



ENGINEERING THE ULTIMATE BURGER



BURGERFUEL

**BURGERFUEL
WORLDWIDE LIMITED
ANNUAL REPORT 2011**



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011



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ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2011

The directors of BurgerFuel Worldwide Limited (BFW) report a profit of \$33,513 for the twelve month period to 31 March 2011.

The profit compares with a loss of (\$552,983) for the same period last year.

The 2011 financial year saw a determined focus to bring the group out of negative trading and into a break-even (slightly profitable) position. This was primarily achieved by a number of key initiatives, namely:

- 1) Solid trading in the Middle East where further store expansion is now underway.
- 2) Consolidation of the existing New Zealand stores and a focus on system health and franchisee profitability.
- 3) Implementation of company and system wide cost efficiency initiatives.
- 4) Closure of the company owned Kings Cross store in Sydney and a reduction of overheads in Australia.

Previous years reported results comparison:

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

BFW results for the year ended 31 March 2011

	Year End 2011
	\$(000's)
Total Revenue	8,326
Total Expenses	(8,292)
Profit	34

Total (unaudited) system sales up 10.3% to \$33,002,131

BFW's royalty earnings correlate directly to growth in BurgerFuel system sales.

Details by geographic region are reported as follows.

MIDDLE EAST (reported in \$NZD)

BurgerFuel Middle East - United Arab Emirates and Kingdom of Saudi Arabia (un-audited) system sales up 394% to \$4,082,989

During the year to 31 March 2011 the group opened its second Middle East store under a master license agreement in Dubai, adding to its first store in Saudi Arabia. Both Middle Eastern stores are trading well and currently a further 4 stores have been confirmed for construction in Dubai, a further 2 stores in Saudi Arabia and 1 store in the new territory of Kurdistan, Northern Iraq. In total therefore a further 7 stores are expected to open in the Middle East during the 2012 financial year.

Exports to Middle East

BurgerFuel continues to export all its beef from New Zealand to the Middle East. Consistent procedures around exports and regular shipping lines have now been established ensuring that beef and other proprietary dry goods, along with proprietary construction shop fit out items are now regularly shipped to various ports in the Middle East. Exports are expected to grow in accordance with store growth in those regions. We are however mindful of the strong NZD against the USD. Should this remain at such record levels, it may affect our ability to compete in some export markets with our beef exports.

NEW ZEALAND

BurgerFuel NZ (un-audited) system sales up 0.9% to \$27,042,201

Sales growth in NZ was lower than anticipated due to the closure of the Bayfair Store on 11 April 2010 and subsequent relocation to Mt Maunganui, reopening on 6 December 2010. In accordance with the NZ store consolidation strategy previously outlined there were no new stores opened during the year in NZ. Although the economic conditions in NZ remain uncertain, it is the intention that some new franchised stores may open in NZ in the current year. These will be announced if and when unconditional commitments for these new stores are made.

ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2011

AUSTRALIA (reported in \$NZD)

BurgerFuel Australia (un-audited) system sales down 18.6% to \$1,876,941

The decline in system sales in Australia was caused by the closure of the company owned Kings Cross store in November 2010, this also affected BFW revenue. As previously advised the directors are of the view that expansion in Australia at this time under the direct ownership model is not economic due to the rising operational costs in that country, particularly the labour costs which have risen by more than 50% during the past 4 years.

The Newtown store remains operational in Sydney and at this point that store will be retained and operated under franchise. It is the intention to eventually move toward a master license system in that country, operating the same model as in the Middle East and accordingly reducing the need for the Group's capital to be utilised for store building and operational funding.

BFW OUTLOOK

During this financial year BFW remains focused on growing the franchised system throughout New Zealand and in other countries particularly in the Middle East. The Group has expended resources and capital to establish the Middle East as a key market territory and this region is now starting to show returns.

The construction of more stores will significantly enhance the BurgerFuel brand presence in that region as well as start to increase distribution and scale. Other countries in the Middle East are also under consideration where establishment will be by way of sales of master license agreements.

SUMMARY

In the financial year to 31 March 2011, BFW has managed to stem losses whilst establishing a management structure that can support its international aspirations. The future success of the Group is largely based on our ability to open stores - both in New Zealand and overseas. It is, however, important to recognise that growth must be sustainable and thus stores and partners have to be carefully selected and consideration given to many factors - other than just store numbers.

Economic markets do dictate the current pace at which we can expand. It takes a significant amount of time to identify suitable markets, find appropriate partners, negotiate master licenses and then build and support the operation of stores in other countries.

The directors of BFW remain highly committed to building an international brand and exporting our home grown kiwi burgers to as many countries as possible. As the Group transitions into effectively a New Zealand R & D business which both operates a NZ chain of hamburger restaurants and supports an international franchise system, more and more learnings and development processes will occur. Our vision and aspirations have always been big, however we believe this is the only way to move forward to achieving our goal of being a global gourmet hamburger brand. We believe in the brand, continuing to refine our model in order to make it more scalable and adaptable to the many different countries we one day expect to be operating in.

What is clear is that the BurgerFuel product and brand is gaining international acceptance and we believe the opportunity for growth to be a real and credible proposition. To support this we hold and maintain a global portfolio of registered territory intellectual property.

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.

In accordance with the previously outlined policy since listing, there will be no dividends paid.

As at 31 March 2011 BFW's net asset position was \$3,228,259 which included cash reserves of \$1,213,785, and 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
10.3% TO \$33,002,131



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



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

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2011

Remuneration of Directors

	2011 12 Months \$	2010 12 Months \$
Peter Brook*	80,000	60,000
Christopher Mason	200,000	200,000
Josef Roberts	120,000	120,000
Alan Dunn*	61,667	50,000

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

Remuneration of Employees (Excluding Executive Directors)

	2011 12 Months Number of Employees	2010 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 31/3/11	Non-beneficially held at 31/3/11	Beneficially held at 31/3/10	Non-beneficially held at 31/3/10
Peter Brook	223,088	-	152,500	-
Christopher Mason	22,018,132	-	22,018,132	-
Josef Roberts	24,725,532	-	24,725,532	-
Alan Dunn	219,959	-	132,500	-
Paul Devereux (Officer)	115,000	-	105,000	-
Andrew Kingstone (Officer)	35,500	-	25,500	-

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 2011 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	%
JCR Capital Limited & 730 Trustee Company Limited	21,972,632	41.14%
Christopher Mason and Christopher Mills	22,018,132	41.21%
CMJR Trustee Limited	2,742,900	5.14%

The total number of voting securities of the Company on issue at 31 March 2011 was 53,407,647 fully paid ordinary shares.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2011

Twenty Largest Security Holders as at 14 June 2011

Shareholder	Number of Shares	%
Christopher Mason and Christopher Mills	22,008,132	41.21%
JCR Capital Limited and 730 Trustee Company Limited	21,972,632	41.14%
CMJR Trustee Limited	2,742,900	5.14%
Peter Brook	223,088	0.42%
Trumpeter Consulting Limited	219,559	0.41%
Motu Trustees Pty Limited	115,000	0.22%
Michael Daniel, Nigel Burton & Michael Benjamin	105,000	0.20%
Ginostra Capital Pty Limited	100,000	0.19%
Grant Samuel & Associates Limited	100,000	0.19%
Private Nominees Limited	77,500	0.15%
James Louis Knill	55,011	0.10%
JP Morgan Chase Bank	43,869	0.08%
Sterling Nominees Limited	42,181	0.08%
Roy Sunde	40,000	0.07%
Andrew Kingstone	35,500	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%
Joseph Mason	29,500	0.06%
Oliver Rutland	29,500	0.06%
	48,034,372	89.94

