COLLINS FOODS LIMITED

ACN 151 420 781 | ABN 13 151 420 781
PO Box 286 Lutwyche QLD 4030
Level 3, KSD1, 485 Kingsford Smith Drive
Hamilton QLD 4007 Australia
T +61 7 3352 0800 | F +61 7 3352 0894

ASX RELEASE

COLLINS FOODS LIMITED 2016 ANNUAL REPORT

Thursday, 1 September 2016: Collins Foods Limited provides an updated version of the 2016 Annual Report released via ASX on 28 July 2016, noting that pages 70 and 71 have been replaced.

ENDS

For further information, please contact:

Graham Maxwell CEO P: +61-7 3352 0800	Ronn Bechler – Investor Relations Market Eye P: +61-400 009 774	Lee McLean – Media PPR P: +61-7 3309 4721

About us

Collins Foods Limited (ASX: CKF) operates 191 KFC and 21 Sizzler company owned restaurants in Australia. In addition, the Company has 68 franchised Sizzler restaurants around Asia. The Company also owns Snag Stand which has 5 company owned outlets and 1 franchised outlet. The Company seeks continuous improvement in all areas of its operations and work towards the following mission: "Establish Collins Foods as a leading restaurant holding company, which operates premier brands where people love to eat and are proud to work." For further information please visit www.collinsfg.com.au

Collins Foods Limited

ANNUAL REPORT **2016**

COLLINS FOODS LIMITED
ABN 13 151 420 781

KFC Sizzler SNAG STAND

COLLINS FOODS LIMITED

2016 has delivered a strong financial result, and we are well-placed to continue to maximise growth opportunities.

Contents

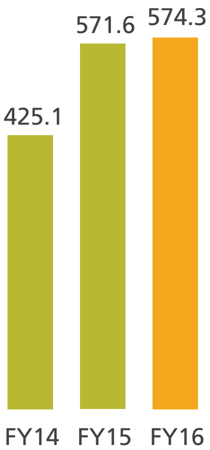
Key dates for 2015-2016

Tuesday, 28 June 2016	Full year results released
Wednesday, 6 July 2016	Final dividend record date
Wednesday, 13 July 2016	Final dividend payment date
Thursday, 1 September 2016	2016 Annual General Meeting
Sunday, 16 October 2016	FY17 half-year end
Wednesday, 30 November 2016	Half-year results released
Thursday, 8 December 2016	Interim dividend record date
Thursday, 15 December 2016	Interim dividend payment date
Sunday, 30 April 2017	End of FY17

Our financial performance

Over the past 12 months Collins Foods Limited has been firmly focused on growing its core business.

Revenue
(A$ million)



↑0.5%

Revenue was up 0.5% compared to the previous corresponding period.[(a)]

Underlying NPAT
(A$ million)

↑22.3%

Underlying NPAT was up 22.3% to $30.1m (FY15: $24.6m).

↑3.1%

KFC Same Store Sales

Same store sales up, to 3.1% (FY15: 4.8%).

↑381.0%

Statutory NPAT

Statutory NPAT of $29.1m (FY15: Statutory NPAT loss $10.4m).

↑10.7%

Underlying EBITDA

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation up, to $74.6m (FY15: $67.4m).

↑21.7%

Dividends

Total FY16 fully franked dividends paid up, to 14.0 cps (FY15: 11.5 cps).

↑1.1%

Net operating cashflow

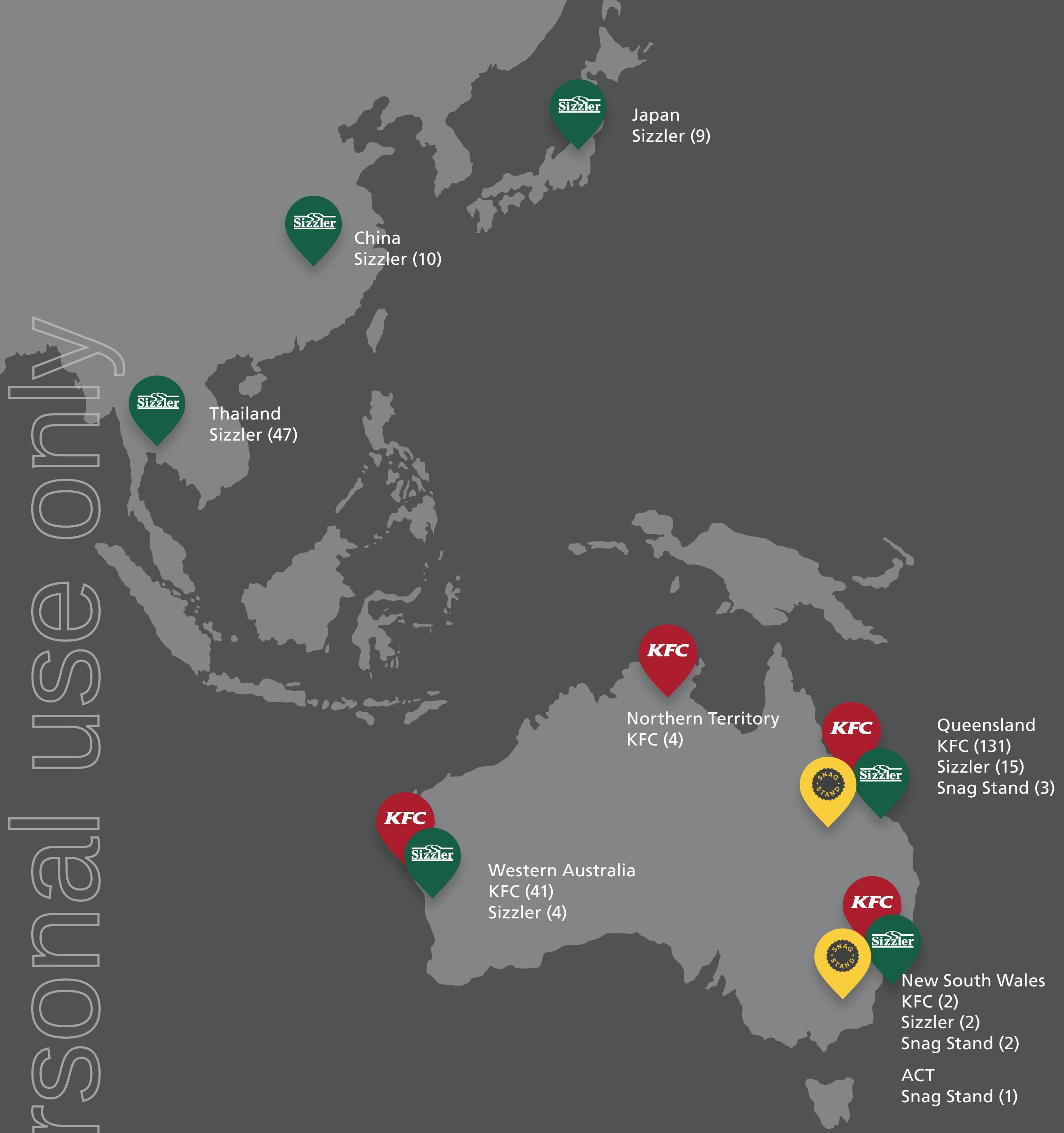
Net operating cashflow up, to $49.7m (FY15: $49.1m).

↑2.0 points

ROCE

Return on Capital Employed up 2.0 points, to 14.9% (FY15: 12.9%).

(a) Excluding the additional trading week in FY15, revenue up 2.4%.



We are proud to have opened six new KFC restaurants during the year, bringing the total number of all our restaurants in Australia to 205.

Our year in review

We have continued to build on the momentum of the previous years, delivering good sales growth, increased margins and cash flows and an improvement in our return on capital employed.

KFC

KFC achieved solid growth as a result of good sales growth underpinned by innovative products, disciplined cost management and the strong performance of recent new restaurant acquisitions.

- We invested in new restaurant developments and major remodels to provide customers a contemporary restaurant design for an enhanced dining experience
  - Built six new restaurants
  - Ten major remodels in Queensland and ten in Western Australia
  - Eight minor remodels across the network
- Customers responded to a very successful summer cricket marketing campaign
- Product innovation was key in driving sales growth across the KFC business

Sizzler

While Sizzler Australia continues to be managed as non-core to Collins Foods' strategic growth, the Sizzler Asia business has had a great year with royalty revenues up 14.5% on the prior year and a further six new restaurants built.

Snag Stand

Snag Stand continues to establish itself as a unique and innovative offering. A new Stand at Pacific Fair on the Gold Coast was opened late last year reflecting the shift in position of the Brand. This Stand has great customer appeal and has performed well so far.




Chairman's message

Collins Foods Limited has continued to build on its strengths in 2016, and as a result has delivered another solid financial performance. As the largest KFC franchisee in Australia, it is pleasing that the Group's flagship business led the way in achieving excellent results throughout the year. In March, the Company also achieved a milestone when it was included in the S&P ASX 300.

The 2016 performance has resulted from a focus on disciplined management of our restaurants, together with an ongoing implementation of measures designed to optimise efficiencies.

Overall, the Group reported a statutory Net Profit After Tax of $29.1m; an increase of 381% on the previous year. The Group's revenue increased by 0.5% to $574.3m driven by same store sales growth and new restaurant openings.

The performance of the Western Australia and Northern Territory KFC restaurants acquired in 2014 continued to improve during 2016 with profits from this business reinvested into our restaurants to fund ongoing growth.

On the back of this pleasing financial performance, the Company has paid shareholders a final dividend of 8 cents per share, bringing the full year dividend to 14 cents per share. The final dividend was paid on 13 July 2016. This 2016 dividend is in line with the Board's commitment to pay out 50% of the full year profits, excluding those of KFC Western Australia and Northern Territory.

The Group's focus on delivering value and innovation to our customers has been key to the success of our KFC business in the face of stiff competition and evolving consumer tastes and preferences.

Collins Foods will pursue growth opportunities in the current year as evidenced by our agreement to acquire 13 KFC restaurants around the New South Wales and Victorian border after the end of the 2016 financial year. This acquisition strengthens the Group's national footprint and consolidates our position as the largest KFC franchisee in Australia.

The Sizzler Australia business is managed as a non-core part of the business with no further growth capital to be allocated. Despite this, the business continues to deliver positive EBITDA for the Group.

The Snag Stand business model continues to evolve and we have taken the Brand under the guidance of Collins Foods' management by buying the remaining 50% of Snag Stand.

Outlook

The Group is excited and optimistic about the opportunities that will emerge during the coming financial year and will continue to invest in the KFC business.

An ongoing focus on value and innovation which meets the evolving demands of our customers will be critical to our success. The Group's growth will be secured by a focus on disciplined operational management of our restaurants, in addition to our commitment to continuously improving efficiencies.

In closing, I would like to thank my fellow Directors for their professionalism, experienced counsel and input throughout the year. On behalf of the Board, thanks must also go to our experienced management team led by Managing Director and CEO Graham Maxwell for their dedicated pursuit of improved performance across all of our businesses. Finally, I would also like to thank our talented employees, whose numbers have grown to more than 9,000 Australia wide throughout the Collins Foods business, for their tremendous dedication and effort to their respective brands in helping to deliver these excellent results.

Robert Kaye SC
Independent Non-executive Chairman

CEO's report

Collins Foods Limited delivered another strong performance in 2016. This performance builds upon the momentum of previous years, delivering good sales growth, increased margins and cashflow with improvement to our return on capital employed.

Throughout the year, we continued to focus on maximising operational performance, building a strong platform for growth and strengthening resilience within the business.

Growth of the KFC business

Collins Foods continues to pursue growth opportunities across Australia. The decision to acquire 13 KFC restaurants in the New South Wales/Victorian border area underscores our ambition and positions the Group for further growth in these Australian states. At completion, our KFC restaurant count in Australia will be 191.

Financial performance

The strong business performance, against a challenging economic background, delivered Net Profit After Tax of $29.1m. Underlying Net Profit After Tax increased by 22.3% to $30.1m compared to the prior year.

Revenue for the year increased 0.5% over the prior year (the prior year was a 53 week year) with underlying EBITDA for the Group increasing by 10.7% to $74.6m. Underlying EBIT increased 16.0% to $52.4m.

Overall, the Group generated net operating cash flows of $49.7m, an increase of $0.5m on the prior year. This enabled net debt to be reduced by $10.3m to $112.5m, and improved the Group's net leverage ratio (net debt to EBITDA) from 1.83 to 1.52 at the end of the year. Return on capital employed increased 2.0 percentage points to 14.9%.

During the past year, the Group refinanced its existing syndicated debt facilities. The existing facilities of $165m were extended to $200m, with $65m (fully drawn) having a term to 31 October 2018 and two facilities totalling $135m (drawn to $100m) having a term to 31 October 2020. The debt facilities will support the ongoing expansion of the business and assist in achieving long term sustainable earnings growth.

Operational performance

KFC

KFC had a strong year, delivering overall revenue growth of 3.8% to $501.6m (the prior year was a 53 week year) and same store sales growth of 3.1%. Sales growth was underpinned to a large extent through providing our customers with craveable and innovative products while at the same time offering great value.

Overall EBITDA increased by 10.1% to $81.9m. This improvement of EBITDA margin reflects our ongoing focus on disciplined operational management.

During the financial period we continued to develop our network of KFC restaurants with a further six new restaurants being built – three in Queensland and three in Western Australia. We are committed to investing in our existing restaurants to ensure they meet the evolving needs of our customers and as such undertook 20 major remodels across the network (with an additional eight minor remodels).

We continued to focus on providing our customers with great experiences and products, delivered in a contemporary and welcoming environment. Ongoing focus on improving the speed of the drive-through and the increasing use of digital menu boards in our existing restaurants is also adding to the overall customer experience.

The brand is increasing its presence on social media, using this platform for engaging with our younger customers to ensure that the brand remains relevant and in touch with their ever changing and fast paced lives.

Sizzler

Sizzler Australia continues to be managed as a non-core business. While sales were down on the prior year as a result of same store sales decline and the closure of four restaurants, EBITDA was maintained compared to the prior year.

Sizzler Asia had a strong year with royalty growth increasing 14.5% over the prior year. A further six new restaurants were built, with five in Thailand and one in Japan. The overall number of Sizzler restaurants across Thailand, China and Japan now stands at 65. There are plans to build a further six new restaurants across Asia during the current financial year.

Snag Stand

Snag Stand is establishing itself as a unique and innovative offering in the competitive fast casual environment. During the year we opened a new Snag Stand at Pacific Fair on the Gold Coast. This new Stand reflects the refined direction of the brand, has high customer appeal and has performed well to date. During the year we closed two Stands in Melbourne that did not reflect this new brand positioning. The Group now operates five Company owned Stands and one franchised Stand across Australia.

Health & Safety

Collins Foods is absolutely committed to providing a safe and healthy workplace across all of our operations and operating companies. We take our goal of zero harm to our employees, contractors and third party providers seriously and are committed to working with our employees to ensure that we continuously improve operational safety. Furthermore, we are equally committed to ensuring that our customers are never placed in any harm.

Charitable support

As a Group, Collins Foods is committed to our continued support of charitable and community organisations. In 2016, through our Workplace Giving program we were able to donate almost $500,000 to the five charities we support. Of this figure employee donations totalled more than $290,000 with the remainder comprising customer donations of approximately $100,000 which was matched by Collins Foods.

During the same period, Collins Foods also contributed more than $80,000 to World Hunger, raised through in restaurant customer donations and staff fundraising initiatives. As a Group, we also supported other sporting and community groups, such as Queensland Cricket, the Hear & Say Centre and Child Protection Week.

Conclusion

Collins Foods will continue to pursue growth opportunities across Australia. The decision to acquire 13 KFC restaurants in New South Wales/Victoria reflects this intent. In addition, we will grow the KFC business organically through existing store sales growth and building new restaurants. We will also explore any further acquisition opportunities that meet Collins Foods' strategic criteria.

We will remain focused on maximising operational performance, building a strong platform for growth and strengthening resilience within the business.

In closing, a big thank you to all of our employees across our restaurants and Support Centre for their dedication and commitment to making Collins Foods a great company. I look forward to another exciting year ahead as we focus on our key business priorities.

Graham Maxwell
Managing Director & CEO

Collins Foods Limited

ACN 151 420 781

Financial report

For the reporting period ended 1 May 2016

Contents

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Collins Foods Limited (the Company) and the entities it controlled at the end of, or during, the period ended 1 May 2016.

Directors

The names of the Directors of the Company during or since the end of the financial period are as follows:

Name	Date of appointment
Robert Kaye SC	7 October 2014
Graham Maxwell	25 March 2015
Kevin William Joseph Perkins	15 July 2011
Bronwyn Kay Morris	10 June 2011
Newman Gerard Manion	10 June 2011
Russell Keith Tate	10 June 2011

Principal activities

During the period, the principal activity of the Group was the operation, management and administration of restaurants. The Group operates in Australia and Asia (predominantly in Thailand, Japan and China). There were no significant changes in the nature of the Group's activities during the period.

