National Bank Limited
ASB Bank Limited

CBA Bank Limited (Australia)

ANZ Bank Limited (Australia)

Solicitors

Kensington Swan
18 Viaduct Harbour Avenue, Auckland

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

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

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

Business Headquarters

Level 3
66 Surrey Crescent
Grey Lynn
Auckland

Auditor

Staples Rodway
Level 9, Tower Centre
45 Queen Street
Auckland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