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2011

Domicile of Security Holdings

	Number of Holders	Number of Shares	%
New Zealand	2,485	52,977,415	99.19%
Australia	64	272,021	0.51%
Canada	2	2,000	0.01%
Hong Kong	3	4,500	0.01%
Italy	1	1,000	0.00%
Malaysia	1	1,000	0.00%
Singapore	1	2,000	0.01%
Switzerland	1	55,011	0.10%
Taiwan	1	1,000	0.00%
United Arab Emirates	1	3,000	0.01%
United States of America	11	28,100	0.05%
United Kingdom	16	60,600	0.11%
	2,587	53,407,647	100%

Spread of Security Holders

Shareholding Size	Number of Holders	Total Shares Held	%
1 – 99	2	100	0.00%
200 – 499	93	36,080	0.07%
500 – 999	52	34,925	0.07%
1,000 – 1,999	1,604	1,717,273	3.22%
2,000 – 4,999	547	1,311,211	2.46%
5,000 – 9,999	172	930,235	1.74%
10,000 – 49,999	105	1,641,501	3.07%
50,000 – 99,999	4	245,011	0.46%
100,000 – 499,999	5	747,647	1.40%
1,000,000 – 9,999,999,999,999	3	46,743,664	87.51%
	2,587	53,407,647	100.00%



NEW ZEALAND / AUSTRALIA

**BURGERFUEL NEW ZEALAND
SYSTEM SALES UP TO \$27,042,201**

The brand in New Zealand and Australia is still full of innovation, quirkiness and excitement which fit naturally with today's social media movement. When BurgerFuel won Social Media NZ's Best Use Award, judges commented that "they develop ideas that show they truly understand the motivations of the individuals they're targeting". Previously won by AirNZ and ASB, BurgerFuel shows it's achieving cut-through against dedicated social media teams with much larger budgets.

Earlier this year BurgerFuel pioneered location based social media in New Zealand launching a nationwide promotion featuring L&P. BurgerFuel used location based social media platform Foursquare in what was the first campaign of its nature and magnitude in New Zealand. A partnership with Trade Me saw the launch of their new site sell over 20,000 BurgerFuel burgers online by 7:45am, with over 3,000 excited fans staying up until midnight the night before to ensure that they could secure their special Treat Me launch burger.

In the year, the Bayfair Store was closed on 11 April 2010 and relocated closer to the heart of Mt Maunganui on 6 December 2010 and the Henderson store in Auckland was refurbished, now offering beer and wine to match with West Auckland's finest burger. The original Australian store in Newtown is still operating consistently to provide Sydney-siders their BurgerFuel fix.



ESTABLISHED

1995

WHEN THE FLAGSHIP STORE OPENED IN PONSONBY, AUCKLAND, NEW ZEALAND

2006

FIRST AUSTRALIAN STORE OPENED

2010

FIRST UNITED ARAB EMIRATES STORE OPENED

2010

FIRST SAUDI ARABIA STORE OPENED

2011

FIRST IRAQ STORE DUE TO OPEN

BURGERFUEL CUSTOMERS ON FACEBOOK

14

LANGUAGES USED TO VIEW THE BURGERFUEL DUBAI FACEBOOK PAGE INCLUDING PIRATE

BURGERFUEL FRESH HANDMADE DIPPING SAUCE OPTIONS

5

FRESH NATURAL AIOLI
LEMON AIOLI
TOMATO SAUCE
SWEET TOMATO RELISH
YOGHURT RELISH

19

LANGUAGES USED TO VIEW THE BURGERFUEL BRAND FACEBOOK PAGE INCLUDING LEET

MALT SHAKES

24

LIKES FROM GORE. WHO KNEW THE INTERNET HAD EVEN REACHED GORE YET?

7

MALT VARIATIONS
CHOCOLATE
CARAMEL
VANILLA
LIME
BANANA
STRAWBERRY
SOY

TWITTER

OM NOM NOM

HAS BEEN TWEETED WITH THE WORD "BURGERFUEL"

ONE HUNDRED AND SEVENTY ONE

TIMES IN THE LAST YEAR

REAL LIFE TWITTER FANS ON THE BURGERFUEL INSTORE TRAYMAT

TWELVE

CURRENT BURGER SPECIAL

DEVIL'S DUCATI

TWITTER NAME

@BURGERFUEL

TYPES OF BACON AVAILABLE

2

BEEF BACON
PORK BACON

BURGERS CONSUMED DURING PRODUCTION OF THIS REPORT

SEVEN

1 DEVIL'S DUCATI
1 STUDNUT STILTON
2 HAMBURGINI WITH CHEESE
1 HAMBURGINI DUABLO
2 BACON BACKFIRE

BURGER FUEL®



الإفتتاح قريباً
OPENING SOON

BURGERFUEL®

MALT SHAKE

BURGERFUEL®

New Zealand's original gourmet burger

ENGINEERING ULTIMATE BURGER

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FOLLOW US ON TWITTER
www.twitter.com/BurgerFuel

DUBAI UNITED ARAB EMIRATES

**BURGERFUEL MIDDLE EAST
SYSTEM SALES UP TO \$4,082,989**

In addition to the existing site at Jumeirah Beach Residence, the next BurgerFuel store to open in the United Arab Emirates will be in the world's largest shopping mall - the Dubai Mall.

The first store at Jumeirah Beach Residence is already in a premier location, but the company has been in negotiations on the Dubai Mall site for over a year. The Dubai Mall has its own internal ice-skating rink, aquarium and underwater zoo, attracting over 750,000 visitors per week making it the perfect site for BurgerFuel to launch what will be the chain's first 'inner mall site'.

The mall has over 1,200 shops as well as other attractions that include the 275m long Dubai fountain and the public entrance to the world's tallest building, the Burj Khalifa, which at 828m tall is 2.5 times the height of Auckland's Sky tower.

Including the Dubai Mall site, BurgerFuel has a further 4 stores confirmed for construction in the UAE.

SAUDI ARABIA

**BURGERFUEL CONTINUES
TO EXPORT ALL ITS BEEF FROM
NEW ZEALAND TO THE MIDDLE EAST**

ENGINEERING THE ULTIMATE BURGER

BurgerFuel's first Middle Eastern territory to open, Saudi Arabia, is trading well. The original store in Al Khobar is a local favourite with a seating capacity of over 200 customers. The Al Khobar store celebrated its 1st Anniversary with a packed venue, spreading out into the mall carpark with 3 simultaneous automotive shows of over 500 luxury cars, super bikes and classic cars as well as a live graffiti art demo using a Lincoln Continental as the canvas.

On the expansion front the local partners opened their second Saudi Arabian BurgerFuel store in the Al Shateea Mall on 5 July 2011. The store lies in the heart of Dammam and is another large format store, 3 times the size of the average New Zealand store. A 3rd store in the region is also under construction, continuing the successful expansion in the area.

IRAQ

BURGERFUEL HAS SOLD THE MASTER LICENCE FOR THE RIGHTS TO BURGERFUEL IRAQ



On Friday, 6 May 2011 BurgerFuel announced that it has sold the Master Licence agreement for the rights to BurgerFuel Iraq. This was the company's fourth new territory in its 'takeout takeover' of the Middle East.

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. With Pepsi being the dominant soft drink in Iraq, the consortium is looking forward to adding BurgerFuel to their stable of successful brands.

The first BurgerFuel in Iraq will open in Sulaymaniyah, which lies in the Kurdish speaking region of Northern Iraq known as Iraqi Kurdistan. The area is the only legally defined region within Iraq that has its own separate democratic government for its population of nearly 5 million people.