Operating and financial review

GROUP OVERVIEW

The Group's business is the operation, management and administration of restaurants, currently comprising three restaurant brands, KFC Restaurants, Sizzler Restaurants and Snag Stand joint venture outlets.

At the end of the period, the Group operated 177 franchised KFC restaurants in Queensland, northern New South Wales, Western Australia and Northern Territory which compete in the Quick Service Restaurant market. The Group owns and operates 22 Sizzler restaurants in Australia, which operate in the casual dining restaurant market. It is also a franchisor of the Sizzler brand in South East Asia, with 65 franchised stores predominantly in Thailand, but also in China and Japan. Snag Stand operates five corporate owned outlets and one franchised outlet.

The KFC brand is owned globally by Yum! and is one of the world's largest restaurant chains. The Group is the largest franchisee of KFC restaurants in Australia.

In the casual dining market in which it operates, Sizzler competes with other casual dining concepts as well as taverns and clubs, fast food and home cooking. Sizzler is a small to modest sized market participant.

Snag Stand is a small early stage company competing in the fast casual dining market. Other operators in the fast casual dining market include Grill'd Burgers and Guzman Y Gomez.

GROUP FINANCIAL PERFORMANCE

Key statutory financial metrics in respect of the current financial period and the prior financial period are summarised in the following table:

Statutory financial metrics	2016 (1)	2015 (1)	Change
Total revenue ($m)	**574.3**	571.6	0.5%
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) ($m)	**74.3**	67.4	10.2%
Earnings before interest and tax (EBIT) ($m)	**50.8**	6.8	642%
Profit/(loss) before related income tax expense ($m)	**42.2**	(2.5)	1788%
Income tax (expense) ($m)	**(13.1)**	(7.9)	65%
Net profit/(loss) attributable to members (NPAT) ($m)	**29.1**	(10.4)	381%
Earnings per share (EPS) basic (cents per share)	**31.31**	(11.14)	381%
Total dividends paid/payable in relation to financial period (cents per share) (2)	**14.0**	11.5	21.7%
Net assets ($m)	**189.7**	171.3	10.7%
Net operating cash flow ($m)	**49.7**	49.1	1.1%

(1) The financial period ended 1 May 2016 was a 52 week period whilst the financial period ended 3 May 2015 was a 53 week period.
(2) Dividends paid/payable is inclusive of dividends declared since the end of the relevant reporting period.

The Group's total revenues increased by 0.5% to $574.3m mainly due to strong like-for-like sales growth and new restaurant openings across the KFC business. Excluding the additional trading week in the prior year (2015 was a 53 week year), total revenues were up by 2.4%.

This increase in total revenues combined with the continued good business controls flowed through to significantly increased EBITDA for the year of $74.6m, up 10.7% on prior year and improved net operating cash flow of $49.7m, up 1.1%.

Statutory EBITDA, EBIT, NPAT and EPS were impacted by significant items relating to Sizzler Australia totalling $1.6m pre-tax. Of these items, there were non-cash pre-tax impairment charges of $2.0m and a non-cash onerous lease provision of $1.3m mitigated by a cash gain on the sale of property of $1.7m.

Net assets at the Balance Sheet date were $189.7m, up from $171.3m as at 3 May 2015. Net debt was $112.5m at the Balance Sheet date, down from $122.8m as at 3 May 2015.

Underlying financial metrics excluding significant items which occurred in the current period are summarised as follows:

Underlying financial metrics	2016	2015	Change
Total revenue ($m)	**574.3**	571.6	0.5%
Earnings before interest, tax, depreciation, amortisation and impairment (adjusted EBITDA) ($m)	**74.6**	67.4	10.7%
Net profit attributable to members (NPAT) ($m)	**30.1**	24.6	22.3%
Earnings per share (EPS) basic (cents)	**32.3**	26.4	22.3%

The notable increase in the underlying financial metrics shown above is a reflection of the strong sales growth and good cost controls referred to above. These are discussed further in the review of underlying operations below.

Review of underlying operations

KFC RESTAURANTS

There has been a good overall performance across the KFC business.

Revenues in KFC were up 3.8% on the prior corresponding period to $501.6m, driven by increased restaurant numbers as well as good same store sales growth.

Strong product promotions including another successful summer cricket campaign, great value offers and innovative new products and packaging all combined to drive increased traffic into our stores. More sophisticated use of social and digital media channels are keeping brand awareness and customer engagement high, and will also deliver increased value over time.

KFC adjusted EBITDA was up $7.5m (+10.1%) on the previous corresponding period. Higher profit margins (+92bps) were achieved due to continued improvements in labour productivity and other efficiency measures which mitigated the impact of increases in key input costs, principally labour rates, and the ongoing challenge of a very competitive trading environment.

In order to keep the brand awareness and perception high, KFC invested circa $30m in new restaurants, refurbishment and systems capital. This supports ongoing growth as it keeps the restaurants looking contemporary and inviting for our customers and enables KFC to meet its restaurant refurbishment obligations with Yum!

SIZZLER RESTAURANTS

Revenues in Sizzler were down 17.9% on the prior corresponding period to $72.6m, with same store sales in Australia declining 11.4%.

The retail conditions in the casual dining space remain highly competitive. With the brand no longer considered core to strategic growth of the Group, no growth capital was allocated to this part of the business. During the year, four restaurants were closed in Australia. On an underlying basis, Sizzler EBITDA was up $0.8m (18.8%) on the previous corresponding period, due in part to excellent ongoing focus on cost management, enabling margins to be held despite the declining sales.

Sizzler franchise operations in Asia contributed an increase of $0.4m to this result over the prior corresponding period driven by increased royalty revenue. During the period, there was one restaurant closed in Japan. There were six new restaurant openings in the period, five of which were in Thailand and one in Japan.

SNAG STAND

The focus of the joint venture management team has been on continuing the development and refinement of the Snag Stand concept. During the period, a new Snag Stand was opened at Pacific Fair, Gold Coast that incorporated new brand elements which reflect the latest thinking on the revised brand positioning. The Stand opened well and has been trading well since its opening.

Directors' Report

Strategy and future performance

GROUP

The medium term strategy is to consolidate the KFC New South Wales and Victoria acquisition announced on 19 May 2016, continue to further build economies of scale and grow the Group's returns to enhance shareholder value. This could be through further KFC expansion opportunities in other states and territories or the acquisition or development of other operations in the retail food and restaurant industry sector.

KFC RESTAURANTS

KFC expects the retail environment to remain competitive with more moderate sales growth and upward pressure on input costs continuing, making it challenging to maintain existing margins. Future focus will be top line growth through strong product offerings and enhanced in-store customer experience, and opening of new stores in conjunction with disciplined cost control driving improved returns.

SIZZLER RESTAURANTS

Sales trends in Sizzler Australia are expected to remain challenging, with same store sales growth in negative territory. However with disciplined cost control we expect to mitigate the impact of this decline on profitability. The Sizzler Australia business continues to be managed as no longer core to strategic growth in Australia. No further growth capital was invested in this business. The ongoing performance of the business continues to be closely monitored and appropriate action will be taken as and when necessary.

In relation to its Asian operations, Sizzler's strategy is to continue to expand the number of franchised site locations with up to six new restaurants anticipated to be opened during the next financial year.

SNAG STAND

Our investment in the start-up company Snag Stand provides an opportunity to invest in an innovative concept in the fast casual dining sector. The Snag Stand Group has been focused on improving operational performance in existing outlets as well as developing a pipeline for growth. The business operating model is being further refined with a focus on brand development, new store growth and operations efficiency.

MATERIAL RISKS

The material risks faced by the Group that have the potential to have an effect on the financial prospects of the Group, disclosed above, and how the Group manages these risks, include:

- **Reduction in consumer demand** – given our reliance on consumer discretionary spending, adverse changes to the general economic landscape in Australia or consumer sentiment for our products could impact our financial results. We address this risk through keeping abreast of economic and consumer data/research, innovative product development, broadening of the menu offering (i.e. to include grilled product offerings) and brand building;
- **Supply chain disruption** – disruption to the supply chain could impact on our ability to operate restaurants. We address this risk through use of multiple suppliers where possible with a diverse geographic base with multiple distribution routes;
- **Negative change to relationship with Yum!** – given our obligations to Yum! through our Master Franchise Agreement and Facilities Action Deed, a negative change in the relationship could impact significantly our ability to open planned new stores, manage the cost of new store builds and refurbishments, and implement other growth and operational changes. We address this risk through maintaining a close working relationship with Yum!, having our team members sit on relevant KFC advisory groups and committees and monitoring compliance with obligations;
- **Safety** – given we employ people to run and operate restaurants that provide food products to the public, a health or safety incident in our operations or health incident of a supplier or involving the input products we use, could impact our financial results. We address this risk through robust internal food safety and sanitation practices and occupational health and safety practices, audit programs, customer complaint processes, supplier partner selection protocols and communication policy and protocols;
- **Failure of growth drivers** – given that a number of growth drivers continue to be at development stage, failure of these drivers to produce expected results could impact our financial performance. We address this risk through having an experienced management team, robust project management processes involving trials and staged rollouts and regular strategic reviews; and
- **Margin risk** – given the highly competitive environment of the industry and high reliance on labour, produce, food and energy inputs, increases in the costs of these inputs could impact our financial results. We address this risk through brand building initiatives, keeping abreast of legislative changes, maintaining long term supplier relationships, group supply arrangements with Yum!, productivity and service flow initiatives, flexibility of operations and open communication with labour unions.

DIVIDENDS

Dividends paid to members during the financial period were as follows:

	Cents per share	Total amount $000	Franked/ Unfranked	Date of payment
Final ordinary dividend for the financial period ended 3 May 2015	6.5	6,045	Franked	23 July 2015
Interim ordinary dividend for the financial period ended 18 October 2015	6.0	5,580	Franked	23 December 2015
Total	12.5	11,625		

In addition to the above dividends, since the end of the financial period, the Directors of the Company have declared the payment of a fully franked final dividend of 8.0 cents per ordinary share ($7.4m) to be paid on 13 July 2016 (refer to Note B4 of the Financial Report).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial period under review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 19 May 2016 the Group entered into a binding agreement to acquire 13 KFC restaurants located around the New South Wales and Victorian border. The details of this agreement are referred to in Note I1 Subsequent Events, of the Consolidated Financial Statements.

On 15 June 2016 the Group acquired the remaining 50% share of Snag Holdings Pty Ltd for a nominal sum to take full ownership.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to pursue the increase of profitability of its major business segments during the next financial period. Additional comments on expected results of operations of the Group are included in the review of operations section of this Report.

ENVIRONMENTAL REGULATIONS

The Group is subject to environmental regulation in respect of the operation of its restaurant sites. To the best of the Directors' knowledge, the Group complies with its obligations under environmental regulations and holds all licences required to undertake its business activities.

Directors' Report

Information on Directors

Director	Experience, qualifications and directorships	Special responsibilities
Robert Kaye SC	Robert is the Independent, Non-executive Chairman. He is also Chairman of ASX listed Spicers Limited and a Non-executive Director of ASX listed Magontec Limited and UGL Limited. In 1978, Robert was admitted to legal practice and prior to this, was employed as a solicitor at Allen Allen & Hemsley Solicitors. Thereafter, he pursued his legal career at the NSW Bar and was appointed Senior Counsel in 2003, practising in commercial law. He has been extensively involved in an array of commercial matters both advisory and litigious in nature and served on a number of NSW Bar Association committees including the Professional Conduct Committee. **Other listed entity directorships – current or held within last three years** Spicers Limited (2012 – current) Magontec Limited (2013 – current) UGL Limited (2015 – current)	Independent Non-executive Chair Audit and Risk Committee Member Remuneration and Nomination Committee Member
Graham Maxwell	Graham is an experienced senior executive of corporate and franchise businesses, predominantly in fast moving consumer goods and fast foods, both in Australia and internationally. He is a commercially astute management professional with proven success in leveraging and growing businesses through their brands. Prior to his current role, Graham spent over six years working for Yum! Brands in a number of capacities. His last position with Yum! Brands was as Managing Director for KFC Southern Africa. **Other listed entity directorships – current or held within last three years** None other than Collins Foods Limited.	Managing Director & CEO
Kevin Perkins	Kevin is a highly experienced executive in the Quick Service Restaurant (QSR) and casual dining segments of the Australian restaurant industry. He has had more than 31 years' experience with the Collins Foods Group, having overseen its growth both domestically and overseas over that time. Kevin is the Non-executive Chairman of Sizzler USA Acquisition, Inc. He holds approximately 55% of the common stock in Sizzler USA Acquisition, Inc. Sizzler USA Acquisition, Inc operates or franchises Sizzler restaurants across the United States and Puerto Rico. The operations of Collins Foods and Sizzler USA Acquisition, Inc are separate. **Other listed entity directorships – current or held within last three years** None other than Collins Foods Limited.	Executive Director

Director	Experience, qualifications and directorships	Special responsibilities
Newman Manion	Newman has over 31 years' experience in the food franchise industry, including various roles with Yum! (Franchisor of KFC) since 1982. Previously, Newman served as a Board member for KFC Japan (from 2005 to 2008), General Manager of KFC operations in Australia and New Zealand (from 1995 to 2004), Development Director of PepsiCo restaurants (including KFC) in Australia (from 1990 to 1995) and General Manager of KFC New Zealand (from 1988 to 1990). Most recently Newman was Vice-President, Operations for Yum!'s Asian franchise business (from 2004 until 2010). Newman was previously appointed as a Director of each of the Snag Stand group entities, however, since this business became 100% owned by Collins Foods Group, his oversight role is no longer required. Accordingly, Newman has resigned as a Director of each of the Snag Stand group entities. **Other listed entity directorships – current or held within last three years** None other than Collins Foods Limited.	Independent Non-executive Director Remuneration and Nomination Committee Chair Audit and Risk Committee Member
Bronwyn Morris B. Com, FCA, FAICD	Bronwyn is a Chartered Accountant with over 21 years' experience in accounting, audit and corporate services. A former partner of KPMG, Bronwyn worked with that firm and its predecessor firms in Brisbane, London and the Gold Coast. For nearly 20 years, Bronwyn has been a full-time Non-executive Director and has served on the Boards of a broad range of companies, including Queensland Rail Limited, Stanwell Corporation Limited, Spotless Group Limited, QIC Limited, Gold Coast 2018 Commonwealth Games Bid Limited and Colorado Group Limited and is a former Councillor of Bond University. She currently serves as Chair of, or a member of, the Audit and Risk Committees with respect to a number of her Board roles. Bronwyn is a Director of ASX listed Watpac Limited, Royal Automobile Club of Queensland Limited (since 2008), RACQ Insurance Limited (since 2014), LGIA Super (since 2013, Chair since 2014) and Care Australia (since 2007). **Other listed entity directorships – current or held within last three years** Spotless Group Limited (2007 to 2012) Watpac Limited (2015 – current)	Independent Non-executive Director Audit and Risk Committee Chair Remuneration and Nomination Committee Member
Russell Tate B. Com (Econ.)	Russell has over 35 years' experience in senior executive and consulting roles in marketing and media. He was CEO of ASX listed STW Group Limited, Australia's largest marketing communications group, from 1997 to 2006, Executive Chairman from 2006 to 2008, and Deputy Chairman (Non-executive) from 2008 to 2011. He was Chairman (Non-executive) of Collins Foods Limited from its listing in 2011 until March 2015, and has remained Executive Chairman of ASX listed Macquarie Radio Network Limited, now Macquarie Media Limited, since 2009. He is currently a Director of One Big Switch Pty Ltd (since 2012), and a Director of digital marketing company ROKT Pty Ltd (since 2016). **Other listed entity directorships – current or held within last three years** Macquarie Media Limited (Executive Chairman, since 2009)	Independent Non-executive Director Audit and Risk Committee Member Remuneration and Nomination Committee Member

Directors' Report

The relevant interest of each Director in the share capital issued by the Company, at the date of this report is as follows:

Name	Ordinary shares	Performance Rights
Robert Kaye SC	10,000	–
Graham Maxwell	–	448,389
Kevin Perkins	7,340,833	103,859
Newman Manion	20,001	–
Bronwyn Morris	5,001	–
Russell Tate	20,001	–

COMPANY SECRETARY

Frances Finucan *LLB (Hons), BA (Modern Asian Studies), Grad Dip ACG, AGIA, MQLS, GAICD*

The Company Secretary is Frances Finucan who was appointed to the role on 17 July 2013. Frances has over 14 years' experience in legal, commercial and corporate governance working in legal, regulatory and company secretarial roles in Australia.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the period ended 1 May 2016, and the number of meetings attended by each Director, were:

	FULL MEETINGS OF DIRECTORS		AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
	Number of meetings (1)	Meetings attended	Number of meetings (1)	Meetings attended	Number of meetings (1)	Meetings attended
Robert Kaye SC	10	10	7	7	5	5
Graham Maxwell	10	9**	*	*	*	*
Kevin Perkins	10	10	*	*	*	*
Newman Manion	10	10	7	7	5	5
Bronwyn Morris	10	9	7	7	5	4
Russell Tate	10	9	7	4	5	5

(1) Number of meetings represents the number of meetings held during the time the Director held office or membership of a Committee during the period.
* Not a member of the relevant Committee.
** Did not attend or participate due to conflict of interest.

