

**DIRECTORS'
REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	GROUP RM'000	COMPANY RM'000
Profit attributable to :		
Shareholders of the Company	90,922	28,199
Minority interests	67,471	–
	158,393	28,199

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid :

- i a final dividend of 7.0 sen per ordinary share less tax at 25% totalling RM14,760,000 (5.3 sen net per ordinary share) in respect of the year ended 31 December 2008 on 28 May 2009; and
- ii an interim dividend of 4.0 sen per ordinary share less tax at 25% totalling RM8,281,000 (3.0 sen net per ordinary share) in respect of the year ended 31 December 2009 on 30 September 2009.

The final dividend recommended by the Directors in respect of the year ended 31 December 2009 is 9.0 sen per ordinary share less tax at 25% totalling RM18,613,000 (6.8 sen net per ordinary share).

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are :

YBhg Tan Sri Dato' Muhammad Ali bin Hashim	(Chairman)
Ahamad bin Mohamad	(Deputy Chairman)
Jamaludin bin Md Ali	(Managing Director)
YAM Dato' Seri Syed Amir Abidin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail	
YBhg Dato' Dr Ridzuan bin Mohd Akil	
Kua Hwee Sim	
Sheik Sharufuddin bin Sheik Mohd	
YBhg Datin Paduka Siti Sa'diah binti Sheikh Bakir	(Appointed on 1 January 2010)

DIRECTORS' INTERESTS

The interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	NUMBER OF WARRANTS			AT 31.12.2009
	AT 1.1.2009	BOUGHT	(SOLD)	
Direct interest in the Company				
YBhg Tan Sri Dato' Muhammad Ali bin Hashim	63,000	–	–	63,000
Jamaludin bin Md Ali	30,000	–	–	30,000

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM286,382,929 to RM286,384,483 by way of the issuance of 1,554 new ordinary shares of RM1.00 each upon the conversion of 1,554 warrants at the exercise price of RM3.01 each. The share premium of RM3,123 arising from the issuance of the shares at the exercise price above the nominal value of RM1.00 each share has been credited to the share premium account.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

TREASURY SHARES

During the financial year, the Company repurchased 5,630,900 of its issued ordinary shares from the open market at an average price of RM2.82 per share. The total consideration paid for the repurchase including transaction costs was RM15,859,935. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2009, the Company held as treasury shares a total of 10,630,900 of its 286,384,483 issued ordinary shares. Such treasury shares are held at a carrying amount of RM27,033,899 and further details are disclosed in Note 11 to the financial statements.

WARRANTS

The main features of the warrants are disclosed in Note 11 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances :

- i that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Details of the significant events are disclosed in Note 29 to the financial statements.

SUBSEQUENT EVENTS

Details of the subsequent events are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Tan Sri Dato' Muhammad Ali bin Hashim
Chairman

Jamaludin bin Md Ali
Managing Director

Kuala Lumpur
Date : 15 March 2010

**BALANCE
SHEETS**

AT 31 DECEMBER 2009

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Property, plant and equipment	3	866,211	145,877	582	858
Intangible assets	4	638,104	63,600	–	–
Prepaid land lease payments	5	69,906	1,334	–	–
Investments in subsidiaries	6	–	–	355,821	128,011
Investments in associates	7	–	605,409	–	221,198
Total non-current assets		1,574,221	816,220	356,403	350,067
Inventories	8	190,104	28,699	–	–
Receivables and deposits	9	165,996	29,861	261,845	288,600
Cash and cash equivalents	10	162,470	28,317	27,917	8,664
Total current assets		518,570	86,877	289,762	297,264
Total assets		2,092,791	903,097	646,165	647,331
Equity					
Share capital	11	286,384	286,383	286,384	286,383
Reserves	11	44,968	59,408	42,392	58,249
Retained earnings		355,792	287,891	133,264	128,106
Total equity attributable to shareholders of the Company		687,144	633,682	462,040	472,738
Minority interests		646,260	627	–	–
Total equity		1,333,404	634,309	462,040	472,738
Liabilities					
Loans and borrowings	12	264,679	173,000	178,425	173,000
Deferred tax liabilities	13	44,710	9,915	–	–
Employee benefits	14	3,099	–	–	–
Total non-current liabilities		312,488	182,915	178,425	173,000
Payables and accruals	15	394,101	78,773	1,125	1,593
Current tax liabilities		15,506	1,383	–	–
Loans and borrowings	12	36,891	5,717	4,575	–
Employee benefits	14	401	–	–	–
Total current liabilities		446,899	85,873	5,700	1,593
Total liabilities		759,387	268,788	184,125	174,593
Total equity and liabilities		2,092,791	903,097	646,165	647,331