BURGERFUEL
SAUDI ARABIA

8FEB2010

FIRST SAUDI ARABIA STORE
OPENED IN IN DAMMAM

BURGERFUEL
DUBAI

5JULY2010

FIRST DUBAI STORE OPENED IN
THE HEART OF JUMEIRAH BEACH
RESIDENCE

BURGERFUEL
WORLDWIDE

THIRTY ONE

STORES AROUND THE WORLD

NEW ZEALAND

UNITED ARAB EMIRATES

AUSTRALIA

SAUDI ARABIA

BURGERFUEL
SAUDI ARABIA
MASTER
LICENCE
HOLDERS

TOP
100

COMPANY
RANK IN
SAUDI ARABIA

JUMEIRAH
BEACH
RESIDENCE

2 MILLION
SQUARE METRE
BEACHFRONT
COMMUNITY
39 RESIDENTIAL
TOWERS
4 HOTELS
4 BEACH CLUBS

BURGERFUEL
MIDDLE EAST

394%

INCREASE IN SYSTEM SALES

DUBAI MALL
(SECOND SITE
IN DUBAI)
FEATURES

12,000,000
SQUARE FEET

750,000

AVERAGE VISITORS PER WEEK

BURGERFUEL
WORLDWIDE

10.3%

INCREASE IN SYSTEM SALES TO

\$33,002,131

828

HEIGHT IN METRES OF OUR NEW
NEIGHBOUR (BURJ KHALIFA)

275

LENGTH IN METRES OF THE DUBAI
MALL FOUNTAIN

BURGERFUEL
TERRITORIES
ESTABLISHED
OR UNDER
MASTER
LICENCE
AGREEMENT

SIX
& GROWING
FAST

BURGERFUEL
IRAQ

SULAYMANIYAH

LOCATION OF THE FIRST
BURGERFUEL IRAQ STORE
(IN IRAQI KURDISTAN)

5
MILLION

PEOPLE IN IRAQI KURDISTAN

SHARE
HOLDERS

2,587

BURGERFUEL
IRAQ MASTER
LICENCE
HOLDERS
OTHER
INVESTMENTS

50%

OWNERSHIP
OF PEPSI IRAQ
AND IRAQ'S
NORTHBANKS
FINANCIAL
INSTITUTION



CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2011

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 2011, there were four Directors, a Company Secretary and a Chief Financial Officer. 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.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2011

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings
Peter Brook (Chair)	5	3
Josef Roberts	5	3
Chris Mason	3	3
Alan Dunn	5	3
Officers		
Paul Devereux (Company Secretary)	5	3
Andrew Kingstone (Chief Financial Officer)	5	3

Constitution

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

Board Remuneration

Directors are entitled to Directors’ fees, reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors. Aggregate fees payable to the Board will not exceed \$180,000 per annum, excluding the two CEO’s who are Executive Directors, the Company Secretary and the Chief Financial Officer.

Conflict of Interest

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

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, Vital Healthcare Management Ltd and several other private company directorships.

CHRIS MASON

CEO INTERNATIONAL BUSINESS

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.

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

Other Directorships: A number of directorships of private companies.

ALAN DUNN

**INDEPENDENT DIRECTOR
CHAIRMAN - BFW AUDIT COMMITTEE**

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

PAUL DEVEREUX

BCOM, LLB, FCIS, MNZIM
COMPANY SECRETARY

BurgerFuel Corporate Counsel since 2003.

Vice-President of Chartered Secretaries New Zealand Incorporated.

Formerly Executive Director, Company Secretary and Corporate Counsel for Red Bull Australasia and prior to that General Manager and Corporate Counsel for Red Bull New Zealand.

ANDREW KINGSTONE

BBS, CA, FCIS
CHIEF FINANCIAL OFFICER

BurgerFuel Chief Financial Officer since 2008.

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

Prior to joining BurgerFuel, Andrew was Chief Financial Officer for Transfield Services - Infrastructure. In addition to this he held a range of senior financial positions in the UK and New Zealand.



THE BOARD

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

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

Report on the Financial Statements

We have audited the financial statements of Burger Fuel Worldwide Limited on pages 30 to 73, which comprise the Statement of Financial Position as at 31 March 2011, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and Group. The Group comprises the Company and its wholly owned subsidiaries.

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 are 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

We have no relationship with or interest in the Company and Group other than in our capacity as auditors.

Opinion

In our opinion, the financial statements on pages 30 to 73:

- 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 2011 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 2011:

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

14 July 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Note	Group		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue	5	8,260,167	8,657,717	-	-
Operating Expenses	6	(8,097,141)	(8,968,061)	(4,143,459)	(2,871,473)
Surplus/(Loss) before interest, taxation, depreciation and amortisation		163,026	(310,344)	(4,143,459)	(2,871,473)
Depreciation	11	149,036	247,877	-	-
Amortisation	14	39,235	45,477	-	-
		188,271	293,354	-	-
Loss before interest and taxation		(25,245)	(603,698)	(4,143,459)	(2,871,473)
Interest Income	24	65,410	65,256	840,000	802,632
Interest Expense		(6,652)	(14,415)	-	-
		58,758	50,841	840,000	802,632
Surplus/(Loss) before taxation		33,513	(552,857)	(3,303,459)	(2,068,841)
Income Tax Expense/(benefit)	7	-	126	(177,549)	-
Net Surplus/(Loss) attributable to shareholders		33,513	(552,983)	(3,125,910)	(2,068,841)
Other comprehensive income:					
Movement in Foreign Currency Translation Reserve		(157,390)	(118,322)	-	-
Total comprehensive income		(123,877)	(671,305)	(3,125,910)	(2,068,841)
Basic Net Earnings per Share (cents)	25	0.06	(1.04)	-	-
Diluted Earnings per Share (cents)	25	0.06	(1.04)	-	-
Net Tangible Assets per Share (cents)		5.78	5.83	-	-

The attached notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

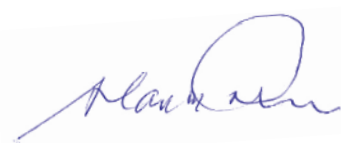
AS AT 31 MARCH 2011

		Group		Parent	
	Note	2011 \$	2010 \$	2011 \$	2010 \$
Shareholders' Equity					
Contributed equity	18	8,147,002	8,063,002	8,147,002	8,063,002
Retained Earnings	19	(4,548,430)	(4,581,943)	(4,906,126)	(1,780,216)
IPO capital costs	18	(223,432)	(223,432)	-	-
Other reserves	20	(146,881)	10,509	5,269	5,269
		3,228,259	3,268,136	3,246,145	6,288,055
Current assets					
Cash and cash equivalents	17	1,213,785	1,158,746	383,208	371,312
Trade and other receivables	9	1,219,846	1,190,421	3,281	5,804
Inventories	10	270,594	189,844	-	-
Loans	13	104,716	82,747	-	-
		2,808,941	2,621,758	386,489	377,116
Non-current assets					
Property, plant and equipment	11	831,942	993,298	-	-
Investment in subsidiaries	12	-	-	2	2
Loans	13	540,698	776,049	2,859,654	6,088,486
Intangible assets	14	147,401	169,377	-	-
		1,520,041	1,938,724	2,859,656	6,088,488
Total assets		4,328,982	4,560,482	3,246,145	6,465,604
Current liabilities					
Trade and other payables	15	941,285	905,253	-	-
Current tax payable		-	-	-	177,549
Lease liabilities	22	-	33,111	-	-
Provisions	16	118,778	160,561	-	-
		1,060,063	1,098,925	-	177,549
Non-current liabilities					
Lease liabilities	22	-	68,136	-	-
Provisions	16	40,660	125,285	-	-
		40,660	193,241	-	-
Total liabilities		1,100,723	1,292,346	-	177,549
Net assets		3,228,259	3,268,136	3,246,145	6,288,055