COLLINS FOODS LIMITED

ACN 151 420 781 | ABN 13 151 420 781

PO Box 286 Lutwyche QLD 4030
Level 3, KSD1, 485 Kingsford Smith Drive
Hamilton QLD 4007 Australia
T +61 7 3352 0800 | F +61 7 3352 0894

Dear Shareholder,

I am pleased to present you with Collins Foods Limited's Remuneration Report for the financial year to 1 May 2016. In structuring the remuneration framework for senior executives and directors, the Remuneration and Nomination Committee carries regard for the recommendations of the ASX Corporate Governance Council and the expectations of Australian corporate governance stakeholders.

The remuneration policy for Collins Foods is designed to be competitive so as to attract and retain the highest calibre directors and executives. In designing the short term and long term incentive arrangements for senior executives, the focus is upon setting key metrics that support long term shareholder wealth creation. In reviewing variable pay outcomes during the reporting period, the Remuneration and Nomination Committee takes responsibility for ensuring that these payments remain aligned with the shareholder experience over the financial year.

At present, the short term incentive (STI) and long term incentive (LTI) programs apply EBITDA and EPS growth measures, respectively, which are regarded to be transparent and directly linked to shareholder wealth outcomes. We are therefore pleased that reported EBITDA increased 10.7% to $74.6 million and underlying EPS increased 22.9% to 32.31 cents in 2016. In context of this financial performance, 2016 annual bonus outcomes to senior executives remain broadly consistent with the prior year.

The 2016 financial year marks an important milestone for Collins Foods whereby the company has recently been admitted to the S&P/ASX300 index. With regard to the evolving expectations of company stakeholders, the directors continually welcome feedback from shareholders around the remuneration framework applied by Collins Foods and remain open to discussing the appropriateness of the performance metrics and provisions applied. The directors remain confident that the outcomes for 2016 demonstrate an alignment between remuneration and the performance delivered by Collins Foods.

Yours sincerely,

Mr. Newman Manion
Independent Non-executive Director
Chair of the Remuneration and Nomination Committee
COLLINS FOODS LIMITED

Directors' Report

Remuneration Report

This Remuneration Report sets out remuneration information for the Group's Non-executive Directors, Executive Directors and other Key Management Personnel (KMP) in accordance with the requirements of the Corporations Act 2001 and its regulations. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

At its 2013 Annual General Meeting, shareholders approved the introduction of the Collins Foods Limited Executive and Employee Incentive Plan (LTIP).

This report contains the following sections:

1 Key Management Personnel disclosed in this report.
2 Remuneration governance.
3 Most recent AGM – remuneration report comments and voting.
4 Non-executive Director remuneration.
5 Executive remuneration principles and strategy.
6 Remuneration structure and performance/shareholder wealth creation.
7 Details of Key Management Personnel remuneration.
8 Key Management Personnel service agreements.
9 Details of share based compensation.
10 Equity instruments held by Key Management Personnel.
11 Loans to Key Management Personnel.
12 Other transactions with Key Management Personnel.

1 Key Management Personnel disclosed in this report

KMP are those persons having authority and responsibility for planning, directing and controlling activities of the Group, including any Director of the Group.

KMP of the Group for the financial period are as follows:

Name	Position
Robert Kaye SC	Independent Non-executive Chairman (appointed as Director on 7 October 2014)
Graham Maxwell	Managing Director & CEO (appointed as a Director on 25 March 2015)
Kevin Perkins	Executive Director
Newman Manion	Independent Non-executive Director
Bronwyn Morris	Independent Non-executive Director
Russell Tate	Independent Non-executive Director
Martin Clarke	CEO – KFC
Nigel Williams	Group Chief Financial Officer

Details and disclosures relating to KMPs who held office in the prior financial period have been included in this report as required.

2 Remuneration governance

The Board has charged its Remuneration and Nomination Committee with responsibility for reviewing and monitoring key remuneration policies and practices of the Group and making recommendations to the Board.

More specifically, the Committee is responsible for making recommendations to the Board on:

→ the Group's remunerations principles, framework and policy for senior executives and Directors;

→ remuneration levels of senior management executives and Executive Directors;

→ the operation of incentives plans and other employee benefit programs which apply to senior executives; and

→ remuneration for Non-executive Directors.

The Remuneration and Nomination Committee operates in accordance with its Charter, a copy of which is available on the Company's website.

In carrying out its responsibilities, the Committee is authorised to obtain external professional advice as it determines necessary.

3 Most recent AGM – Remuneration Report comments and voting

At the most recent Annual General Meeting in 2015, 96.96% of votes cast at the meeting in favour of the adoption of the Remuneration Report.

4 Non-executive Director remuneration

The remuneration for Non-executive Directors is set, taking into consideration factors including:

- the level of fees paid to Board members of other publicly listed Australian companies of similar size;
- operational and regulatory complexity; and
- the responsibilities and workload requirements of each Board member.

Non-executive Directors' remuneration comprises the following components:

- Board and Committee Fees; and
- superannuation (compulsory contributions).

Board fees are structured by having regard to the responsibilities of each position within the Board. Board Committee fees are structured to recognise the differing responsibilities and workload associated with each Committee and the additional responsibilities of each Committee Chairman.

The Company's Constitution allows for additional payments to be made to Directors where extra or special services are provided. An additional payment of $30,000 was made to Newman Manion by the Group in recognition of additional responsibilities performed in relation to overseeing the Group's investment in the Snag Stand group entities. This additional payment made to Newman Manion is not in relation to his role as a Director of the Company and as such, is not additional Director's fees. Following the end of the reporting period, the Company has increased its investment in Snag Stand to 100%. As a result of the Snag Stand group entities becoming wholly owned subsidiaries of the Company, the ongoing additional responsibilities previously held by Newman Manion in relation to overseeing the Group's investment in the Snag Stand group entities have ceased.

Non-executive Directors do not receive any performance or incentive-based pay. However, to promote further alignment with shareholders, the Non-executive Directors are encouraged to hold shares in the Company that are purchased on marked and of their own accord.

Directors' shareholdings in the Company are outlined in Section 10 of this report.

Non-executive Directors' fees and payments are reviewed annually by the Board. Non-executive Directors' fees are determined within an aggregate limit (including superannuation contributions). In accordance with the Company's Constitution, an initial limit was set by the Board on 15 July 2011 in the amount of $700,000. There were no changes made during the reporting period in relation to Non-executive Directors' fees.

The following annual fees (excluding superannuation) have applied.

Position	2016 $
Base fees	
Chair (including all Committee memberships)	180,000
Other Non-executive Directors	85,000
Additional fees	
Audit and Risk Committee, Chair	15,000
Audit and Risk Committee, Member	5,000
Remuneration and Nomination Committee, Chair	10,000
Remuneration and Nomination Committee, Member	5,000

5 Executive remuneration principles and strategy

The performance of the Group is contingent upon the calibre of its Directors and executives. The Group's remuneration framework is based upon the following key principles:

- a policy that enables the Company to attract and retain valued Directors and executives who create value for shareholders;
- motivating executives and Executive Directors to pursue long term growth and success of the Group, aligned with shareholder's interests;
- demonstrating a clear relationship between performance and remuneration;
- regard to prevailing market conditions;
- reflective of short term and long term performance objectives appropriate to the Company's circumstances and goals;
- transparency; and
- fairness and acceptability to shareholders.

The remuneration for executives is structured, taking into consideration the following factors:

- the Group's remuneration principles;
- the level and structure of remuneration paid to executives of other publicly listed Australian companies of similar size;
- the position and responsibilities of each executive; and
- appropriate benchmarks and targets to reward executives for Group and individual performance.

Remuneration Report (continued)

The executive remuneration framework components and their links to performance outcomes are outlined below:

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	Base pay and benefits including superannuation	To provide competitive fixed remuneration set with reference to position and responsibilities in the context of the market	Group and individual performance assessments are considered in an annual remuneration review
Short Term Incentive Plan (STIP)	Cash bonus payment	Rewards executives for their contribution to the achievement of Group and/or divisional outcomes	EBITDA targets must be met in order for bonus to be paid
Long Term Incentive Plan (LTIP) (approved by shareholders at the 2013 Annual General Meeting)	Awards in the form of performance rights	Rewards executives for their contribution to the creation of shareholder value over the longer term	Earnings per share (EPS) targets over three year period must be met in order for rights to vest

The Group's aim is to reward executives with an appropriate level and mix of remuneration to attract, retain and motivate them to build long term value for the Group and its shareholders.

The introduction of the LTIP has changed the remuneration mix for KMP, resulting in a proportion of an executive's target pay being at risk.

The effect of the introduction of the LTIP is that a percentage of the executive's remuneration is 'at risk' and directly linked to Group performance in both the short and longer term.

FIXED REMUNERATION

Fixed remuneration consists of base salary, superannuation contributions and other benefits. Other benefits include non-cash benefits such as employee health insurance costs paid by the Group and car and other allowances. The Group pays fringe benefits tax on these benefits where required.

Fixed remuneration for executives is reviewed annually and on promotion, and is benchmarked against market data for comparable roles in the market. There is no guaranteed increase to base pay included in any executive's contract.

VARIABLE REMUNERATION

Short term incentives

Incentives under the Group's STIP are at risk components of remuneration for executives provided in the form of cash.

The STIP entitles executives to earn an annual cash reward payment if predefined targets are achieved. The level of the incentive is set with reference to the accountabilities of the executive's role and their ability to impact Group performance.

For the Managing Director & CEO the target Short Term Incentive (STI) opportunity percentage is 50% of base salary. For other executive KMP, the average target STI opportunity percentage is approximately 50% of base salary.

For the period covered by this report, the primary key performance indicator common to all participants was EBITDA. The benchmark EBITDA level at which the target STI opportunity would become payable was 101% of the annual Group budgeted EBITDA (prior to allowing for any payments under the STIP). A proportion of target incentives would become payable on a sliding scale for achievement above a minimum EBITDA level up to a maximum EBITDA level. At the minimum EBITDA level of 101% of the annual Group Budgeted EBITDA, 15% of target STI opportunity would be payable. At the maximum EBITDA level of 110% of the annual Group Budgeted EBITDA, 150% of target STI opportunity would be payable.

The EBITDA benchmarks were set with reference to the annual Group Budgeted EBITDA for the year ended 1 May 2016.

The Group's financial performance for the financial period ended 1 May 2016 resulted in all Executive Directors and KMP being eligible for a STI payment, refer details of KMP remuneration below.

Incentive levels and performance targets are reviewed and determined annually by the Board on the advice of the Remuneration and Nomination Committee.

Long term incentives

At the Company's 2013 Annual General Meeting, shareholders approved the introduction of the LTIP. A summary of the LTIP approved by shareholders appears below.

LTIP SUMMARY	
Why was the LTIP introduced?	To ensure the Group's remuneration framework is aligned with both the Group's business strategy and the long term interests of shareholders.
Who participates in the LTIP?	The initial participants in the plan are KMP and other select senior executives.
What form are the LTIP awards?	Awards are granted in the form of performance rights, which comprise rights to acquire ordinary shares in the Company for nil consideration, subject to achievement of predetermined Vesting Conditions.
What quantum of awards will participants receive under the LTIP?	A guiding principle for the initial grant is for awards to generally equate to 30% to 40% of a participant's target STI opportunity.
When are the grants made?	Performance rights are granted annually at the sole discretion of the Board, with grants of awards made as soon as practicable following the Company's Annual General Meeting.
When do the performance rights vest?	LTIP performance rights vest three years following the date of grant, subject to achievement of EPS targets. For the FY16 grant, performance will be tested following determination of the basic EPS for the financial period ending 28 April 2019, compared to the basic EPS for the financial period ended 1 May 2016.
How is EPS measured?	EPS will be measured on an absolute basis, calculating the compound growth in the Company's basic EPS attributable to ordinary equity holders of the Company over the performance period, with reference to the disclosed EPS in the Company's annual audited financial reports. The Board retains a discretion to adjust the EPS performance condition to ensure that participants are not penalised nor provided with a windfall benefit arising from matters outside of management's control that affect EPS (for example, excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).
What EPS targets are required for vesting of performance rights?	Performance rights will vest on a proportionate basis ranging from 20% to 100% of rights granted for achievement of a minimum EPS target up to a maximum EPS target. For the grant of awards, the minimum EPS target is 6% compound annual growth rate (CAGR) and the maximum EPS target is 10% CAGR.
What happens if the performance rights do not vest?	To the extent that performance hurdles are not met at the end of the three year performance period, performance will not be re-tested and the rights will lapse.
Change of Control	If in the opinion of the Board a change of control event has occurred, or is likely to occur, the Board may declare a performance right to be free of any vesting conditions and, if so, the Company must issue or transfer shares in accordance with the LTIP rules. In exercising its discretion, the Board will consider whether measurement of the vesting conditions (on a pro-rata basis) up to the date of the change of control event is appropriate in the circumstances.

Remuneration Report (continued)

LTIP SUMMARY	
Rights and restrictions of Performance Rights	Performance Rights are not entitled to receive a dividend. Any Shares issued or transferred to a Participant upon vesting of Performance Rights are only entitled to dividends if they were issued on or before the relevant dividend entitlement date. The Company may impose a mandatory holding lock on the Shares or a Participant may request they be subject to a voluntary holding lock. Shares issued or transferred under the LTIP rank equally in all respects with other Shares on issue. In the event of a reconstruction of the Company (consolidation, subdivision, reduction, cancellation or return), the terms of any outstanding Performance Rights will be amended by the Board to the extent necessary to comply with the Listing Rules at the time of reconstruction. Any bonus issue of securities by way of capitalisation of profits, reserves or share capital account will confer on each Performance Right, the right: → to receive on exercise or vesting of those Performance Rights, not only an allotment of one Share for each of the Performance Rights exercised or vested but also an allotment of the additional Shares and/or other securities the Employee would have received had the Employee participated in that bonus issue as a holder of Shares of a number equal to the Shares that would have been allotted to the Employee had they exercised those Incentives or the Performance Rights had vested immediately before the date of the bonus issue; and → to have profits, reserves or share premium account, as the case may be, applied in paying up in full those additional Shares and/or other securities. Subject to a reconstruction or bonus issue, Performance Rights do not carry the right to participate in any new issue of securities including pro-rata issues. Performance Rights will not be quoted on ASX. The Company will apply for quotation of any Shares issued under the LTIP.

The Remuneration and Nomination Committee considered alternative performance measures, including market-based measures, but after consideration of a variety of factors including the Group's business objectives, the fact the Group is not a capital intensive business and the lack of a meaningful comparator group, determined that EPS was an appropriate measure. EPS aligns with the Group's business objectives and shareholder interests, is straightforward, simple to communicate and a commonly used measure by other ASX listed companies. The appropriateness of LTI performance targets and vesting conditions will continue to be regularly reviewed by the Remuneration and Nomination Committee.

In relation to the setting of performance target levels, the Remuneration and Nomination Committee took into account the current structure and operation of the STIP under which target performance levels are set at stretch levels.

6 Remuneration structure and performance/shareholder wealth creation

The Group's annual financial performance and indicators of shareholder wealth for the current financial period are listed below.

	2016	2015
EBITDA ($m) (1)	74.6	67.4
NPAT ($m) (1)	30.1	24.6
Dividends paid/payable in relation to financial period (cents per share) (2)	14.0	11.5
EPS basic (cents) (1)	32.31	26.3
EPS basic (cents) (1) – compound growth on 2014 base	29.62%	22.5%
EPS basic (cents) (1) – growth on 2015 base	22.2%	–
Change in share price ($)	1.63	0.40
Short term incentive payments as % of target payments (3)	145%	150%

(1) Represents underlying measures after adjustment for other significant items disclosed in the Group financial performance above.
(2) Dividends paid/payable is inclusive of dividends declared since the end of the relevant reporting period.
(3) Represents only KMP participants receiving short term incentive payments.

Both the STIP and LTIP are subject to achievement of pre-determined performance measures linked to the above financial metrics.