For and on behalf of the board who approved these financial statements for issue on 14 July 2011


 Director


 Director


 Director

The attached notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

GROUP

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

2010

	Contributed Equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2009	8,000,002	(61,237)	184,799	(223,432)	5,269	(4,028,960)	3,876,441
Issue of ordinary shares	63,000	-	-	-	-	-	63,000
Foreign currency translation reserve recognised in other comprehensive income	-	(118,322)	-	-	-	-	(118,322)
Net loss for the year ended 31 March 2010	-	-	-	-	-	(552,983)	(552,983)
Balance as at 31 March 2010	8,063,002	(179,559)	184,799	(223,432)	5,269	(4,581,943)	3,268,136

The attached notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

PARENT

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

2010	Contributed Equity	Foreign currency translation reserve	Merger reserve	IPO capital costs	Share option reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2009	8,000,002	-	-	-	5,269	288,625	8,293,896
Issue of ordinary shares	63,000	-	-	-	-	-	63,000
Net loss for the year ended 31 March 2010	-	-	-	-	-	(2,068,841)	(2,068,841)
Balance as at 31 March 2010	8,063,002	-	-	-	5,269	(1,780,216)	6,288,055

The attached notes form part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2011

	Note	Group 2011 \$	2010 \$	Parent 2011 \$	2010 \$
<i>Cash flows from operating activities</i>					
<i>Cash was provided from</i>					
Receipts from customers		8,189,092	8,348,927	-	10,766
Interest received		65,410	65,257	9,739	46,360
Taxes received		3,106	-	2,529	36,848
		8,257,608	8,414,184	12,268	93,974
<i>Cash was applied to</i>					
Payments to suppliers & employees		(7,956,803)	(8,481,558)	(372)	(808,472)
Interest paid		(6,652)	(14,415)	-	-
Taxes paid		-	(1,867)	-	-
		(7,963,455)	(8,497,840)	(372)	(808,472)
Net cash flows provided from / (applied to) operating activities	26	294,153	(83,656)	11,896	(714,498)
<i>Cash flows from investing activities</i>					
<i>Cash was provided from</i>					
Repayments from franchisees		96,815	-	-	-
Sale of Property, Plant and Equipment		254,901	47,135	-	-
		351,716	47,135	-	-
<i>Cash was applied to</i>					
Advances to franchisees		-	(99,498)	-	-
Acquisition of intangible assets	14	(17,259)	(18,513)	-	-
Acquisition of Property, Plant and Equipment	11	(437,303)	(89,743)	-	-
		(454,562)	(207,754)	-	-
Net cash flow provided from/(applied to) investing activities		(102,846)	(160,619)	-	-
<i>Cash flows from financing activities</i>					
<i>Cash was applied to</i>					
Loans to related parties		-	(64,113)	-	-
Repayment of finance leases		(101,252)	(36,184)	-	-
		(101,252)	(100,297)	-	-
Net cash flow applied to financing activities		(101,252)	(100,297)	-	-

The attached notes form part of these financial statements



STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

Note	Group		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Net movement in cash and cash equivalents	90,055	(344,572)	11,896	(714,498)
Net foreign exchange differences	(35,016)	(13,751)	-	-
Opening cash and cash equivalents	1,158,746	1,517,069	371,312	1,085,810
Closing cash and cash equivalents	17 1,213,785	1,158,746	383,208	371,312

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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 on the NZAX. The company is an issuer in terms of the Financial Reporting Act 1993, the Securities Act 1978, and the Securities Markets Act 1988.

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, BF Lease Company Limited and Burger Fuel Limited (the ‘Group’ or ‘Burger Fuel’). Burger Fuel Australia 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 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. The Company is a profit-oriented entity. 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. The financial statements of the Group 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 in the Annual Report on page 33.

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:

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company and Group for similar financial instruments.

Valuation of Financial Assets

Management performs an assessment of the carrying value of financial assets at least annually. In assessing whether there has been impairment, consideration is given to the financial performance of the investee and other factors impacting management’s expectation of recovering the value of the investment. This assessment also requires management to make judgements about the expected future performance and cash flows of the investee, and an appropriate discount rate, in order to determine the fair value of investments based on discounted expected cash flows of investees.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2) BASIS OF PREPARATION (continued)

Use of Estimates and Judgements (continued)
Accounting for Property, Plant and Equipment and Finite-life Intangible Assets

In accounting for the creation of items of property, plant and equipment and finite-life intangible assets, judgements must be made about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset, or whether they should be expensed as incurred. In capitalising costs for internally constructed assets, judgements must be made about the likelihood of project success. Such judgements can be difficult where the project involves the application of unproven technology.

The determination of the appropriate useful life for a particular asset requires management to make judgements about, among other factors, the expected period of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances, and the likelihood of either the Company or Group ceasing to use the asset in its business operations.

Assessing whether an asset is impaired may involve estimating the future cash flows the asset is expected to generate. This will in turn involve a number of assumptions, including rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for valuing future cash flows.

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. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities.

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 agreement.

Training Fees

Training fee income is recognised when the outcome of the transaction involving the rendering of services can be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

3) SPECIFIC ACCOUNTING POLICIES (continued)

b) Revenue Recognition (continued)
Advertising Income

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

Construction Management Fees

Construction management fees are recognised when the outcome of the transaction involving the rendering of services can be reliably estimated.

Dividends

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

Other Income

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

c) Accounts Receivable

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

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are classified in one of the following categories at initial recognition: Financial Assets at Fair Value through Profit or Loss, Available for Sale Financial Assets, Loans and Receivables, Held to Maturity, Financial Liabilities at Fair Value through Profit or Loss and Other Financial Liabilities.

Financial Assets at Fair Value through Profit or Loss

Assets in this category are either held for trading or are managed with other assets and liabilities and are accounted for and evaluated on a fair value basis. Fair value reporting of these assets and liabilities reflects Burger Fuel's risk management process, which includes utilising natural offsets where possible and managing overall risks of the portfolio on a trading basis.

Available for Sale Financial Assets

The Company and Group held no Financial Assets available for sale at 31 March 2011 or 31 March 2010.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

3) SPECIFIC ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Loans and Receivables

Assets in this category include:

Loans - Due from Subsidiaries and Franchisees

This includes all amounts due from Subsidiaries and Franchisees.

Other Receivables

Other receivables include the accrual of fees receivable.

Held to Maturity Investments

Assets in this category are measured at amortised cost. The Company and Group have not classified any assets as Held to Maturity at 31 March 2011 or 31 March 2010.

Financial Liabilities at Fair Value through Profit or Loss

Liabilities in this category are either held for trading or are managed with other assets and liabilities which are accounted for and evaluated on a fair value basis. Fair value reporting of these assets and liabilities reflects the Group's risk management process, which includes utilising natural offsets where possible and managing the overall risks of the portfolio on a trading basis. The Company and Group held no Financial Liabilities at Fair Value through Profit or Loss at 31 March 2011 or 31 March 2010.

Other Financial Liabilities

This category includes all financial liabilities other than those at fair value through profit or loss. Liabilities in this category are initially recognised at their fair market value net of transaction fees and are thereafter carried at amortised cost using the effective interest rate method and include:

Trade and Other Payables

These are recorded at amortised cost. They represent liabilities for goods and services provided to Burger Fuel prior to the end of the financial year that are unpaid and arise when Burger Fuel becomes obliged to make future payments. These amounts are unsecured.

Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The Company and Group held no Loans or Borrowings as at 31 March 2011.

f) Investments

Investments in subsidiaries

Investments in subsidiaries are held in the Company's financial statements at cost. 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) Other Reserves

Other reserves relate to retained earnings brought in prior to the acquisition of Burger Fuel by the original shareholders.

i) Finance Income and Expense

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

3) SPECIFIC ACCOUNTING POLICIES (continued)

j) Property, Plant and Equipment

Recognition and measurement

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

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

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

Subsequent costs

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

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

Motor Vehicles	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.

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

3) SPECIFIC ACCOUNTING POLICIES (continued)

m) Employee Benefits (continued)

Share based payments

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

Fair value

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

n) Taxation

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

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

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

o) Impairment of non-financial assets

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

3) SPECIFIC ACCOUNTING POLICIES (continued)

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, excluding foreign operations in hyperinflationary economies, 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) Cash Flow Statement

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.

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 makers; being the executive management team.

The Group operates in three operating segments – 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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 2010, but are either not currently relevant for the Group or do not result in material accounting and/or disclosure changes:

a) NZ IFRS 2 (Amendment), Share-based payment transactions

The amendments clarify the scope of NZ IFRS 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The revised standard did not have an impact on the financial position or performance of the Group.

b) NZ IAS 7 (Improvement) Statement of Cash Flows

Only expenditure that results in recognising an asset can be classified as cash flows from investing activities. The revised standard did not have an impact on the financial position or performance of the Group.

c) NZ IFRS 8 (Improvement) Operating Segments

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information.

d) NZ IAS 27 Consolidated and Separate Financial Statements (effective from 1 July 2009)

The revised standard introduced changes to accounting for acquisitions of non controlling (previously called "minority") interests and the loss of control of a subsidiary. These changes are applied retrospectively.

Under the revised standard a change in ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. The adjustments to non-controlling interests are based on a proportionate amount of net assets of the subsidiary.

The revised standard did not have an impact on the financial position or performance of the Group.

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 7 Disclosures - transfer of financial assets effective for annual periods on or after 1 July 2011. This is not currently applicable to the group.
- NZ IFRS 9 Financial Instruments effective for annual periods beginning on or after 1 January 2013. This is not currently applicable to the group.
- NZ IAS 12 (amendment), Income tax - Deferred Tax: Recovery of Underlying Assets effective for annual periods beginning on or after 1 January 2012. This is not currently applicable to the group.
- NZ IAS 24 Related party disclosures (revised 2009) effective for annual periods beginning on or after 1 January 2011. This is not currently applicable to the group.

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 2011

5) REVENUE

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Sales	4,817,789	5,496,971	-	-
Franchising Fees	190,922	-	-	-
Training Fees	56,511	54,177	-	-
Royalties	1,655,369	1,516,270	-	-
Advertising Fees	1,025,048	1,050,462	-	-
Construction Management Fees	30,000	15,000	-	-
Foreign Exchange Gains	136,811	126,350	-	-
Other income	347,717	398,487	-	-
	8,260,167	8,657,717	-	-

6) EXPENSES

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Operating expenses include:				
Cost of sales	2,643,937	2,903,415	-	-
Rental and operating lease costs	493,141	476,721	-	-
Loss on disposal of property, plant and motor vehicles	209,160	19,145	-	-
Directors' fees	141,668	51,102	-	-
Wages and salaries	2,623,906	2,285,127	-	-
<i>Key management personnel costs:</i>				
- Salary and other short-term benefits	809,000	783,253	-	-
<i>Auditors remuneration</i>				
- Audit Services - Staples Rodway:				
- Audit of financial statements	37,925	30,085	-	-
Impairment of Related Party Loans (refer 24)	-	-	843,087	2,000,000
Write off of Related Party Loans (refer 24)	-	-	3,300,000	-
Other operating expenses	1,138,404	2,419,213	372	871,473
	8,097,141	8,968,061	4,143,459	2,871,473

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

In 2010, for the parent, the impairment of the related party loans to its subsidiaries (BF Lease Company Limited) was reflected as part of other operating expenses. For the purposes of the current year financial statements this has been disclosed as a separate item within operating expenditure. This change affects disclosure only and does not affect the prior year result.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

7) INCOME TAX

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Income/(Loss) before income tax expense	33,513	(552,857)	(3,303,459)	(2,068,841)
Tax effect of amounts which are not deductible in calculating taxable income:				
Amortisation of intangible assets	10,248	15,120	-	-
50% entertainment	22,831	14,225	-	-
Accruals	(8,733)	-	-	-
Make good provision	9,175	88,364	-	-
Loan provision	-	-	4,143,088	2,000,000
Holiday pay not paid out within 63 days	(75,713)	7,736	-	-
Other	101,823	(57,647)	-	-
	59,631	67,798	4,143,088	2,000,000
Taxable profit / (loss)	93,144	(485,059)	839,629	(68,841)
Tax losses utilised	(93,144)	-	(839,629)	-
Prima Facie Taxation @ 30% (2010: 30%)	-	-	-	-
Prior year tax adjustment	-	-	(177,549)	-
Tax losses for which no deferred income tax was recognised	-	(485,059)	-	(68,841)
Total income tax expense/(benefit) per statement of comprehensive income	-	126	(177,549)	-
Taxation expense/(benefit) is represented by:				
Current Tax	-	126	(177,549)	-
Deferred Tax	-	-	-	-
	-	126	(177,549)	-

The Group has unrecognised losses of approximately \$2,168,171 available to be carried forward and to be offset against taxable income in the future (2010: \$2,267,630). The tax effect of these losses is \$607,088 (2010: \$680,289). The ability to carry forward these losses is contingent upon continuing to meet the requirement of the Income Tax Act 2007.

The Parent has utilised all available tax losses including some subsidiary losses, hence the parent has no losses to be carried forward (2010: \$68,842)

The Group has also not recognised a deferred tax asset of \$75,637 (2010: \$99,210) with respect to other timing differences. This has not been recognised as it is not probable that future taxable profit will be available to allow all or part of the asset to be utilised.

The weighted average tax rate of the Company and Group is effectively 30.0% based on operating in New Zealand and Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

8) IMPUTATION CREDITS

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Opening Balance	20,169	58,934	5,804	42,652
Add				
Resident Withholding Tax	4,367	7,473	3,275	5,804
Imputation Credits Attached to Dividends Received	-	-	-	-
	4,367	7,473	3,275	5,804
Deduct				
Income Tax Refund Received	(7,473)	(46,238)	(5,804)	(42,652)
	(7,473)	(46,238)	(5,804)	(42,652)
Closing Balance	17,063	20,169	3,275	5,804

9) TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade receivables	991,155	959,256	-	-
Prepayments	104,128	123,384	-	-
Income tax receivable	1,035	7,745	3,281	5,804
GST receivable	44,105	42,539	-	-
Sundry receivables	79,423	57,497	-	-
	1,219,846	1,190,421	3,281	5,804

Receivables denominated in currencies other than the functional currency comprise 2.4% of the trade receivables (2010: 4.5%).

10) INVENTORIES

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Raw materials	270,594	189,844	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

11) PROPERTY, PLANT & EQUIPMENT

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 2011

11) PROPERTY, PLANT & EQUIPMENT (continued)

2011

Group	Kitchen Equipment	Leasehold Imprs	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 2011

11) PROPERTY, PLANT & EQUIPMENT (continued)

2010

Group	Motor vehicles	Office Equipment	Furniture and Fittings	IT
	\$	\$	\$	\$
Cost				
Balance 1 April 2009	355,666	25,813	394,427	176,904
Acquisitions	30,420	-	19,143	42,666
Disposals	(61,846)	-	(4,470)	-
Foreign exchange movement	(43)	(11)	(1,225)	(2,007)
Cost at 31 March 2010	324,197	25,802	407,875	217,563

Depreciation and Impairment Losses

Balance 1 April 2009	182,252	19,246	128,162	127,125
Depreciation for the year	42,923	2,106	59,458	46,055
Disposals	(86)	-	(2,450)	-
Effects of movements in foreign exchange rates	(174)	(39)	(4,000)	(2,260)
Balance 31 March 2010	224,915	21,313	181,170	170,920

Net Book Value

Balance 1 April 2009	173,414	6,567	266,265	49,779
Depreciation charge	(42,923)	(2,106)	(59,458)	(46,055)
Additions	30,420	-	19,143	42,666
Disposals	(61,846)	-	(4,470)	-
Foreign exchange movement	217	28	5,225	253
Net Book Value at 31 March 2010	99,282	4,489	226,705	46,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

11) PROPERTY, PLANT & EQUIPMENT (continued)

2010

Group	Kitchen Equipment	Leasehold Impr	Total
	\$	\$	\$
Cost			
Balance 1 April 2009	326,606	664,860	1,944,276
Acquisitions	4,792	(7,278)	89,743
Disposals	-	-	(66,316)
Foreign exchange movement	(683)	(6,246)	(10,215)
Cost at 31 March 2010	330,715	651,336	1,957,488

Depreciation and Impairment Losses

Balance 1 April 2009	122,329	169,229	748,343
Depreciation for the year	41,119	56,216	247,877
Disposals	-	-	(2,536)
Effects of movements in foreign exchange rates	(5,891)	(17,130)	(29,494)
Balance 31 March 2010	157,557	208,315	964,190

Net Book Value

Balance 1 April 2009	204,277	495,631	1,195,933
Depreciation charge	(41,119)	(56,216)	(247,877)
Additions	4,792	(7,278)	89,743
Disposals	-	-	(66,316)
Foreign exchange movement	5,208	10,884	21,815
Net Book Value at 31 March 2010	173,158	443,021	993,298

Leased motor vehicles

Motor vehicles are leased under a number of finance leases. At 31 March 2011 the net carrying amount of leased equipment included within Motor Vehicles was \$Nil (2010: \$88,288).



NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

12) INVESTMENT IN SUBSIDIARIES

The Parent company's investment in the subsidiaries comprises shares at cost.

Subsidiary Companies	Country of Incorporation	Interest Held	Interest Held
		2011	2010
BF Lease Company Limited	New Zealand	100%	100%
Burger Fuel International Limited	New Zealand	100%	100%
Burger Fuel (Australia) Pty Limited	New Zealand	100%	100%
Burger Fuel (Australia) No2 Pty Limited	New Zealand	100%	100%
Burger Fuel International Management Limited	New Zealand	100%	100%
Burger Fuel Limited	New Zealand	100%	100%
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
- Burger Fuel Limited – Franchise systems – gourmet burger restaurants
- Burger Fuel International Limited – Holds patents, trademarks and licences.
- Burger Fuel International Management Limited – Owns the Burger Fuel Australia operation, and holds the International Master Franchise Agreements
- Burger Fuel (Australia) Pty Limited – Non Trading
- Burger Fuel (Australia) No2 Pty Limited – Non Trading
- Burger Fuel Australia Pty Limited – Non Trading
- Kincro Holdings Pty Limited – Franchise systems – gourmet burger restaurants in Australia

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

13) LOANS

	Group		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Loans to Franchisees				
Loan to Harakoa Pty Limited	250,168	299,640	-	-
Loan to Pari Mutuel Limited	96,527	173,969	-	-
Loan to Fuel Race Team Limited	222,100	228,964	-	-
Loan to Xotic Burgers Limited	77,151	83,144	-	-
Loan to Janeron Limited	15,146	27,183	-	-
Loan to VLJK Limited	51,895	71,896	-	-
Loan to Bosniakiwi Limited	55,000	55,000	-	-
Loans to Related Parties				
Loan to BF Lease Company Limited (refer note 24)	-	-	5,220,391	7,830,673
Loan to Burger Fuel International Limited (refer note 24)	-	-	882,350	657,813
	767,987	939,796	6,102,741	8,488,486
Provision against franchisee loans	(122,573)	(81,000)	-	-
Provision against intercompany loans (refer note 24)	-	-	(3,243,087)	(2,400,000)
Total loans	645,414	858,796	2,859,654	6,088,486
Current	104,716	82,747	-	-
Non-current	540,698	776,049	2,859,654	6,088,486
	645,414	858,796	2,859,654	6,088,486



NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

13) LOANS (continued)

Loan to Hakaroa Pty Limited

Harakoa Pty Limited is a registered Australian company. The loan is secured by way of a guarantee by Jack Ngawiki Tuhi and is 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.

Loan to Pari Mutuel Limited

This is an advance to assist in setting up a franchise in July 2004. The loan is unsecured, has an interest rate of 10% p.a., and subject to certain terms and conditions of the franchise agreement. The loan is repayable in equal instalments over the remaining term of the franchise agreement.

Loan to Fuel Race Team Limited

The loan is unsecured, has an interest rate of 10% pa and subject to certain terms and conditions of the franchise agreement. The loan is repayable over the term of the franchise agreement and is repayable on demand. A provision has been made against the loan of \$91,573 as the directors consider full repayment of this loan to be doubtful based on future cashflow budgets.

Loan to Xotic Burgers Limited

This was an advance to assist in further development of the franchisee and this store. The loan is unsecured, has an interest rate of 5% pa and subject to certain terms and conditions of the franchise agreement. The loan is repayable over the term of the franchise agreement.

Loan to Janeron Limited

The loan is unsecured, has an interest rate of 5% pa and subject to certain terms and conditions of the franchise agreement. The loan is repayable over the term of the franchise agreement.

Loan to VLJK Limited

The loan is unsecured, has an interest rate of 8.5% pa and subject to certain terms and conditions of the franchise agreement. The loan is repayable over the term of the franchise agreement.

Loan to Bosniakiwi Limited

The loan is unsecured, has an interest rate of 8.5% pa and subject to certain terms and conditions of the franchise agreement. The loan is repayable over the term of the franchise agreement. A provision has also been made in 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.

Loan to BF Lease Company Limited

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

Loan to Burger Fuel International Limited

Burger Fuel International Limited is a subsidiary company. The loan is unsecured.

Provision against Intercompany Advance – Burger Fuel Worldwide Limited to BF Lease Company Limited

A provision has been made against the loan from Burger Fuel Worldwide Limited to BF Lease Company Limited for \$3,243,087 (2010: \$2,400,000). A further provision in the current year of \$843,087 (2010: \$2,000,000) was necessary in light of the Australian entities trading results during the year, which flows through to Burger Fuel Worldwide Limited on consolidation. In addition to the provision Burger Fuel Worldwide Limited has written off \$3,300,000 of the loan receivable from BF Lease Company Limited.

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

14) INTANGIBLE ASSETS

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

2010

Group	Key Money \$	Domain Name \$	Patent \$	Trademarks \$	Total \$
Cost					
Balance 1 April 2010	67,500	8,994	20,776	202,196	299,466
Acquisitions	-	1,971	-	16,542	18,513
Balance at 31 March 2011	67,500	10,965	20,776	218,738	317,979

Amortisation

Balance 1 April 2010	19,488	6,742	12,074	64,821	103,125
Current year amortisation	15,121	2,390	2,078	25,888	45,477
Balance 31 March 2011	34,609	9,132	14,152	90,709	148,602

Net Book Value

Balance 1 April 2010	48,012	2,252	8,702	137,375	196,341
Additions	-	1,971	-	16,542	18,513
Amortisation	(15,121)	(2,390)	(2,078)	(25,888)	(45,477)
Net Book Value at 31 March 2011	32,891	1,833	6,624	128,029	169,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

15) TRADE AND OTHER PAYABLES

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade payables	861,910	796,487	-	-
Payroll liabilities	-	18,147	-	-
Accrued expenses	79,375	90,619	-	-
	941,285	905,253	-	-

Payables denominated in currencies other than the functional currency comprise 24.7% of the trade payables (2010: 24.8%).