Directors' Report

Remuneration Report (continued)

7 Details of Key Management Personnel remuneration

Details of remuneration received or receivable by the Directors and other KMP of the Group for the current financial period are set out in the following table.

2016*	SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Other (1) $	Super-annuation $	Long service leave $	Performance Rights $	Total $
Non-executive Directors								
Robert Kaye SC	180,000	–	–	–	17,100	–	–	197,100
Russell Tate (2)	95,000	–	–	–	–	–	–	95,000
Newman Manion (1)	100,000	–	–	30,000	–	–	–	130,000
Bronwyn Morris	105,000	–	–	–	9,975	–	–	114,975
	480,000	–	–	30,000	27,075	–	–	537,075
Executive Directors								
Graham Maxwell	638,466	487,500	12,541	–	29,167	–	344,064	1,511,738
Kevin Perkins (3)	253,619	–	14,244	–	16,001	7,357	78,029	369,250
	892,085	487,500	26,785	–	45,168	7,357	422,093	1,880,988
Other executive KMP								
Martin Clarke	297,611	238,289	14,518	–	26,162	8,199	60,736	645,515
Nigel Williams	344,846	252,404	15,182	–	18,016	–	33,113	663,561
	642,457	490,693	29,700	–	44,178	8,199	93,849	1,309,076
Total Group	**2,014,542**	**978,193**	**56,485**	**30,000**	**116,421**	**15,556**	**515,942**	**3,727,139**

* The reporting period of 3 May 2015 to 1 May 2016 is a period representing 52 weeks, compared to the comparative reporting period 28 April 2014 to 1 May 2015 representing 53 weeks.

(1) Other short term employee benefits relate to consulting fees paid in relation to overseeing the Group's investment in the Snag Stand group entities. Following the end of the reporting period, the Company has increased its investment in Snag Stand to 100%. As a result of the Snag Stand group entities becoming wholly owned subsidiaries of the Company, the ongoing additional responsibilities previously held by Newman Manion in relation to his oversight of the Group's investment in the Snag Stand group entities have ceased.

(2) Remuneration is/was paid to a corporate entity under a Consulting Agreement with the Company for the provision of his services as a Non-executive Director.

(3) Kevin Perkins remains actively involved as an Executive Director overseeing the Sizzler Asia business.

Details of remuneration received or receivable by the Directors and other KMP of the Group for the previous financial period are set out in the following table.

2015*	SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Other [1] $	Super-annuation $	Long service leave $	Performance Rights $	Total $
Non-executive Directors								
Robert Kaye SC [2]	63,692	–	–	–	5,722	–	–	69,414
Russell Tate [2] [3]	166,154	–	–	–	–	–	–	166,154
Newman Manion [1] [3]	100,000	–	–	30,000	–	–	–	130,000
Bronwyn Morris	107,019	–	–	–	9,935	–	–	116,954
Stephen Copulos [3] [6]	38,571	–	–	–	–	–	–	38,571
	475,436	–	–	30,000	15,657	–	–	521,093
Executive Directors								
Graham Maxwell [4]	592,032	483,904	12,510	–	36,111	–	195,374	1,319,931
Kevin Perkins [5]	427,339	362,414	13,200	–	72,276	12,685	46,818	934,732
	1,019,371	846,318	25,710	–	108,387	12,685	242,192	2,254,663
Other executive KMP								
Martin Clarke	292,674	274,592	12,951	–	33,191	32,777	26,507	672,692
John Hands	303,601	156,303	9,690	–	24,732	5,975	16,728	517,029
	596,275	430,895	22,641	–	57,923	38,752	43,235	1,189,721
Total Group	**2,091,082**	**1,277,213**	**48,351**	**30,000**	**181,967**	**51,437**	**285,427**	**3,965,477**

* The reporting period of 28 April 2014 to 3 May 2015 is a period representing 53 weeks, compared to the comparative reporting period 29 April 2013 to 27 April 2014 representing 52 weeks.

(1) Other short term employee benefits relate to consulting fees paid in relation to overseeing the Group's investment in the Snag Stand group entities.

(2) Russell Tate retired as Chairman and Robert Kaye SC assumed the role of Independent Non-executive Chairman with effect from 25 March 2015. Mr Tate continues as an Independent Non-executive Director and member of the Audit and Risk Committee, and Remuneration and Nomination Committee.

(3) Remuneration is/was paid to a corporate entity under a Consulting Agreement with the Company for the provision of his services as a Non-executive Director.

(4) Remuneration paid to Graham Maxwell reflects his role as Group CFO and Chief Operating Officer for the period 28 April 2014 to 28 September 2014 and his role as Managing Director & CEO for the period 29 September 2014 to 3 May 2015.

(5) Remuneration paid to Kevin Perkins reflects his role as Managing Director & CEO for the period 28 April 2014 to 28 September 2014 and his role as Executive Director for the period 29 September 2014 to 3 May 2015.

(6) Remuneration was paid to Stephen Copulos until the date of his resignation as a Director of the Company on 1 October 2014.

Remuneration Report (continued)

8 Key Management Personnel service agreements

Key details of the service agreements of Graham Maxwell, Managing Director & CEO, and Kevin Perkins, Executive Director are as follows:

- agreement has effect and executive’s employment under their respective service agreement will continue until terminated in accordance with the agreement (12 months’ notice is required by either party or payment in lieu of notice in the case of the Company for Graham Maxwell, and three months’ notice is required by either party or payment in lieu of notice in the case of the Company for Kevin Perkins); and
- includes a restraint of trade period of 12 months for both Graham Maxwell and Kevin Perkins, excluding Sizzler, USA in the case of Kevin Perkins.

Key details of service agreements of any other person who was a KMP of the Group during the period are set out below. No agreements provide for any termination payments, other than payment in lieu of notice.

			MINIMUM NOTICE PERIOD (MONTHS)	
Name	Position	Contract duration	Termination by Executive	Termination by Group [(1)]
Martin Clarke	Chief Executive Officer – KFC	Ongoing	1	3
Nigel Williams	Group Chief Financial Officer	Ongoing	3	3

(1) Provision is also made for the Group to be able to terminate these agreements on three months’ notice in certain circumstances of serious ill health or incapacity of the executive.

9 Details of share based compensation

PERFORMANCE RIGHTS

For each Performance Right included in the tables on pages 22 and 23, the percentage of the available Performance Right that was paid, or that vested, the reporting period, and the percentage that was forfeited because the person did not meet the service and performance criteria, is set out below. The minimum value of the Performance Rights yet to vest is nil, as the Performance Rights will be forfeited if the KMP fail to satisfy the vesting conditions (see pages 19 and 20). The maximum value of the Performance Rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed.

NAME	CURRENT YEAR LTI ENTITLEMENT		PERFORMANCE RIGHTS							
	Awarded	Forfeited	Financial Year granted	No. granted	Value per share $	Vested %	Vested number	Forfeited	Financial years in which rights may vest	Max value yet to vest $
Kevin Perkins	100%	–	2014	103,859	1.50	–	–	–	2017	–
Graham Maxwell	100%	–	2014	356,088	1.50	–	–	–	2017	–
	100%	–	2015	92,301	1.89	–	–	–	2018	46,473
	100%	–	2016	33,316	2.77	–	–	–	2019	36,884
Martin Clarke	100%	–	2014	35,608	1.50	–	–	–	2017	–
	100%	–	2015	27,690	1.89	–	–	–	2018	13,942
	100%	–	2016	20,009	4.14	–	–	–	2019	33,112
Nigel Williams	100%	–	2016	40,019	4.14	-–	–	–	2019	66,226

10 Equity instruments held by Key Management Personnel

SHAREHOLDINGS

The numbers of shares in the Company held during the financial period by the Directors of the Company and the KMP of the Group, including their personally related parties, are set out below. There were no shares, other than Performance Rights, granted during the reporting period as compensation or as a result of exercise of options or rights.

ORDINARY SHARES	BALANCE AT START OF PERIOD	CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
2016			
Directors			
Robert Kaye SC	–	10,000	10,000
Graham Maxwell	–	–	–
Kevin Perkins	7,340,833		7,340,833
Newman Manion	20,001	–	20,001
Bronwyn Morris	5,001	–	5,001
Russell Tate	20,001	–	20,001
Other KMP			
Martin Clarke	126,262	–	126,262
Nigel Williams	–	–	–
2015			
Directors			
Robert Kaye SC	–	–	–
Graham Maxwell	–	–	–
Kevin Perkins	7,340,833	–	7,340,833
Newman Manion	20,001	–	20,001
Bronwyn Morris	5,001	–	5,001
Russell Tate	20,001	–	20,001
Other KMP			
Martin Clarke	126,262	–	126,262
John Hands	210,409	–	210,409

PERFORMANCE RIGHTS	BALANCE AT START OF REPORTING PERIOD	GRANTED AS COMPENSATION	BALANCE AT END OF REPORTING PERIOD	VESTED	UNVESTED
2016					
Graham Maxwell	448,389	33,316	481,705	–	481,705
Kevin Perkins	103,859	–	103,859	–	103,859
Martin Clarke	63,298	20,009	83,307	–	83,307
Nigel Williams (1)	–	40,019	40,019	–	40,019
2015					
Graham Maxwell	356,088	92,301	448,389	–	448,389
Kevin Perkins	103,859	–	103,859	–	103,859
Martin Clarke	35,608	27,690	63,298	–	63,298
John Hands	23,739	15,961	39,700	–	39,700

(1) Nigel Williams commenced employment with the Company on 18 May 2015.

For further information on Performance Rights refer Note D2.

Remuneration Report (continued)

PERFORMANCE RIGHTS

Performance Rights of Collins Foods Limited issued at the date of this report are as follows:

Date performance rights granted	Expiry date	Exercise price of Performance Rights	Number of Performance Rights granted
18 September 2013 (1)	25 July 2016	Nil	103,859
1 October 2013 (1)	25 July 2016	Nil	427,304
13 November 2014 (1)	26 July 2017	Nil	149,797
1 October 2015 (1)	24 July 2018	Nil	33,316
22 December 2015 (1)	24 July 2018	Nil	89,272
			803,548

(1) Included in these Performance Rights were Performance Rights granted as remuneration to the Executive Directors and the five most highly remunerated officers during the reporting period. Details of Performance Rights granted to KMP are disclosed on page 24.

In addition, the following Performance Rights were granted to officers who were among the five highest remunerated officers of the company and the Group, but are not KMP and hence not disclosed in the Remuneration Report:

Name of officer	Date granted	Exercise price of Performance Rights	Number of Performance Rights granted
David Nash	1 October 2013	Nil	11,869
	13 November 2014	Nil	13,845
	22 December 2015	Nil	9,235
John Hands	1 October 2013	Nil	23,739
	13 November 2014	Nil	15,961
	22 December 2015	Nil	10,774

No Performance Rights were granted to the Directors or any of the five highest remunerated officers of the Company since the end of the financial year.

11 Loans to Key Management Personnel

As of the end of the reporting period, there were no loans with Directors, Director-related entities or other KMP. As of the end of the prior reporting period, there were no loans with Directors, Director-related entities or other KMP.

12 Other transactions with Key Management Personnel

Directors and other KMP of the Group, and their personally related entities, may purchase goods from the Company or its controlled entities from time to time. These transactions are made using terms available to other employees of the Group and customers generally.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's Constitution provides that it must in the case of a person who is or has been a Director or Secretary of the Group, and may in the case of an officer of the Company, indemnify them against liabilities incurred (whilst acting as such officers) and the legal costs of that person to the extent permitted by law. During the period, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's Directors, Group CFO, CFO Australia and Company Secretary.

No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the period.

The Company has paid a premium for insurance for officers of the Group. The cover provided by the insurance contract is customary for this type of insurance policy. Details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance contract are not disclosed as such disclosure is prohibited under the insurance contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

During the period, the Company's Auditor (PricewaterhouseCoopers) performed other services in addition to its audit responsibilities. Whilst their main role is to provide external audit services to the Company, the Company does employ their specialist advice where appropriate.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

→ all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

→ none of the services undermine the general principles relating to auditor independence, including not reviewing or auditing the auditor's own work, not acting in a management or a decision making capacity for the Company, not acting as advocate for the Company, or not jointly sharing economic risk or rewards.

During the period the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2016 $	2015 $
Other assurance services		
PricewaterhouseCoopers Australian firm		
Store sales certificates	10,716	10,506
Agreed upon procedures for covenant calculations	21,032	20,620
Network firms of PricewaterhouseCoopers Australia		
Total remuneration for assurance services	31,748	31,126
Taxation services		
PricewaterhouseCoopers Australian firm		
Tax compliance services, including review of company tax returns	36,000	31,000
Tax advice and consulting	–	24,750
Network firms of PricewaterhouseCoopers Australia		
Tax compliance services, including review of company tax returns	4,378	4,793
Total remuneration for taxation services	40,378	60,543
Total remuneration for non-audit services	**72,126**	**91,669**

Remuneration Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors.

Robert Kaye SC
Chairman

Brisbane
28 June 2016

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Collins Foods Limited for the period ended 1 May 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Collins Foods Limited and the entities it controlled during the period.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
28 June 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Consolidated Income Statement

For the reporting period ended 1 May 2016

	Note	2016 $000	2015 $000
Revenue	A2	574,284	571,593
Cost of sales		(270,943)	(272,955)
Gross profit		303,341	298,638
Selling, marketing and royalty expenses (1)		(118,217)	(117,937)
Occupancy expenses (1)		(45,264)	(47,171)
Restaurant related expenses (1)		(53,721)	(56,170)
Administration expenses (1)		(33,115)	(39,701)
Other expenses (1) (2)		(5,323)	(31,753)
Other income (3)	A2	3,111	943
Profit from continuing operations before finance income, finance costs and income tax (EBIT)		50,812	6,849
Finance income	A3	746	602
Finance costs	A3	(8,949)	(9,081)
Share of net loss of joint ventures accounted for using the equity method		(381)	(868)
Profit/(loss) from continuing operations before income tax		42,228	(2,498)
Income tax expense	F9(a)	(13,113)	(7,862)
Profit/(loss) from continuing operations		29,115	(10,360)
Net profit/(loss) attributable to members of Collins Foods Limited		**29,115**	**(10,360)**
Basic earnings per share	F2	31.31 cps	(11.14) cps
Diluted earnings per share	F2	31.06 cps	(11.14) cps
Weighted average basic ordinary shares outstanding	F2	93,000,003	93,000,003
Weighted average diluted ordinary shares outstanding	F2	93,732,586	93,000,003 (4)

(1) Impairment charges included in expenses are as follows: selling marketing expenses $21,000, occupancy expenses $537,000, restaurant related expenses $750,000 (2015: selling marketing expenses $140,000, occupancy expenses $2,472,000, restaurant related expenses $2,236,000, administration expenses $6,279,000 and other expenses $27,146,000).

(2) Other expenses in the 2016 reporting period include a charge for an onerous lease of $1,250,000 and restaurant smallwares write-off of $740,000.

(3) Other income in the 2016 reporting period includes a gain on disposal of land and building of $1,746,000.

(4) Shares attached to performance rights granted to employees are not considered to be potential ordinary shares, as including such securities in the calculation would result in a decreased loss per share therefore being anti-dilutive. Hence the diluted earnings per share is equal to the basic earnings per share.