16) PROVISIONS

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Store Closure Provision				
Opening balance	125,285	34,422	-	-
Provisions made during the year	8,444	91,070	-	-
Provisions used during the year	(93,069)	-	-	-
Provisions reversed during the year	-	(207)	-	-
	40,660	125,285	-	-
Holiday Pay Provision				
Opening balance	160,561	184,783	-	-
Provisions made during the year	(11,029)	(1,465)	-	-
Provisions used during the year	(30,754)	(22,757)	-	-
Provisions reversed during the year	-	-	-	-
	118,778	160,561	-	-
Total provisions	159,438	285,846	-	-
Non-current	40,660	125,285	-	-
Current	118,778	160,561	-	-
Total provisions	159,438	285,846	-	-

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 2011

17) CASH AND CASH EQUIVALENTS

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank	1,075,316	673,847	365,779	28,010
Cash on deposit	138,469	484,899	17,429	343,302
	1,213,785	1,158,746	383,208	371,312

18) CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	2011	2010	2011	2010
			\$	\$
Opening ordinary shares on issue	53,210,000	53,000,000	8,063,002	8,000,002
Shares issued	197,647	210,000	84,000	63,000
Authorised Ordinary shares on issue at 31 March	53,407,647	53,210,000	8,147,002	8,063,002
Less: IPO Capital Costs			(223,432)	(223,432)
Contributed Equity			7,923,570	7,839,570

Burger Fuel Worldwide Limited was listed on the New Zealand Alternative Stock Exchange on the 27 July 2007. The Company has 53,407,647 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	
	2011	2010	2011	2010
	\$	\$	\$	\$
Retained Earnings/(Accumulated Losses)				
Opening balance	(4,581,943)	(4,028,960)	(1,780,216)	288,625
Net surplus/(deficit) for the year	33,513	(552,983)	(3,125,910)	(2,068,841)
Closing balance	(4,548,430)	(4,581,943)	(4,906,126)	(1,780,216)



NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

20) OTHER RESERVES

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Foreign Currency Translation Reserve				
Opening Balance	(179,559)	(61,237)	-	-
Movements	(157,390)	(118,322)	-	-
Closing balance	(336,949)	(179,559)	-	-
Other Reserves				
Opening Balance	184,799	184,799	-	-
Movements	-	-	-	-
Closing balance	184,799	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	(146,881)	10,509	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.

Other Reserves

The other reserves consist of retained earnings prior to the acquisition of Burger Fuel Worldwide Limited.

Share Option Reserve

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

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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.

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial assets				
Loans and receivables (including cash and cash equivalents)	3,201,617	3,157,833	3,246,145	6,465,604
Financial liabilities				
Trade Payables	861,910	796,487	-	-

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, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The Company and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 2011

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, other than the ongoing management of the USD account.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

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 where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the NZ\$ strengthens 10% against the relevant currency.

	10% strengthening		10% weakening	
	2011	2010	2011	2010
	\$	\$	\$	\$
Profit (Loss)	2,487	8,121	(2,736)	(8,933)

In management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet 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 2011 would have not changed (2010: \$1,013), as the group was not exposed to floating interest rates on borrowings.

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk

Credit risk is the risk that the counterparty 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 and obtaining sufficient collateral, where appropriate, 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. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually.

Financial Instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, trade debtors, loans and advances. The carrying amount of financial assets represents the Group’s maximum credit exposure; however the Company and Group consider the risk of non-recovery of these accounts to be relatively low.

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 2011 or 31 March 2010. 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	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash and Bank Balances	1,213,785	1,158,746	383,208	371,312
Loans, Advances and Receivables	1,987,833	2,049,217	2,862,935	6,094,290

Maximum exposures are net of any recognised provisions.

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 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 2011

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

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					
Finance leases	-	-	-	-	-
Trade payables	-	-	861,910	861,910	861,910
			861,910	861,910	861,910

2010

Group	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year \$	Non interest bearing \$	Total \$
Financial assets					
Cash and cash equivalent	0.64%	-	1,158,746	-	1,158,746
Loans to franchisees	8.90%	-	402,933	-	402,933
Loans to franchisees	-	-	455,863	455,863	455,863
Trade receivables	-	-	1,190,421	1,190,421	1,190,421
			3,207,963	1,646,284	3,207,963
Financial Liabilities					
Finance leases	12.25 - 13.81%	-	101,247	-	101,247
Trade payables	-	-	796,487	796,487	796,487
			897,734	796,487	897,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk Profile (continued)

2011

Parent	Weighted average effective interest rate %	Variable 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

2010

Parent	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year \$	Non interest bearing \$	Total \$
Financial assets					
Cash and cash equivalent	4.00%	-	371,312	-	371,312
Related party receivables	10.00%	-	6,088,486	-	6,088,486
			6,459,798	-	6,459,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 and facilities 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, banking facilities and reserve borrowing 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.

Capital management

The Company and Group's capital includes share capital, reserves and retained earnings. The Company and Group is not subject to any externally imposed capital requirements, other than those imposed by the bank for financing. Policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the management of capital during the period.

Fair Values

The carrying amount of cash and advances reflect their true 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.

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 2011

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk (continued)

Fair Values

2011

	Total carrying amount \$	Fair value \$
Group		
Assets		
Advances	540,698	540,698
Total non-current assets	540,698	540,698
Trade receivables	991,155	991,155
Cash and cash equivalents	1,213,785	1,213,785
Advances	104,716	104,716
Total current assets	2,309,656	2,309,656
Total assets	2,850,354	2,850,354
Liabilities		
Trade payables	861,910	861,910
Finance leases	-	-
Total current liabilities	861,910	861,910
Total liabilities	861,910	861,910

2010

	Total carrying amount \$	Fair value \$
Group		
Assets		
Advances	776,049	776,049
Total non-current assets	776,049	776,049
Trade receivables	959,256	959,256
Cash and cash equivalents	1,158,746	1,158,746
Advances	82,747	82,747
Total current assets	2,200,749	2,200,749
Total assets	3,034,295	3,034,295
Liabilities		
Finance leases	68,136	68,136
Total non-current liabilities	68,136	68,136
Trade payables	796,487	796,487
Finance leases	33,111	33,111
Total current liabilities	829,598	829,598
Total liabilities	897,734	897,734



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

21) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk (continued)

Fair Values (continued)

2011

	Total carrying amount	Fair value
Parent	\$	\$
Assets		
Advances	2,859,654	2,859,654
Total non-current assets	2,859,654	2,859,654
Trade receivables	3,281	3,281
Other Investments	2	2
Cash and cash equivalents	383,208	383,208
Total current assets	386,491	386,491
Total assets	3,246,145	3,246,145

2010

	Total carrying amount	Fair value
Parent	\$	\$
Assets		
Advances	6,088,486	6,088,486
Total non-current assets	6,088,486	6,088,486
Other Investments	2	2
Cash and cash equivalents	371,312	371,312
Total current assets	371,314	371,314
Total assets	6,459,800	6,459,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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:

	2011	2010
Group	Total future minimum payments	Total future minimum payments
	\$	\$
Less than one year	1,225,932	1,458,653
Between one and five years	3,109,159	4,127,890
More than five years	240,638	401,691
	4,575,729	5,988,234

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.

Finance leases relate to motor vehicles and are payable as follows:

	2011		2010		
Group	Total future minimum payments	Interest	Total future minimum payments	Interest	Principal
	\$	\$	\$	\$	\$
Less than one year	-	-	43,678	10,567	33,111
Between one and five years	-	-	70,743	2,607	68,136
More than five years	-	-	-	-	-
	-	-	114,421	13,174	101,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

22) COMMITMENTS (continued)

Capital Commitments

At 31 March 2011, capital expenditure amounting to \$Nil (2010: 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	Total carrying amount \$	Fair value \$
Datacom – Burger Fuel Five Cross Roads Limited	-	7,500
Datacom – BF Lease Company Limited	40,000	40,000
NZX Bond	15,000	15,000
Bond for Newtown Premises	25,740	25,740
Bond for Kings Cross Premises	31,000	31,000
Bond for Shell Card	2,000	2,000
	113,740	121,240

23) CONTINGENCIES

There were no contingent liabilities at balance date (2010:Nil)

24) RELATED PARTY TRANSACTIONS

Interests of Directors in Certain Transactions

Certain Directors have relevant interests in a number of companies with which Burger Fuel has transactions in the normal course of business. A number of Burger Fuel's Directors are also non-executive Directors of other companies. Any transactions undertaken with these entities have been entered into on an arms-length commercial basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

24) RELATED PARTY TRANSACTIONS (continued)

Transactions with Related Parties

During the year the following related party transactions took place:

	Relationship	Nature of transaction	2011 \$	2010 \$
Group				
Jocargl Holdings Limited	Common Directorship	Lease of Head Office	-	86,332
Redmond Enterprises	Common Directorship	Consultancy	120,000	120,000
Redmond Enterprises	Common Directorship	IT Consultant	-	55,000
Parent				
Burger Fuel International Limited	Subsidiary	Advance	224,537	514,813
BF Lease Company Limited	Subsidiary	Advance/(Repayment)	(140,502)	430,000
BF Lease Company Limited	Subsidiary	Interest Received	830,051	394,078
BF Lease Company Limited	Subsidiary	Related Party Provision	(843,087)	(2,000,000)
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 International Limited	Subsidiary	882,350	657,813
BF Lease Company Limited	Subsidiary	5,220,391	7,830,673
Provision against Intercompany Loan		(3,243,087)	(2,400,000)
		2,859,654	6,088,486

A provision has been made against the loan from Burger Fuel Worldwide Limited to BF Lease Company Limited for \$3,243,087 (2010: \$2,400,000). A further provision in the current year of \$843,087 (2010: \$2,000,000) was necessary in light of the Australian entities trading results during the year, which flows through to Burger Fuel Worldwide Limited on consolidation.

All of the above are related parties 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 2011

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:

	2011 \$	2010 \$
Salaries and other short-term employee benefits	725,000	720,253
Share based payments	84,000	63,000
	809,000	783,253

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

			2011 \$	2010 \$
Peter C Brook	Director	Acquisition of Shares - Directors Fees -70,588 shares @ .425	30,000	30,000
Alan M Dunn	Director	Acquisition of Shares - Directors fees & Consultancy Services - 87,059 shares @ .425	37,000	30,000
Andrew P Kingstone	Officer	Acquisition of Shares - Payment in Lieu of Bonus - 10,000 shares @.425	4,250	3,000
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.

	2011 \$	2010 \$
Surplus/(Loss) attributable to the owners of the Company	33,513	(552,983)
Weighted average number of ordinary shares on issue	53,289,059	53,105,000
Basic earnings per share (cents)	0.06	(1.04)
Diluted earnings per share (cents)	0.06	(1.04)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	Group		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Net surplus/(deficit) after tax	33,513	(552,983)	(3,125,910)	(2,068,841)
Add: Non-cash items				
Amortisation	39,235	45,477	-	-
Depreciation	149,036	247,877	-	-
Issue of shares	84,000	63,000	84,000	63,000
Prior year tax adjustment	-	-	(177,549)	-
Write off of related party loans	-	-	3,300,000	-
Loans from related parties	-	-	(914,255)	(756,271)
Loss on sale of property, plant and equipment	209,160	19,145	-	-
Unrealised exchange loss / (gain)	(136,811)	(126,350)	-	-
Loan Provision	-	-	843,087	2,000,000
	344,620	249,149	3,135,283	1,306,729
Add: Working capital movements				
(Increase) in trade and other receivables	40,432	(157,226)	2,523	47,614
(Increase) in inventories	(80,750)	(38,123)	-	-
Increase / (decrease) in taxation payable	6,484	(1,741)	-	-
Increase in accounts payable and accruals	(50,146)	417,268	-	-
	(83,980)	220,178	2,523	47,614
Net cash flows provided from / (applied to) operating activities	294,153	(83,656)	11,896	(714,498)

27) SEGMENT REPORTING

Geographical Segments

The Group operates in three operating segments - New Zealand, Australia, and the Middle East. All the segment's operations are made up of franchising fees, royalties and sales to franchisees. The segments are in the business of Franchise Systems - Gourmet Burger Restaurants. New Zealand's segment result is also due to the amortisation of intangible assets.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

27) SEGMENT REPORTING (continued)

2010

	New Zealand	Australia	Middle East	Consolidated
	\$	\$	\$	\$
Revenue				
Sales	3,986,664	1,141,762	368,545	5,496,971
Royalties	1,399,208	76,908	40,154	1,516,270
Franchising fees	-	-	-	-
Training fees	-	-	54,177	54,177
Construction management fees	15,000	-	-	15,000
Advertising fees	999,476	50,986	-	1,050,462
Foreign exchange gain	-	161,428	(35,078)	126,350
Sundry income	247,112	240	151,135	398,487
Interest received	38,353	26,901	2	65,256
Total Revenue	6,685,813	1,458,225	578,935	8,722,973
Interest Expense	14,998	(583)	-	14,415
Depreciation	182,438	65,439	-	247,877
Amortisation	15,120	30,357	-	45,477
Income tax expense	126	-	-	126
Segment Result	(221,454)	37,842	(369,245)	(552,857)
Segment Assets	2,922,550	907,573	730,359	4,560,482
Segment Liabilities	(389,876)	614,735	1,067,487	1,292,346

28) SUBSEQUENT EVENTS

Subsequent to Balance Date the company has:

- Taken over the Newtown franchise operation in Sydney from the previous operator effective from 1 April 2011. A sale of this operation has since been achieved and settlement is anticipated in July 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

29) ACQUISITION OF SUBSIDIARIES

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)

2010

On the 2nd March 2010, the Company acquired the share capital of the Burger Fuel Five Cross Roads Limited. The share capital has been acquired by Burger Fuel Worldwide Limited with the deemed consideration for this acquisition being \$297,914. The Net assets of the company at this time were off set with a loan from Burger Fuel Lease Company Limited to cover this acquisition. The assets and liabilities as of 2nd March 2010 arising from the acquisition are as follows:

	Acquiree's carrying amount
	\$
Inventories	11,689
Property, plant and equipment	289,968
Trade and other payables	(3,743)
Term Loans	(297,914)
Net Assets	-

This is represented by:

Issue of ordinary shares	1,000
Unpaid Capital	(1,000)
	-

COMPANY DIRECTORY

AS AT 31 MARCH 2011

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

Paul Devereux (Company Secretary)
Andrew Kingstone (Chief Financial Officer)

Accountant

Grant Thornton New Zealand Limited
Level 4
152 Fanshawe Street
Auckland

Bankers

ANZ National Bank Limited
ASB Bank Limited

Solicitors

Kensington Swan
18 Viaduct Harbour Avenue, Auckland

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

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

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

Business Headquarters

Level 3
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Grey Lynn
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Auditor

Staples Rodway
Level 9, Tower Centre
45 Queen Street
Auckland





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