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

Consolidated Statement of Comprehensive Income

For the reporting period ended 1 May 2016

	Note	2016 $000	2015 $000
Net profit/(loss) attributable to members of Collins Foods Limited		29,115	(10,360)
Items that may be reclassified to profit or loss			
Other comprehensive income/(expense):			
Exchange difference upon translation of foreign operations	F8	185	2,404
Cash flow hedges	F8	211	(3,132)
Income tax relating to components of other comprehensive income	F9	(64)	939
Other comprehensive income for the reporting period, net of tax		332	211
Total comprehensive income/(expense) for the reporting period		29,447	(10,149)
Total comprehensive income/(expense) for the reporting period is attributable to:			
Owners of the parent		**29,447**	**(10,149)**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Balance Sheet

As at 1 May 2016

	Note	2016 $000	2015 $000
Current assets			
Cash and cash equivalents	B1	52,464	42,234
Receivables	F3	9,008	6,232
Inventories		4,398	4,657
Total current assets		65,870	53,123
Non-current assets			
Property, plant and equipment	F4	88,000	79,477
Intangible assets, net	F5	247,952	248,400
Deferred tax assets, net	F9(b)	25,234	24,840
Receivables	F3	11	1,493
Investments accounted for using the equity method		1,243	1,613
Total non-current assets		362,440	355,823
Total assets		428,310	408,946
Current liabilities			
Trade and other payables	F6	58,035	56,466
Current tax liabilities		4,131	3,638
Derivative financial instruments	C3	1,726	1,873
Provisions	F7	4,541	4,613
Total current liabilities		68,433	66,590
Non-current liabilities			
Borrowings	C2	164,240	164,551
Derivative financial instruments	C3	2,705	2,762
Provisions	F7	3,235	3,754
Total non-current liabilities		170,180	171,067
Total liabilities		238,613	237,657
Net assets		**189,697**	**171,289**
Equity			
Contributed equity	D3	182,098	182,098
Reserves	F8	2,364	1,446
Retained earnings/(Accumulated losses)		5,235	(12,255)
Total equity		**189,697**	**171,289**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

For the reporting period ended 1 May 2016

	Note	2016 $000	2015 $000
Cash flows from operating activities:			
Receipts from customers		630,571	627,516
Payments to suppliers and employees		(524,205)	(523,203)
GST paid		(35,886)	(33,279)
Interest received		749	629
Interest and other borrowing costs paid		(8,404)	(8,834)
Income tax paid		(13,137)	(13,685)
Net operating cash flows	B1	49,688	49,144
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		3,173	–
Purchase of franchise rights		(639)	(489)
Payments for plant and equipment		(27,642)	(32,488)
Net investing cash flows		(25,108)	(32,977)
Cash flow from financing activities:			
Loans advanced – related parties		(1,840)	(1,060)
Refinance fees paid		(839)	–
Dividends paid	B4	(11,625)	(10,230)
Net financing cash flows		(14,304)	(11,290)
Net increase in cash and cash equivalents		10,276	4,877
Cash and cash equivalents at the beginning of the reporting period		42,234	36,983
Effects of exchange rate changes on cash and cash equivalents		(46)	374
Cash and cash equivalents at the end of the reporting period	B1	**52,464**	**42,234**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes In Equity

For the reporting period ended 1 May 2016

	NOTE	CONTRIBUTED EQUITY	RESERVES	(ACCUMULATED LOSSES)/ RETAINED EARNINGS	TOTAL EQUITY
2015		$000	$000	$000	$000
Beginning of the reporting period		182,098	939	8,335	191,372
Loss for the reporting period		–	–	(10,360)	(10,360)
Other comprehensive income		–	211	–	211
Total comprehensive income/(expense) for the reporting period		–	211	(10,360)	(10,149)
Transactions with owners in their capacity as owners:					
Share-based payments		–	296	–	296
Dividends provided for or paid	B4	–	–	(10,230)	(10,230)
End of the reporting period		**182,098**	**1,446**	**(12,255)**	**171,289**
2016		$000	$000	$000	$000
Beginning of the reporting period		182,098	1,446	(12,255)	171,289
Profit for the reporting period		–	–	29,115	29,115
Other comprehensive income		–	332	–	332
Total comprehensive income for the reporting period		–	332	29,115	29,447
Transactions with owners in their capacity as owners:					
Share-based payments		–	586	–	586
Dividends provided for or paid	B4	–	–	(11,625)	(11,625)
End of the reporting period		**182,098**	**2,364**	**5,235**	**189,697**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements

A/ FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the Group's performance during the year, and where relevant, the accounting policies that have been applied and significant estimates and judgments made.

A1/ Segment information

A2/ Revenue and other income

A3/ Expenses

A1/ Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Managing Director & CEO.

DESCRIPTION OF SEGMENTS

Management has determined, following the integration of the KFC Western Australia and Northern Territory restaurants, the operating segments based on the reports reviewed by the Managing Director & CEO that are used to make strategic decisions. Hence three reportable segments have been identified: KFC Restaurants (competing in the quick service restaurant market), Sizzler Restaurants (competing in the full service restaurant market) and Shared Services which performs a number of administrative and management functions for the Group's KFC and Sizzler Restaurants.

SEGMENT INFORMATION PROVIDED TO THE MANAGING DIRECTOR & CEO

The following is an analysis of the revenue and results by reportable operating segment for the periods under review:

	KFC RESTAURANTS	SIZZLER RESTAURANTS	SHARED SERVICES	ALL OTHER SEGMENTS	TOTAL
2016	**$000**	**$000**	**$000**	**$000**	**$000**
Total segment revenue	501,638	72,646	–	–	574,284
Adjusted EBITDA [1]	81,898	5,323	(13,045)	407	74,583
Depreciation, amortisation and impairment	18,398	3,218	1,419	11	23,046
Finance costs – net	(1)	(3)	8,208	(1)	8,203
Income tax expense	16,330	(507)	(3,448)	738	13,113
2015	**$000**	**$000**	**$000**	**$000**	**$000**
Total segment revenue	483,112	88,481	–	–	571,593
Adjusted EBITDA [1]	74,396	4,479	(12,004)	522	67,393
Depreciation, amortisation and impairment	17,948	39,557	2,667	14	60,186
Finance costs – net	(12)	(2)	8,495	(2)	8,479
Income tax expense	14,397	(3,568)	(3,525)	558	7,862

(1) Refer below for a description and reconciliation of Adjusted EBITDA.

OTHER SEGMENT INFORMATION

Segment revenue

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the Consolidated Income Statement.

Revenue from external customers is derived from the sale of food in KFC and Sizzler Restaurant outlets.

Notes to the Consolidated Financial Statements

A1/ Segment information (continued)

Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of costs associated with the acquisition of Collins Restaurants West Pty Ltd and the investment in the Snag Stand Group. Impairment of property, plant, equipment, franchise rights, brand assets and goodwill are also excluded to the extent they are isolated non-recurring events. Net finance costs (including the impact of derivative financial instruments) are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of Adjusted EBITDA to profit/(loss) from continuing operations before income tax is provided as follows:

	2016 $000	2015 $000
Adjusted EBITDA	74,583	67,393
Finance costs – net	(8,203)	(8,479)
Long term incentive provision	105	(63)
Performance rights	(586)	(296)
Depreciation	(20,304)	(20,350)
Amortisation	(1,434)	(1,563)
Impairment of property, plant and equipment	(1,308)	(4,720)
Impairment of KFC franchise rights	–	(128)
Impairment of Sizzler brand – Australia	–	(6,279)
Impairment of Sizzler goodwill	–	(27,146)
Write off of restaurant smallwares	(740)	–
Provision for onerous lease	(1,250)	–
Gain on disposal of land and building	1,746	–
Share of net loss of joint ventures accounted for using the equity method	(381)	(868)
Profit/(loss) from continuing operations before income tax	42,228	(2,498)

A2/ Revenue and other income

	2016 $000	2015 $000
Revenue from continuing operations		
Sales revenue:		
Sale of goods	570,639	568,494
Other revenue:		
Franchise revenue from external parties	3,645	3,099
Total revenue	574,284	571,593
Other income		
Net gain on disposal of property, plant and equipment	1,485	–
Traineeship income	411	282
Other	1,215	661
Total other income	3,111	943

ACCOUNTING POLICY

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised when the Group has passed control of the goods to the customer, interest income is recognised on a time proportion basis using the effective interest method and traineeship income is recognised as revenue when the right to receive payment is established.

A3/ Expenses

	2016 $000	2015 $000
Profit/(loss) from continuing operations before income tax includes the following specific expenses:		
Depreciation, amortisation and impairment		
Depreciation	20,304	20,350
Amortisation	1,434	1,563
Impairment	1,308	38,273
Total depreciation, amortisation and impairment	23,046	60,186
Finance income and costs		
Finance income	(746)	(602)
Finance costs	8,949	9,081
Net finance costs	8,203	8,479
Employee benefits expense		
Wages and salaries	139,707	139,973
Defined contribution superannuation expense	10,542	10,852
Employee entitlements	9,794	10,357
Total employee benefits expense	160,043	161,182
Operating lease rentals	31,400	31,341
Inventories recognised as an expense	187,818	188,851
Long term incentive provision	(105)	63
Performance rights	586	296
Write off of restaurant smallwares	740	–
Provision for onerous lease	1,250	–
Net loss on disposal of property, plant and equipment	–	411
Bank transaction fees	2,079	1,767

Notes to the Consolidated Financial Statements

B/ CASH MANAGEMENT

Collins Foods Limited has a focus on maintaining a strong balance sheet with the strategy incorporating the Group's expenditure, growth and acquisition requirements, and the desire to return dividends to shareholders.

B1/ Cash and cash equivalents

B2/ Borrowings

B3/ Ratios

B4/ Dividends

B1/ Cash and cash equivalents

	2016 $000	2015 $000
Cash at bank and on hand	52,464	42,234

Reconciliation of profit/(loss) from continuing operations to net cash inflow from operating activities

	2016 $000	2015 $000
Profit/(loss) from continuing operations	29,115	(10,360)
Adjustments for non-cash income and expense items:		
Depreciation, amortisation and impairment	23,046	60,186
(Gain)/loss on disposal of property, plant and equipment	(1,587)	411
Amortisation of borrowing costs	529	170
Non-cash employee benefits expense share-based payments	586	296
Transfer to/(from) provisions:		
Reversal of provision for diminution in value of inventory	(103)	107
Provision for employee entitlements	(1,280)	(201)
Movement in:		
Income tax payable	493	(1,407)
Deferred tax balances	(512)	(4,410)
Fringe benefits tax payable	55	(55)
Goods and services tax payable	(1,078)	732
Changes in assets and liabilities:		
(Increase)/decrease in assets:		
Receivables	816	(1,218)
Inventory	363	150
Prepayments and other assets	(281)	(2,197)
Share of profits of joint ventures	381	868
Increase in liabilities:		
Trade payables and accruals	(855)	6,072
Net operating cash flows	49,688	49,144

ACCOUNTING POLICY

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand, at call deposits with banks or financial institutions, and other short-term, highly liquid investments in money market instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B2/ Borrowings

AVAILABLE FINANCING FACILITIES

	2016 Working Capital Facility $000	2016 Revolving Bank Loans $000	2015 Working Capital Facility $000	2015 Revolving Bank Loans $000
Used	910	165,000	876	165,000
Unused	14,090	35,000	9,124	–
Total	15,000	200,000	10,000	165,000

A subsidiary of the Company, CFG Finance Pty Limited, is the primary borrower under a Syndicated Facility Agreement (Syndicated Facility) and a Working Capital Facility Agreement (Working Capital Facility). On 15 December 2015 the Group completed an amendment to these existing facilities including an increase in the syndicated facility to $200m and an increase to the working capital facility to $15m. The Syndicated Facility includes a $65m tranche which expires 31 October 2018. All other borrowing facilities expire on 31 October 2020.

Facilities

The Syndicated Facility and Working Capital Facility are subject to certain financial covenants and restrictions such as net leverage ratios, interest coverage ratios and others which management believe are customary for these types of loans. During the reporting period ended 1 May 2016, the Group maintained compliance with the financial covenants and restrictions of these facilities. The Company and its subsidiaries (other than subsidiaries outside of the Closed Group) were registered guarantors of all the obligations in respect of these loan facilities.

ACCOUNTING POLICY

Bank loans are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not transaction costs relating to the actual draw-down of the facility, are capitalised and amortised on a straight-line basis over the term of the facility.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

B3/ Ratios

CAPITAL MANAGEMENT

The Group manages its capital by maintaining a strong capital base. The Group assesses its capital base by reference to its gearing ratio, which it defines as net debt divided by total capital. Net debt is calculated as borrowings (excluding capitalised fees) less cash and cash equivalents. Total capital is calculated as total equity as shown in the balance sheet plus net debt. At balance date, the gearing ratio was 37% (2015: 42%).

NET DEBT

	Note	2016 $000	2015 $000
General cash at bank and on hand	B1	52,464	42,234
Borrowings – non-current		165,000	165,000
Net debt		112,536	122,766

NET LEVERAGE

	2016 $000	2015 $000
Net debt	112,536	122,766
EBITDA per Syndicated Facility Agreement	74,102	67,034
Net leverage	1.52	1.83

Notes to the Consolidated Financial Statements

B4/ Dividends

DIVIDENDS

	2016 $000	2015 $000
Dividends paid of $0.125 (2015: $0.11) per fully paid share	11,625	10,230

FRANKING CREDITS

	2016 $000	2015 $000
Franking credits available for the subsequent reporting period based on a tax rate of 30%	65,129	54,316

The above amount represents the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from the payment of income tax payable as at the end of the reporting period;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that may be prevented from being distributed in the subsequent reporting period.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

Since the end of the reporting period, the Directors of the Company have declared the payment of a fully franked final dividend of 8.0 cents per ordinary share ($7.4m) to be paid on 13 July 2016. The aggregate amount of the dividend to be paid on that date, but not recognised as a liability at the end of the reporting period is $7,440,000.

ACCOUNTING POLICY

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at balance date.

C/ FINANCIAL RISK MANAGEMENT

This section provides information relating to the Group's exposure to financial risks, how they affect the financial position and performance, and how the risks are managed.

C1/ Financial risk management

The Board of Directors has delegated specific authorities to the central finance department in relation to financial risk management. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board has provided written policies covering the management of interest rate risk and the use of derivative financial instruments. All significant decisions relating to financial risk management require specific approval by the Board of Directors.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. In addition, the Group manages its capital base. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's activities expose it primarily to the financial risk of changes in interest rates and it utilises Swap Contracts to manage its interest rate risk exposure. The use of financial instruments is governed by the Group's policies approved by the Board of Directors, and are not entered into for speculative purposes.

MARKET RISK

Foreign exchange risk

During 2016 and 2015, the financial instruments of the Group and the parent entity were denominated in Australian dollars apart from certain bank accounts, trade receivables and trade payables in respect of the Group's Asian operations which were denominated in foreign currencies at the Group level. Management has decided not to hedge this foreign exchange risk exposure. The Group's exposure to foreign currency risk is disclosed in the tables below.

Cash flow and interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk while borrowings issued at fixed rates expose the Group to fair value interest rate risk.

It is the policy of the Group to protect a designated portion of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts (Swap Contract) under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Information about the Group's variable rate borrowings, outstanding Swap Contracts and an analysis of maturities at the reporting date is disclosed in Notes C1 and C3.

Price risk

The Group manages commodity price risk by forward contracting prices on key commodities and by being actively involved in relevant supply co-operatives.

CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks, other trade receivables and receivables from related parties. The Group has adopted a policy of only dealing with creditworthy counterparties and in the situation of no independent rating being available, will assess the credit quality of the customer taking into account its financial position, past experience and other factors.

Trade receivables consist of a small number of customers and ongoing review of outstanding balances is conducted on a periodic basis. The balance outstanding (disclosed in Note F3) is not past due, nor impaired (2015: nil past due). The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Related party transactions are conducted on commercial terms and conditions. Recoverability of these transactions are assessed on an ongoing basis.

Credit risk further arises in relation to financial guarantees given to certain parties, refer to Notes B2 and G1 for details.

LIQUIDITY RISK

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve banking facilities by continuously monitoring forecast and actual cash flows. This approach enables the Group to manage short, medium and long term funding and liquidity management as reported in Note B2. Non-interest bearing liabilities are due within six months. For maturities of interest bearing liabilities and Swap Contracts of the Group, refer to Notes C1 and C3.

Notes to the Consolidated Financial Statements

C1/ Financial risk management (continued)

MATURITIES OF FINANCIAL LIABILITIES

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities; and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For Swap Contracts the cash flows have been estimated using forward interest rates applicable at the end of each reporting period.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	NOTE	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT
2016		$000	$000	$000	$000	$000	$000
Non-derivatives							
Trade and other payables	F6	58,035	–	–	–	58,035	58,035
Borrowings	C2	8,183	7,951	178,502	–	194,636	164,240
Total non-derivatives		66,218	7,951	178,502	–	252,671	222,275
Derivatives							
Net settled (Swap Contracts)	C3	1,748	1,509	1,463	–	4,720	4,431
2015		$000	$000	$000	$000	$000	$000
Non-derivatives							
Trade and other payables	F6	56,466	–	–	–	56,466	56,466
Borrowings	C2	8,638	72,078	108,282	–	188,998	164,551
Total non-derivatives		65,104	72,078	108,282	–	245,464	221,017
Derivatives							
Net settled (Swap Contracts)	C3	1,959	1,457	1,845	–	5,261	4,635

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk only, as the Group is not exposed to other price risks.

Interest Rate Risk and Foreign Exchange Risk

		INTEREST RATE RISK				FOREIGN EXCHANGE RISK			
		–1%		+1%		–20%		+20%	
	CARRYING AMOUNT	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
2016	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets	56,836	(390)	–	390	–	1,192	–	(1,192)	–
Financial liabilities	231,597	305	(3,144)	(305)	3,144	(13)	–	13	–
Total increase/ (decrease)		(85)	(3,144)	85	3,144	1,179	–	(1,179)	–
2015	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets	45,592	(306)	–	306	–	720	–	(720)	–
Financial liabilities	229,739	305	(2,317)	(305)	2,317	(9)	–	9	–
Total increase/ (decrease)		(1)	(2,317)	1	2,317	711	–	(711)	–

Interest rate risk exposures – non-current liabilities

The following table summarises interest rate risk for the Group, together with effective interest rates as at the end of the reporting period.

			FIXED INTEREST MATURING IN:				
	NOTES	FLOATING INTEREST RATE	5 YEARS OR LESS	MORE THAN 5 YEARS	NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE EFFECTIVE RATE
2016		**\$000**	**\$000**	**\$000**	**\$000**	**\$000**	
Trade and other payables	F6	–	–	–	58,035	58,035	
Borrowings – unhedged	C3	43,500	–	–	–	43,500	3.9%
Borrowings – hedged [(1)]	C3	–	121,500	–	–	121,500	5.3%
		43,500	121,500	–	58,035	223,035	
2015		**\$000**	**\$000**	**\$000**	**\$000**	**\$000**	
Trade and other payables	F6	–	–	–	56,466	56,466	
Borrowings – unhedged	C3	43,500	–	–	–	43,500	4.2%
Borrowings – hedged [(1)]	C3	–	121,500	–	–	121,500	5.4%
		43,500	121,500	–	56,466	221,466	

(1) Refer Note C3 for details of derivative financial instruments.

Interest rate risk exposures – current assets receivables

The Group's exposure to interest rate risk and the average interest rate by maturity period is set out in the following table:

			FIXED INTEREST MATURING IN:				
	NOTES	FLOATING INTEREST RATE	5 YEARS OR LESS	MORE THAN 5 YEARS	NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE EFFECTIVE RATE
2016		**\$000**	**\$000**	**\$000**	**\$000**	**\$000**	
Trade and other receivables	F3	–	–	–	1,094	1,094	
Related party receivables	F3	3,289	–	–	–	3,289	7.6%
		3,289	–	–	1,094	4,383	
2015		**\$000**	**\$000**	**\$000**	**\$000**	**\$000**	
Trade and other receivables	F3	–	–	–	1,931	1,931	
Related party receivables	F3	1,460	–	–	–	1,460	7.7%
		1,460	–	–	1,931	3,391	

CREDIT RISK

There is no concentration of credit risk with respect to external current and non-current receivables.

Notes to the Consolidated Financial Statements

C2/ Recognised fair value measurements

FAIR VALUE HIERARCHY

Judgements and estimates are made in determining the fair values of assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified such assets and liabilities into the three levels prescribed under the accounting standards.

The fair values of derivative instruments are determined as the estimated amount that the Group and the Company would receive or pay to terminate the interest rate swap at the end of the reporting period, taking into account the current interest rate.

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate to their fair values.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable. The different levels have been identified as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 1 May 2016, the Group has derivative financial instruments which are classified as Level 3 financial instruments. There are no Level 1 or Level 2 financial instruments. As at 3 May 2015, the Group had derivative financial instruments which were classified as Level 3 financial instruments. There were no Level 1 or Level 2 financial instruments.

DISCLOSED FAIR VALUES

The Group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Receivables

Due to the short term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current receivables, the fair values are not materially different to their carrying amounts, since the interest on those receivables is close to current market rates.

Trade and other payables

Due to the short term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

Borrowings

The fair value of borrowings is as follows:

	2016			2015		
	Carrying amount $000	Fair value $000	Discount rate %	Carrying amount $000	Fair value $000	Discount rate %
Bank Loan (net of borrowing costs)	164,240	156,409	5.8	164,551	159,459	5.8

The fair value of non-current borrowings is based on discounted cash flows using the rate disclosed in the table above. They are classified as Level 3 values in the fair value hierarchy due to the use of unobservable inputs, including the credit risk of the Group.

VALUATION PROCESSES

The finance department of the Group engages a third party expert valuation firm that performs the valuation of derivative financial instruments that are required to be measured, recognised and disclosed in the financial statements, at fair value. This includes Level 3 fair values. The finance department reports directly to the Group Chief Financial Officer (CFO) and the Audit and Risk Committee (ARC). Discussions of valuation processes and results are held between the CFO, ARC and the finance department at least once every six months, in line with the Group's half-year reporting periods.

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Changes in Level 2 and Level 3 fair values are analysed at the end of each reporting period during the half-year valuation discussion between the CFO, ARC and the finance department. As part of this discussion the finance department presents a report that explains the reason for the fair value movements.

ACCOUNTING POLICY

INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

All investments and other financial assets with the exception of held-to-maturity investments and loans and receivables are measured at fair value. Held-to-maturity investments and loans and receivables are measured at amortised cost. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Changes in fair value are either taken to the Consolidated Income Statement or an equity reserve.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in current receivables (Note F3) and non-current receivables (Note F3) in the Consolidated Balance Sheet.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have determinable payments and management intends to hold them for the medium to long term.

C3/ Derivative financial instruments

	2016 $000	2015 $000
Current liabilities		
Interest rate swap contracts – cash flow hedges	1,726	1,873
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	2,705	2,762

INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies.

INTEREST RATE SWAP CONTRACTS – CASH FLOW HEDGES

During the year ended 1 May 2016 the Group entered into the following Swap Contracts to hedge a designated portion of the interest rate exposure of the facility:

- $48.75m commencing on 31 October 2016, with a maturity date of 31 October 2018; and
- $75m commencing on 31 October 2018, with a maturity date of 31 October 2020.

Swap Contracts currently in place cover approximately 74% (2015: 74%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The variable rates are BBSY which at balance date was 2.14% (2015: 2.18%). The notional principal amounts, periods of expiry and fixed interest rates applicable to the Swap Contracts are as follows:

	2016 $000	2016 Weighted average fixed interest rate	2015 $000	2015 Weighted average fixed interest rate
Less than 1 year	45,500	3.2%	–	
1–2 years	–		45,500	3.2%
2–3 years	124,750	3.1%	–	
3–4 years	–		76,000	3.7%
4–5 years	75,000	2.7%	–	
	245,250		121,500	

The Swap Contracts require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The Swap Contracts are settled on a net basis. The derivative financial instruments were designated as cash flow hedges at inception.

Notes to the Consolidated Financial Statements

C3/ Derivative financial instruments (continued)

CREDIT RISK EXPOSURES

At 1 May 2016, the Swap Contracts gave rise to payables for unrealised losses on derivative instruments of $4.4m (2015: $4.6m) for the Group. Management has undertaken these contracts with the Australia and New Zealand Banking Group Limited which is an AA rated financial institution.

ACCOUNTING POLICY

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At the start of a hedge relationship, the Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness. Hedge accounting is only applied where effective tests are met on a prospective basis.

The Group utilises interest rate swap contracts which are designated as cash flow hedges. The effective portion of changes in the fair value of swap contracts is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement. Changes in fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Consolidated Income Statement. Amounts accumulated in equity are recycled in the Consolidated Income Statement in the periods when the hedged item will affect profit or loss.

The Group will discontinue hedge accounting prospectively only when the hedging relationship, or part of the hedging relationship no longer qualifies for hedge accounting, which includes where there has been a change to the risk management objective and strategy for undertaking the hedge and instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is consistent with our documented risk management objective.

When hedge accounting is discontinued any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

D/ REWARD AND RECOGNITION

These programs also result in changes to the Group's contributed equity.

D1/ Key management personnel

D2/ Share based payments

D3/ Contributed Equity

D1/ Key management personnel

KMP COMPENSATION

WHOLE DOLLARS

	2016 $	2015 $
Short term employee benefits	3,079,220	3,446,646
Post-employment benefits	116,421	181,967
Long term benefits	15,556	51,437
Share-based payments	515,942	285,427
	3,727,139	3,965,477

Detailed remuneration disclosures are provided in the Remuneration Report included in the Directors' Report.

D2/ Share based payments

LONG TERM INCENTIVE PLAN – PERFORMANCE RIGHTS

The Company has a Long Term Incentive Plan (LTIP) designed to provide long term incentives for certain employees, including executive directors. Under the plan, participants are granted performance rights over shares. The number of performance rights is calculated by dividing the dollar value of the participant's long term incentive by the ASX volume weighted average price of the shares for the five trading days prior to the date of offer of the performance rights.

Unless otherwise determined by the Board in its discretion, performance rights are issued for nil consideration. The amount of performance rights that will vest depends upon the achievement of certain vesting conditions, including the satisfaction of a minimum 12 month term of employment and the achievement of earnings per share (EPS) growth targets by the Company. The EPS growth targets must be achieved over a three year performance period. Performance rights will automatically vest on the business day after the Board determines the vesting conditions have all been satisfied (Vesting Determination Date).

The performance rights will automatically exercise on the Vesting Determination Date unless that date occurs outside a trading window permitted under the Company's Securities Trading Policy, in which case the performance rights will exercise upon the first day of the next trading window. Upon exercise of the performance rights, the Company must issue or procure the transfer of one share for each performance right, or alternatively may in its discretion elect to pay the cash equivalent value to the participant.

Performance rights will lapse on the first to occur of:

- the expiry date;
- the vesting conditions not being satisfied by the Vesting Determination Date;
- unless the Board otherwise determines, by the cessation of the employment of the employee to whom the offer of performance rights was made. The Board determination will depend upon the reason for employment ceasing (resignation, dismissal for cause, death or illness).

Performance rights when issued under the LTIP are not entitled to receive a dividend and carry no voting rights.

D2/ Share based payments (continued)

Set out below are summaries of performance rights issued under the LTIP:

	2016	2015
Balance at the beginning of the financial year	680,960	531,163
Issued during the reporting period	122,588	149,797
Lapsed during the reporting period	–	–
Balance at the end of the financial year	**803,548**	**680,960**
Vested and exercisable	–	–

All performance rights issued during the reporting period ended 1 May 2016 have an expiry date of 24 July 2018 and were issued with an exercise price of nil. All performance rights issued during the reporting period ended 3 May 2015 have an expiry date of 26 July 2017 and were issued with an exercise price of nil.

FAIR VALUE OF PERFORMANCE RIGHTS ISSUED

There were two tranches of performance rights issued during the reporting period ended 1 May 2016.

The assessed fair value of performance rights issued on 1 October 2015 was an average of $2.77. The fair value at issuance date was determined using a discounted cash flow model incorporating the share price at issuance date of $3.22, the term of the right, the expected dividend yield of 4.88% and the risk free interest rate for the term of the rights of 2.06%.

The assessed fair value of performance rights issued on 22 December 2015 was an average of $4.14. The fair value at issuance date was determined using a discounted cash flow model incorporating the share price at issuance date of $4.61, the term of the right, the expected dividend yield of 3.65% and the risk free interest rate for the term of the rights of 2.02%.

Performance rights issued during the reporting period ended 3 May 2015 were at an average of $1.89 per right.

ACCOUNTING POLICY

Equity settled share based payments are measured at the fair value of the equity instrument at the date of grant.

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The determination of fair value includes consideration of any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

D3/ Contributed equity

EQUITY OF PARENT COMPANY

			PARENT ENTITY	
	Date	Ordinary shares – fully paid	Share capital $000	Total equity $000
Balance	3 May 2015	93,000,003	182,098	182,098
Balance	1 May 2016	93,000,003	182,098	182,098

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote. Upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

ACCOUNTING POLICY

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

E/ RELATED PARTIES

This section provides information relating to the Group's related parties and the extent of related party transactions within the Group and the impact they had on the Group's financial performance and position.

E1/ Investments accounted for using the equity method

E2/ Related party transactions

E1/ Investments accounted for using the equity method

INTERESTS IN INDIVIDUALLY IMMATERIAL JOINT VENTURES

% OF OWNERSHIP INTEREST

Name of entity	Place of incorporation	Acronym	2016	2015
Sizzler China Pte Ltd	Singapore	SCP	50	50
Snag Holdings Pty Ltd	Australia	SNG	50	50

ACCOUNTING POLICY

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has two joint ventures. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost in the Consolidated Balance Sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

E2/ Related party transactions

PARENT ENTITY

The parent entity and ultimate parent entity within the Group is Collins Foods Limited.

KEY MANAGEMENT PERSONNEL

Disclosures relating to the compensation of KMP are included in Note D1 and in the Remuneration Report included in the Directors' Report.

SUBSIDIARIES

The ownership interests in subsidiaries are set out in Note G1.

Transactions between entities within the Group during the reporting period consisted of loans advanced and repaid, interest charged and received, operating expenses paid, non-current assets purchased and sold, and tax losses transferred. These transactions were undertaken on commercial terms and conditions.

TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties are conducted on commercial terms and conditions.

WHOLE DOLLARS

Transaction type	Class of related party	2016 $	2015 $
Loans to related parties			
Loan advanced to a related party	Related entity – joint venture	3,300,000	1,460,000
Interest received or receivable	Related entity – joint venture	189,000	75,000

Notes to the Consolidated Financial Statements

F/ OTHER INFORMATION

F1/ Commitments for expenditure

	2016 $000	2015 $000
Capital commitments		
Property, plant and equipment:		
Aggregate capital expenditure contracted for at balance date but not recognised as liabilities, payable	3,116	1,323
Operating leases		
Operating leases relate to land, buildings and equipment with lease terms ranging from 1 to 25 years and expire on varying dates through 2033. The Company has the right to extend many of these leases and many contain market review clauses. Certain leases require contingent rent, determined as a percentage of sales, when annual sales exceed specified levels.		
Operating lease commitments:		
Aggregate lease expenditure contracted for at balance date but not recognised as liabilities, payable:		
Not later than 1 year	33,806	33,593
Later than 1 year but not later than 5 years	92,348	86,529
Later than 5 years	44,857	40,386
	171,011	160,508
Less recoverable Goods and Services Tax	(15,545)	(14,590)
Minimum lease payments	155,466	145,918

ACCOUNTING POLICY

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other current and non-current payables. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period. Finance leased assets are depreciated on a straight line basis over the shorter of the asset's estimated useful life and the lease term.

Where the risks and rewards of ownership are retained by the lessor, leased assets are classified as operating leases and are not capitalised. Rental payments are charged to the Consolidated Income Statement on a straight line basis over the period of the lease.

F2/ Earnings per share

	2016 cents	2015 cents
Basic earnings per share (cents)	31.31	(11.14)
Diluted earnings per share (cents)	31.06	(11.14)[(1)]
Earnings used in the calculation of basic and diluted earnings per share from continuing operations ($,000)	29,115	(10,360)
Weighted average number of ordinary shares for the purpose of basic earnings per share (number)	93,000,003	93,000,003
Weighted average number of ordinary shares for the purpose of diluted earnings per share (number)	93,732,586	93,000,003 [(1)]

(1) Shares attached to performance rights granted to employees are not considered to be potential ordinary shares, as including such securities in the calculation would result in a decreased loss per share therefore being anti-dilutive. Hence the diluted earnings per share is equal to the basic earnings per share.

ACCOUNTING POLICY

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

F3/ Receivables

CURRENT ASSETS

	2016 $000	2015 $000
Loan to related party – joint venture	3,300	–
Allowance for doubtful receivable	(11)	–
	3,289	–
Trade receivables	1,081	1,893
Interest receivable	2	5
Prepayments	4,636	4,334
	9,008	6,232

NON-CURRENT ASSETS

	2016 $000	2015 $000
Loan to related party – joint venture	–	1,460
Security deposits	11	33
	11	1,493

ACCOUNTING POLICY

Trade and related party receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade receivables are generally due for settlement no more than 30 days from the date of recognition. Collectability of trade and related party receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the impairment loss is recognised in the Consolidated Income Statement within other expenses. When a receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements

F4/ Property, plant and equipment

	LAND & BUILDINGS	LEASEHOLD IMPROVEMENTS	PLANT & EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
	$000	$000	$000	$000	$000
Net book amount at 28 April 2014					
Cost	6,777	94,502	72,216	4,591	178,086
Accumulated depreciation	(764)	(60,353)	(44,451)	–	(105,568)
Net book amount at 28 April 2014	6,013	34,149	27,765	4,591	72,518
Additions	17	1,361	3,869	27,193	32,440
Transfers from construction in progress	6	18,584	7,190	(25,780)	–
Depreciation expense	(120)	(10,958)	(9,272)	–	(20,350)
Impairment charge	(830)	(1,642)	(2,248)	–	(4,720)
Disposals – cost	–	(1,110)	(1,183)	(150)	(2,443)
Disposals – accumulated depreciation	–	1,062	970	–	2,032
Net book amount at 3 May 2015	5,086	41,446	27,091	5,854	79,477
Opening balance at 4 May 2015					
Cost	6,800	113,337	82,092	5,854	208,083
Accumulated depreciation (including impairment)	(1,714)	(71,891)	(55,001)	–	(128,606)
Net book amount at 4 May 2015	5,086	41,446	27,091	5,854	79,477
Additions	24	1,424	3,450	26,823	31,721
Transfers from construction in progress	–	15,945	6,548	(22,493)	–
Depreciation expense	(34)	(10,933)	(9,337)	–	(20,304)
Impairment charge	–	(537)	(771)	–	(1,308)
Disposals – cost	(1,349)	(3,248)	(4,631)	(28)	(9,256)
Disposals – accumulated depreciation	38	3,197	4,435	–	7,670
Net book amount at 1 May 2016	3,765	47,294	26,785	10,156	88,000
At 1 May 2016					
Cost	5,475	127,458	87,459	10,156	230,548
Accumulated depreciation (including impairment)	(1,710)	(80,164)	(60,674)	–	(142,548)
Net book amount at 1 May 2016	3,765	47,294	26,785	10,156	88,000

ACCOUNTING POLICY

All property, plant and equipment is recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment, excluding freehold land, is depreciated at rates based upon the expected useful economic life as follows:

	Method	Average life
Buildings	Straight line	20 years
Leasehold improvements	Straight line	Primary term of lease
Plant and equipment	Straight line	8 years

Leasehold improvements are depreciated over the unexpired period of the primary lease or the estimated life of the improvement, whichever is the shorter.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group reviews annually whether the triggers indicating a risk of impairment exist. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (refer Note F5).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the Consolidated Income Statement of the Group in the reporting period of disposal.

IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Consolidated Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements

F5/ Intangible assets

	GOODWILL	FRANCHISE RIGHTS	SIZZLER BRAND AUSTRALIA	SIZZLER BRAND ASIA	TOTAL
	$000	$000	$000	$000	$000
Opening balance at 28 April 2014					
Cost	256,876	6,661	11,261	13,865	288,663
Accumulated amortisation (including accumulated impairment losses & foreign currency translation)	–	(1,328)	(4,720)	(1,923)	(7,971)
Net book amount at 28 April 2014	256,876	5,333	6,541	11,942	280,692
Additions	–	489	–	–	489
Amortisation	–	(551)	(262)	(750)	(1,563)
Impairment charge	(27,146)	(128)	(6,279)	–	(33,553)
Foreign currency translation – cost	186	–	–	2,578	2,764
Foreign currency translation – accumulated	–	–	–	(429)	(429)
Net book amount at 3 May 2015	229,916	5,143	–	13,341	248,400
Opening balance at 4 May 2015					
Cost	257,062	7,150	11,261	16,443	291,916
Accumulated amortisation (including accumulated impairment losses & foreign currency translation)	(27,146)	(2,007)	(11,261)	(3,102)	(43,516)
Net book amount at 4 May 2015	229,916	5,143	–	13,341	248,400
Additions	–	639	–	–	639
Amortisation	–	(558)	–	(876)	(1,434)
Impairment charge	–	–	–	–	–
Foreign currency translation – cost	25	–	–	352	377
Foreign currency translation – accumulated	–	–	–	(30)	(30)
Net book amount at 1 May 2016	229,941	5,224	–	12,787	247,952
Closing balance at 1 May 2016					
Cost	257,087	7,789	11,261	16,795	292,932
Accumulated amortisation (including accumulated impairment losses & foreign currency translation)	(27,146)	(2,565)	(11,261)	(4,008)	(44,980)
Net book amount at 1 May 2016	229,941	5,224	–	12,787	247,952

IMPAIRMENT TEST FOR GOODWILL

Allocation of goodwill

CASH GENERATING UNIT	KFC RESTAURANTS QLD/NSW		KFC RESTAURANTS WA/NT		SIZZLER AUSTRALIA RESTAURANTS		SIZZLER ASIA	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Carrying value	183,529	183,529	45,199	45,199	–	–	1,213	1,188

Goodwill is tested for impairment at a cash generating unit level. The recoverable amount of a cash generating unit is determined based on value-in-use calculations. Management recognises that there are various reasons that the estimates used in the assumptions may vary. For the cash generating units, there are no reasonable and likely changes in assumptions which would result in an impairment.

During the reporting period ended 1 May 2016, the above cash generating units were tested for impairment in accordance with AASB 136. No impairment was identified for these intangible assets. During the reporting period ended 1 May 2016 individual restaurant assets were also tested for impairment in accordance with AASB 136. In the event that the carrying value of these assets was higher than the recoverable amount (measured as the higher of fair value less costs to sell and value in use) an impairment charge was recognised in the Consolidated Income Statement as set out in the table below.

Impairment of assets recognised during the reporting period	2016 $000	2015 $000
Goodwill allocated to Sizzler Australia	–	27,146
KFC franchise rights	–	128
Sizzler brand – Australia	–	6,279
Sizzler Australia Restaurants		
Buildings	–	830
Leasehold improvements	537	1,442
Plant and equipment	771	1,800
KFC Restaurants		
Leasehold improvements	–	200
Plant and equipment	–	448
	1,308	38,273

Notes to the Consolidated Financial Statements

F5/ Intangible assets (continued)

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

KFC Restaurants

The cash flows by restaurant have been estimated after applying growth rates from the commencement of 2017 through to the end of the 2021 reporting period which average 2.9%. The year one projections have been aligned to the division's specific cash flows reflected in the 2017 budget.

Management believe that these growth percentages are reasonable considering the growth that has been seen in this operating segment during the 2016 and prior reporting periods. A pre-tax discount rate of 12.0% has been applied to the cash flows. An indefinite terminal cash flow calculation has been applied for cash flows beyond 2021, using that year's cash flow as a base. The growth rate of 2.75% has been used in determining the terminal value, which does not exceed the long term average growth rate for the industry segment in which the restaurants operate.

Sizzler Australia Restaurants

The cash flows for the Sizzler Australia restaurants from the beginning of 2018 to the end of the 2021 reporting period have been estimated at an average decline of 7.7% reflecting the recent trends experienced in this operating segment together with initiatives intended to improve operating margins. The projection for 2017 has been aligned to the division's specific cash flows reflected in the budget prepared in May 2016.

A pre-tax discount rate of 20.0% (3 May 2015: 20.0%) has been applied to the cash flows. An indefinite terminal cash flow calculation has been applied for cash flows beyond 2021, using that year's cash flow as a base. No growth has been used in determining the terminal value, which is less than the long term average growth rate for the industry.

Sizzler Asia

The cash flows for the Sizzler Asia cash generating unit have been estimated after applying growth rates from the commencement of 2017 through to the end of the 2021 reporting period which average 3.5%. The year one projections have been aligned to the cash flows reflected in the 2017 budget.

Management believe that these growth percentages are reasonable considering the growth that has been seen in this cash generating unit during the 2016 and prior reporting periods. A pre-tax discount rate of 14.4% has been applied to the cash flows. An indefinite terminal cash flow calculation has been applied for cash flows beyond 2021, using that year's cash flow as a base. The growth rate of 3.5% has been used in determining the terminal rate which does not exceed the long term average growth rate for the casual dining industry segment.

ACCOUNTING POLICY

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing.

The Group determines whether goodwill with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill with indefinite useful lives relate.

Deferred franchise rights

Costs associated with franchise licences which provide a benefit for more than one reporting period are deferred and amortised over the remaining term of the franchise licence. Capitalised costs associated with renewal options for franchise licences are deferred and amortised over the renewal option period. The unamortised balance is reviewed each balance date and charged to the Consolidated Income Statement to the extent that future benefits are no longer probable.

Other intangibles – Sizzler brand

Sizzler brand intangibles which are owned and registered by the Group are considered to have a useful life of 20 years and are amortised accordingly. These intangibles will be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Sizzler brand intangibles are carried at amortised cost less impairment losses.

F6/ Trade and other payables

	2016 $000	2015 $000
Trade payables and accruals – unsecured	46,015	43,382
Other payables	12,020	13,084
Total payables	58,035	56,466

ACCOUNTING POLICY

These amounts represent liabilities for goods and services provided prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

F7/ Provisions

CURRENT

	2016 $000	2015 $000
Employee entitlements	4,006	3,853
Make good provision	535	760
Total current liabilities	4,541	4,613

NON-CURRENT

	2016 $000	2015 $000
Employee entitlements	3,080	3,359
Make good provision	155	395
Total non-current liabilities	3,235	3,754

ACCOUNTING POLICY

Employee entitlements

Provision has been made in the accounts for benefits accruing to employees up to balance date, such as annual leave, long service leave and incentives. Annual leave and incentive provisions that are expected to be settled wholly within 12 months after the end of the reporting period are measured at their nominal amounts using the remuneration rates expected to apply at the time of settlement and are classified in provisions.

Long service leave, annual leave and incentive provisions that are not expected to be settled wholly within 12 months after the end of the reporting period are measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date.

Long service leave provisions relating to employees who have not yet completed the required period of service are classified as non-current. All other employee provisions are classified as a current liability.

All on-costs, including superannuation, payroll tax and workers' compensation premiums are included in the determination of provisions.

Make good provision

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The Group is required to restore the leased premises of certain retail stores to their original condition upon exit. However, as leases are traditionally renewed, the Group only recognises a provision for those restaurants where make good costs will result in a probable outflow of funds. An annual review of leased sites is conducted to determine the present value of the estimated expenditure required to remove any leasehold improvements and decommission the restaurant.

Notes to the Consolidated Financial Statements

F8/ Reserves

	2016 $000	2015 $000
Hedging – cash flow hedges	(3,016)	(3,163)
Foreign currency translation	4,338	4,153
Share-based payments	1,042	456
Closing balance	2,364	1,446
Movements in hedging reserve – cash flow hedges:		
Opening balance	(3,163)	(970)
Revaluation – gross	203	(3,165)
Deferred tax (Note F9)	(61)	950
Transfer to net profit – gross	8	33
Deferred tax (Note F9)	(3)	(11)
Closing balance	(3,016)	(3,163)
Movements in foreign currency translation reserve:		
Opening balance	4,153	1,749
Exchange fluctuations arising on net assets of foreign operations	185	2,404
Closing balance	4,338	4,153
Movements in share-based payments reserve:		
Opening balance	456	160
Valuation of performance rights	586	296
Closing balance	1,042	456

NATURE AND PURPOSE OF RESERVES

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share-based payments reserve – performance rights

The share-based payments reserve is used to recognise the issuance date fair value of performance rights issued to employees under the Long Term Incentive Plan but not yet vested.

Foreign currency translation reserve

Exchange differences arising on translation are recognised in other comprehensive income and accumulated in a separate reserve within equity.

F9/ Tax

A) INCOME TAX EXPENSE

	2016 $000	2015 $000
Income tax expense/(benefit)		
Current tax	13,572	12,271
Deferred tax	(514)	(4,409)
Under provided in prior reporting periods	55	–
	13,113	7,862
Income tax expense is attributable to:		
Profit from continuing operations	13,113	7,862
Aggregate income tax expense	13,113	7,862
Deferred income tax expense/(benefit) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(71)	(2,479)
Increase/(decrease) in deferred tax liabilities	(443)	(1,930)
	(514)	(4,409)
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	42,228	(2,498)
Tax at the Australian tax rate of 30%	12,668	(749)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible expenses	756	585
Non-deductible accounting loss on impairment of goodwill	–	8,143
Withholding tax credits not brought to account	562	463
Non-assessable income received	(722)	(580)
Carried forward capital losses	(206)	–
	13,058	7,862
Amounts under provided in prior reporting periods	55	–
Income tax expense	13,113	7,862
Tax expense/(income) relating to items of other comprehensive income		
Cash flow hedges (Note F8)	64	(939)
Tax losses		
Unused capital tax losses for which no deferred tax asset has been recognised	60,591	61,276
Potential tax benefit @ 30%	18,177	18,383

All unused tax losses were incurred by Australian entities.

Notes to the Consolidated Financial Statements

F9/ Tax (continued)

B) DEFERRED TAX BALANCES

	2016 $000	2015 $000
Deferred tax assets (DTA)		
The balance comprises temporary differences attributable to:		
Depreciation	22,249	21,593
Employee benefits	4,487	4,448
Provisions	2,088	2,109
Capitalised costs	157	761
Cash flow hedges	1,291	1,355
Deferred tax assets	30,272	30,266
All movements in DTA were recognised in the statement of profit or loss and other comprehensive income		
Deferred tax liabilities (DTL)		
The balance comprises temporary differences attributable to:		
Inventories	579	706
Intangibles	4,382	4,452
Prepayments	77	268
Deferred tax liabilities	5,038	5,426
All movements in DTL were recognised in the statement of profit or loss		
Deferred tax assets	30,272	30,266
Deferred tax liabilities	(5,038)	(5,426)
Deferred tax assets, net	**25,234**	**24,840**

ACCOUNTING POLICY

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted in the respective jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The Company, as the head entity in the tax consolidated group and its wholly-owned Australian controlled entities continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

The entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities within the Tax Consolidated Group in the case of a default by the Company.

The entities in the tax consolidated group have also entered into a Tax Funding Agreement under which the wholly-owned entities of that group fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

F10/ Auditor's remuneration

During the reporting period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

WHOLE DOLLARS

	2016 $	2015 $
Assurance services		
Audit services:		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work under the Corporations Act 2001	311,567	292,712
Audit and review of financial reports and other audit work for foreign subsidiary	33,476	32,820
Network firms of PricewaterhouseCoopers Australia		
Audit and review of financial reports and other audit work for foreign subsidiary	26,845	25,930
	371,888	351,462
Other assurance services:		
PricewaterhouseCoopers Australian firm		
Store sales certificates	10,716	10,506
Agreed upon procedures for covenant calculations	21,032	20,620
	31,748	31,126
Total remuneration for assurance services	403,636	382,588
Taxation services		
PricewaterhouseCoopers Australian firm		
Tax compliance services, including review of company tax returns	36,000	31,000
Tax advice and consulting	–	24,750
Network firms of PricewaterhouseCoopers Australia		
Tax compliance services, including review of company tax returns	4,378	4,793
Total remuneration for taxation services	40,378	60,543
Total remuneration for services	444,014	443,131

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, due diligence reporting on acquisitions and capital raisings, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major consulting projects.

F11/ Contingencies

The parent entity and certain controlled entities indicated in Note G1 have entered into Deeds of Cross Guarantee under which the parent entity has guaranteed any deficiencies of funds on winding up of the controlled entities which are party to the deeds. At the date of this statement there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which it is, or may become, subject by virtue of the deeds.

As described in Note B2, CFG Finance Pty. Limited (a subsidiary) and several other related entities entered into Syndicated and Working Capital credit facilities. As a consequence of this, the Company and its subsidiaries (other than subsidiaries outside the Closed Group) became registered guarantors of all the obligations in respect of these loan facilities.

Notes to the Consolidated Financial Statements

G/ GROUP STRUCTURE

G1/ Subsidiaries and Deed of Cross Guarantee

G2/ Parent entity financial information

G1/ Subsidiaries and Deed of Cross Guarantee

The Consolidated Financial Statements at 1 May 2016 include the following subsidiaries. The reporting period end of all subsidiaries is the same as that of the parent entity (a).

				% OF SHARES HELD	
Name of controlled entity	Notes	Place of incorporation	Acronym	2016	2015
CFG Finance Pty Limited	(b)	Australia	CFGF	100	100
Collins Foods Holding Pty. Limited	(b)	Australia	CFH	100	100
Collins Foods Finance Pty. Limited	(b)	Australia	CFF	100	100
Collins Foods Group Pty. Ltd.	(b)	Australia	CFG	100	100
Collins Restaurants Queensland Pty. Ltd.	(b)	Australia	CRQ	100	100
Collins Restaurants NSW Pty. Ltd.	(b)	Australia	CRN	100	100
Collins Restaurants West Pty. Ltd.	(b)	Australia	CRW	100	100
Fiscal Nominees Company Pty. Ltd.	(b)	Australia	FNC	100	100
Sizzler Restaurants Group Pty. Ltd.	(b)	Australia	SRG	100	100
Collins Restaurants Management Pty. Ltd.	(b)	Australia	CRM	100	100
Collins Restaurants South Pty. Ltd.	(f)	Australia	CRS	100	–
Collins Property Development Pty. Ltd.	(b)	Australia	CPD	100	100
Club Sizzler Pty. Ltd.	(b)	Australia	CSP	100	100
Collins Foods Australia Pty. Ltd.	(b)	Australia	CFA	100	100
Collins Finance and Management Pty. Ltd.	(b)	Australia	CFM	100	100
Sizzler South Pacific Pty. Ltd.	(c)	Nevada, USA	SSP	100	100
SingCo Trading Pte Ltd	(d)	Singapore	SingCo	100	100
Sizzler International Marks LLC	(d)	Delaware, USA	SIM	100	100
Sizzler Asia Holdings LLC	(d)	Delaware, USA	SAH	100	100
Sizzler South East Asia LLC	(d) (e)	Delaware, USA	SSEA	100	100
Sizzler New Zealand LLC	(d) (e)	Delaware, USA	SNZ	100	100
Sizzler Restaurant Services LLC	(d) (e)	Delaware, USA	SRS	100	100

Notes relating to the above table:

(a) Collins Foods Limited is domiciled in Brisbane, Australia. The Registered office is located at Level 3, KSD1, 485 Kingsford Smith Drive, Hamilton Queensland 4007.

(b) These companies have entered into or acceded to a Deed of Cross Guarantee dated 23 February 2012 with Collins Foods Limited which provides that all parties to the Deed will guarantee to each creditor payment in full of any debt of each company participating in the Deed on winding up of that company. As a result of Class Order 98/1418 issued by the Australian Securities and Investments Commission, these companies are relieved from the requirement to prepare financial statements.

(c) Sizzler South Pacific Pty. Ltd. (SSP) is a company with no net assets. The directors have resolved to liquidate this company. This company is not an Australian registered company and is not covered by the Class Order 98/1418.

(d) These companies are not Australian registered companies and are not covered by the Class Order 98/1418.

(e) Originally incorporated in Nevada, upon conversion to a LLC became registered in Delaware.

(f) On 19 May 2016, Collins Foods Limited resolved to commence the process for this company to accede to a Deed of Cross Guarantee dated 23 February 2012 with Collins Foods Limited which provides that all parties to the Deed will guarantee to each creditor payment in full of any debt of each company participating in the Deed on winding up of that company. The Class Order 98/1418 issued by the Australian Securities and Investments Commission, will relieve this company from the requirement to prepare financial statements subsequent to this date.

The Consolidated Income Statement, Consolidated Statement of Comprehensive Income and summary of movements in consolidated retained profits of the entities in the Class Order 98/1418 'Closed Group' are as follows.

As there are no other parties to the Deed of Cross Guarantee, that are controlled by Collins Foods Limited, the below also represents the 'Extended Closed Group'.

	CLOSED GROUP	
CONSOLIDATED INCOME STATEMENT	**2016 $000**	**2015 $000**
Sales revenue	570,639	568,494
Cost of sales	(270,943)	(272,955)
Gross profit	299,696	295,539
Selling, marketing and royalty expenses	(118,217)	(117,937)
Occupancy expenses	(45,264)	(47,171)
Restaurant related expenses	(53,721)	(83,316)
Administration expenses	(31,492)	(38,215)
Other expenses	(5,345)	(4,549)
Share of net profit of joint ventures accounted for using the equity method	(583)	(1,110)
Other income	3,111	943
Finance income	744	600
Finance costs	(8,949)	(9,081)
Profit/(loss) from continuing operations before income tax	39,980	(4,297)
Income tax expense	(12,635)	(7,457)
Profit/(loss) from continuing operations	27,345	(11,754)
INCOME		
Profit/(loss) from continuing operations	27,345	(11,754)
Other comprehensive income/(expense):		
Cash flow hedges	211	(3,132)
Income tax relating to components of other comprehensive income	(64)	939
Other comprehensive income/(expense) for the reporting period, net of tax	147	(2,193)
Total comprehensive income/(expense) for the reporting period	27,492	(13,947)
Total comprehensive income/(expense) for the reporting period is attributable to:		
Owners of the parent	27,492	(13,947)
SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED EARNINGS/(ACCUMULATED LOSSES)		
Retained earnings/(accumulated losses) at the beginning of the reporting period	(16,096)	5,888
Profit/(loss) for the reporting period	27,345	(11,754)
Dividends provided for or paid	(11,625)	(10,230)
Retained earnings/(accumulated losses) at the end of the reporting period	(376)	(16,096)

Notes to the Consolidated Financial Statements

G1/ Subsidiaries and Deed of Cross Guarantee (continued)

The Consolidated Balance Sheet of all entities in the Class Order 98/1418 'Closed Group' as at the end of the reporting period is as follows:

	CLOSED GROUP	
	2016 $000	2015 $000
Current assets		
Cash and cash equivalents	46,796	38,906
Receivables	8,705	5,962
Inventories	4,398	4,657
Total current assets	59,899	49,525
Non-current assets		
Property, plant and equipment	87,996	79,476
Intangible assets, net	232,856	233,055
Deferred tax assets, net	27,595	27,248
Receivables	11	1,493
Investments accounted for using the equity method	–	571
Other financial assets	9,827	9,827
Total non-current assets	358,285	351,670
Total assets	418,184	401,195
Current liabilities		
Trade and other payables	57,858	56,709
Current tax liabilities	4,131	3,638
Derivative financial instruments	1,726	1,873
Provisions	4,541	4,613
Total current liabilities	68,256	66,833
Non-current liabilities		
Borrowings	164,240	164,551
Derivative financial instruments	2,705	2,762
Provisions	3,235	3,754
Total non-current liabilities	170,180	171,067
Total liabilities	238,436	237,900
Net assets	**179,748**	**163,295**
Equity		
Contributed equity	182,098	182,098
Reserves	(1,974)	(2,707)
Accumulated losses	(376)	(16,096)
Total equity	**179,748**	**163,295**

G2/ Parent entity financial information

SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2016 $000	2015 $000
Balance sheet		
Current assets	112	112
Non-current assets	251,603	239,848
Total assets	251,715	239,960
Current liabilities	5,139	4 ,803
Non-current liabilities	14,973	6,528
Total liabilities	20,112	11,331
Net assets	231,603	228,629
Shareholder's equity:		
Issued capital (1)	228,426	228,426
Reserves	1,041	456
Retained earnings/(accumulated loss)	2,136	(253)
	231,603	228,629
Profit for the reporting period	**14,014**	**9,142**
Total comprehensive income	**14,014**	**9,142**

(1) Represents share capital of the parent entity. This differs from the share capital of the Group due to the capital reconstruction of the Group treated as a reverse acquisition in the 2012 reporting period.

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent entity has provided unsecured financial guarantees in respect of bank loan facilities amounting to $200m as stated in Note B2. In addition, there are cross guarantees given by the parent entity as described in Note G1. All controlled entities will together be capable of meeting their obligations as and when they fall due by virtue to the Deed of Cross Guarantee dated 23 February 2012. No liability was recognised by the parent entity in relation to these guarantees, as their fair value is considered immaterial.

CONTINGENT LIABILITIES OF THE PARENT ENTITY

Except as described above in relation to guarantees, the parent entity did not have any contingent liabilities as at 1 May 2016.

Notes to the Consolidated Financial Statements

H/ BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

H1/ Basis of preparation

COMPLIANCE

These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The Consolidated Financial Statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MEASUREMENT

Collins Foods Limited is a for profit entity for the purpose of preparing the Consolidated Financial Statements. The financial statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments).

GOING CONCERN

The financial report has been prepared on a going concern basis. The Directors are of the opinion that the Group will be able to continue to operate as a going concern having regard to available non-current debt facilities and the Group's internally generated cash resources.

CONSOLIDATION

The Consolidated Financial Statements include the financial statements of the parent entity, Collins Foods Limited (the Company) and its subsidiaries (together referred to as the 'Group) (see Note G1 on subsidiaries). All transactions and balances between companies in the Group are eliminated on consolidation. Subsidiaries are all those entities over which the Company has the power to govern the financial and operating results and policies and often accompanies a shareholding of more than one-half of the voting rights. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

REPORTING PERIOD

The Group utilises a fifty-two, fifty-three week reporting period ending on the Sunday nearest to 30 April. The 2016 reporting period comprised the fifty-two weeks which ended on 1 May 2016 (2015 was a fifty-three week reporting period which ended on 3 May 2015).

FOREIGN CURRENCIES

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Australian dollars, which is the functional and presentation currency of the Company.

Transactions in foreign currencies are converted at the exchange rates in effect at the dates of each transaction. Amounts payable to or by the Group in foreign currencies have been translated into Australian currency at the exchange rates ruling on balance date. Gains and losses arising from fluctuations in exchange rates on monetary assets and liabilities are included in the Consolidated Income Statement in the period in which the exchange rates change, except when deferred in equity as qualifying cash flow hedges.

The foreign currency results and financial position of foreign operations are translated into Australian dollars as follows:

- assets and liabilities at the exchange rate at the end of the reporting period;
- income and expenses at the average exchange rates for the reporting period; with
- all resulting exchange differences recognised in other comprehensive income and accumulated in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are included in the following notes:

- Note F4 Property, plant and equipment
- Note F5 Non-Current Assets – Intangible Assets

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group applied the following standards and amendments for the first time for the annual reporting period commencing 4 May 2015:

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements; and
- AASB 2013-3: Limited amendment of impairment disclosures.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 1 May 2016 reporting periods. Unless stated otherwise below, the Group is currently in the process of assessing the impact of these standards and amendments and is yet to decide whether to early adopt any of the new and amended standards.

AASB 9 Financial Instruments (effective from 1 January 2018)

The new standard simplifies the model for classifying and recognising financial instruments and aligns hedge accounting more closely with common risk management practices. Changes in own credit risk in respect of liabilities designated at fair value through profit or loss shall now be presented within OCI; this change can be adopted early without adopting AASB 9. This new standard will be effective from 1 January 2018.

AASB 15 Revenue from contracts with customers (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers contracts for goods and services, and AASB 111, which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

AASB 16 Leases (effective from 1 January 2019)

AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.

AASB 2016-2 IASB issues narrow scope amendments to IAS 7 Statement of cash flows (effective from 1 January 2017)

The amendment to AASB 107 introduces additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment requires disclosure of changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

H2/ Other Accounting policies

GOODS AND SERVICES TAX

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

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST payable to the taxation authority is included as part of trade and other payables (see Note F6).

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

COST OF SALES

For the purposes of the Consolidated Income Statement, cost of sales includes the carrying amount of inventories sold during the reporting period and an estimated allocation of labour incurred in relation to preparing those inventories for sale.

OCCUPANCY EXPENSES

Occupancy expenses include: fixed rentals, contingent rentals, land tax, outgoings and depreciation relating to buildings and leasehold improvements.

RESTAURANT RELATED EXPENSES

Restaurant related expenses include: utilities, maintenance, labour and on-costs (except those allocated to cost of sales), cleaning costs, depreciation of plant and equipment (owned and leased) located in restaurants and amortisation of KFC franchise rights.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis and includes expenditure incurred in acquiring the stock and bringing it to the existing condition and location.

Notes to the Consolidated Financial Statements

I/ SUBSEQUENT EVENTS

I1/ Acquisition of 13 KFC restaurants

On 19 May 2016 the Group entered into a binding agreement to acquire 13 KFC restaurants located around the New South Wales and Victorian border. These restaurants are being purchased from Chrikim Pty Ltd, Skeeter Wright Pty Ltd and Geoff Wright Corp Pty Ltd.

The Group will pay $25.46m for the acquisition plus acquisition costs. The acquisition on a trailing basis is currently delivering $4.3m EBITDA (pre-synergies). The acquisition price will be adjusted up for inventory and adjusted down for employee liabilities assumed as part of the acquisition. The acquisition further strengthens the growth platform of the Group as it provides a footprint from which to grow in New South Wales and Victoria.

The acquisition consideration will comprise $10m in shares of the Company (to be issued at a share price of $4.27 per share) and the remainder funded from existing available funds. Approval from the Franchisor has been received subject to customary conditions. Completion is subject to a number of standard conditions precedent and is expected to be achieved in mid-July 2016.

I2/ Acquisition of Snag Stand

On 15 June 2016, the Group acquired the remaining 50% share of Snag Holdings Pty Ltd for a nominal sum to take full ownership.

Directors' Declaration

In the Directors' opinion:

- the financial statements and notes set out on pages 30 to 68 are in accordance with the Corporations Act 2001, including:
  - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - giving a true and fair view of the consolidated entity's financial position as at 1 May 2016 and of its performance for the period ended on that date;
- there are reasonable grounds to believe that Collins Foods Limited will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note G will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note G.

Note A confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

This report is made in accordance with a resolution of Directors.

Robert Kaye SC
Chairman

Brisbane
28 June 2016

Independent Auditor's Report

Independent auditor's report to the members of Collins Foods Limited

Report on the financial report

We have audited the accompanying financial report of Collins Foods Limited (the company), which comprises the consolidated balance sheet as at 1 May 2016, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 4 May 2015 to 1 May 2016, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Collins Foods Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at period's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note H1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

pwc

(a) the financial report of Collins Foods Limited is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 1 May 2016 and of its performance for the period ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note H1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 27 of the directors' report for the period ended 1 May 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Collins Foods Limited for the period ended 1 May 2016 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Collins Foods Limited (the company) for the period ended 1 May 2016 included on Collins Foods Limited's website. The company's directors are responsible for the integrity of Collins Foods Limited's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this website.

PricewaterhouseCoopers

PricewaterhouseCoopers

K Challenor

Kim Challenor
Partner

Brisbane
28 June 2016

Shareholder information

Shareholder information that has not been stated elsewhere in the Annual Report is set out below. The shareholder information set out below was applicable as at the close of trading on 16 June 2016.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Number of shareholders of ordinary shares	Number of holders of performance rights
1–1,000	1,722	–
1,001–5,000	2,561	–
5,001–10,000	722	1
10,001–100,000	495	4
100,001 and over	43	2
Total	5,543	7

There were 97 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the 20 largest holders of the only class of quoted equity securities are listed below:

	ORDINARY SHARES	
	Number held	Percentage of issued shares %
HSBC Custody Nominees (Australia) Limited	12,509,182	13.45
Citicorp Nominees Pty Limited	11,187,543	12.03
J P Morgan Nominees Australia Limited	11,052,096	11.88
Mr Kevin Perkins	7,000,833	7.53
National Nominees Limited	6,928,084	7.45
BNP Paribas Noms Pty Ltd <DRP>	5,231,399	5.63
BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	1,400,000	1.51
RBC Investor Services Australia Nominees Pty Limited <BKCust A/C>	1,322,932	1.42
Hooks Enterprises Pty Ltd <Hoeksema Superfund A/C>	900,000	0.97
TMPA Holdings Pty Ltd <TMPA Investment A/C>	800,000	0.86
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	742,481	0.80
Aust Executor Trustees Ltd <DS Capital Growth Fund>	690,382	0.74
Mr Leendert Hoeksema + Mrs Aaltje Hoeksema	680,000	0.73
HSBC Custody Nominees (Australia) Limited – A/C 3	585,930	0.63
HSBC Custody Nominees (Australia) Limited – GSCO ECA	544,661	0.59
Mrs Heather Lynnette Grace	514,801	0.55
Adrian Mark Argent	350,014	0.38
Michael Kemp Pty Ltd <Michael Kemp A/C>	315,000	0.34
Brazil Farming Pty Ltd	313,085	0.34
Perkins Family Investment Corporation Pty Ltd	300,000	0.32

Substantial holders

Substantial holders (including associate holdings) in the Company, based on the most recent substantial holder notices lodged with the Company and ASX, are set out below:

	ORDINARY SHARES	
	Number held	Percentage
Kevin Perkins	7,000,833	7.53%

Restricted Securities and share buy-backs

There are no restricted fully paid shares on issue in the Company. A voluntary holding lock will be applied in relation to 44,843 fully paid ordinary shares, if they are issued, upon the vesting of 44,843 performance rights in accordance with the rules of the LTIP.

The Company is not currently conducting an on-market share buy-back.

Voting rights

FULLY PAID ORDINARY SHARES

On a show of hands every member present at a meeting in person or by proxy shall have one vote. Upon a poll, each share shall have one vote.

PERFORMANCE RIGHTS

The performance rights do not have any voting rights. The fully paid ordinary shares to be allotted on the exercise of the performance rights will have the voting rights noted above for fully paid ordinary shares.

Corporate directory

DIRECTORS

Robert Kaye SC, Chairman
Graham Maxwell, Managing Director & CEO
Kevin Perkins
Newman Manion
Bronwyn Morris
Russell Tate

COMPANY SECRETARY

Frances Finucan

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 3, KSD1, 485 Kingsford Smith Drive
Hamilton QLD 4007

SHARE REGISTER

Computershare Investor Services Pty Ltd
117 Victoria Street
West End QLD 4101 Australia

Telephone number: 1300 458 215
Outside Australia: +61 3 9415 4245

AUDITOR

PricewaterhouseCoopers
Riverside Centre, Level 15
123 Eagle Street
Brisbane QLD 4000

SECURITIES EXCHANGE LISTING

Collins Foods Limited shares are listed on the Australian Securities Exchange

WEBSITE ADDRESS

www.collinsfg.com.au

COLLINS FOODS LIMITED