The notes on pages 108 to 157 are an integral part of these financial statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	16	2,760,285	532,752	37,611	52,545
Cost of sales		(1,166,295)	(162,897)	–	–
Gross profit		1,593,990	369,855	37,611	52,545
Other income		35,889	26,318	481	736
Distribution expenses		(1,232,140)	(313,094)	–	–
Administrative expenses		(145,344)	(32,647)	(1,308)	(2,028)
Other expenses		(10,468)	(439)	–	–
Results from operating activities		241,927	49,993	36,784	51,253
Finance costs	17	(11,666)	(9,378)	(6,214)	(8,441)
Operating profit		230,261	40,615	30,570	42,812
Share of net profit of associates		–	57,124	–	–
Profit before tax	18	230,261	97,739	30,570	42,812
Tax expense	20	(71,868)	(14,000)	(2,371)	(7,487)
Profit for the year		158,393	83,739	28,199	35,325
Attributable to :					
Shareholders of the Company		90,922	85,293		
Minority interests		67,471	(1,554)		
Profit for the year		158,393	83,739		
Basic earnings per ordinary share (sen)	21	32.64	30.88		
Diluted earnings per ordinary share (sen)	21	32.22	–		

The notes on pages 108 to 157 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE	ATTRIBUTABLE TO OWNERS OF THE COMPANY							MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
	NON-DISTRIBUTABLE					DISTRIBUTABLE			
	SHARE CAPITAL RM'000	EXCHANGE SHARE PREMIUM RM'000	FLUCTUATION RESERVE RM'000	ASSET REVALUATION RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000		
GROUP									
At 1 January 2008	245,471	9,152	69	588	–	221,237	476,517	–	476,517
Translation differences	–	–	675	–	–	–	675	–	675
Profit/(Loss) for the year	–	–	–	–	–	85,293	85,293	(1,554)	83,739
Issuance of share capital									
– rights issue	11 40,912	61,368	–	–	–	–	102,280	–	102,280
– share issue cost	–	(1,097)	–	–	–	–	(1,097)	–	(1,097)
Treasury shares acquired	–	–	–	–	(11,174)	–	(11,174)	–	(11,174)
Transfer from									
revaluation reserve	–	–	–	(27)	–	27	–	–	–
Transfer to retained earnings									
upon disposal of property	–	–	–	(154)	–	208	54	–	54
Acquisition of a subsidiary	–	–	–	–	–	–	–	2,181	2,181
Reversal of deferred tax	13 –	–	–	8	–	–	8	–	8
Dividends to shareholders	22 –	–	–	–	–	(18,874)	(18,874)	–	(18,874)
At 31 December 2008 /									
1 January 2009	286,383	69,423	744	415	(11,174)	287,891	633,682	627	634,309
Translation differences	–	–	1,427	–	–	–	1,427	–	1,427
Profit for the year	–	–	–	–	–	90,922	90,922	67,471	158,393
Issuance of share capital									
– conversion of warrants	11 1	3	–	–	–	–	4	–	4
Treasury shares acquired	–	–	–	–	(15,860)	–	(15,860)	–	(15,860)
Transfer from									
revaluation reserve	–	–	–	(20)	–	20	–	–	–
Arising from acquisition									
of subsidiaries	–	–	–	–	–	–	–	594,861	594,861
Reversal of deferred tax	13 –	–	–	10	–	–	10	–	10
Dividends to shareholders	22 –	–	–	–	–	(23,041)	(23,041)	–	(23,041)
Dividends to minority									
interests of subsidiaries	–	–	–	–	–	–	–	(16,699)	(16,699)
At 31 December 2009	286,384	69,426	2,171	405	(27,034)	355,792	687,144	646,260	1,333,404

	NOTE	NON-DISTRIBUTABLE			DISTRIBU- TABLE	TOTAL EQUITY RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	
COMPANY						
At 1 January 2008		245,471	9,152	–	111,655	366,278
Profit for the year		–	–	–	35,325	35,325
Issuance of share capital						
– rights issue	11	40,912	61,368	–	–	102,280
– share issue cost		–	(1,097)	–	–	(1,097)
Treasury shares acquired		–	–	(11,174)	–	(11,174)
Dividends to shareholders	22	–	–	–	(18,874)	(18,874)
At 31 December 2008 / 1 January 2009		286,383	69,423	(11,174)	128,106	472,738
Profit for the year		–	–	–	28,199	28,199
Issuance of share capital						
– conversion of warrants	11	1	3	–	–	4
Treasury shares acquired		–	–	(15,860)	–	(15,860)
Dividends to shareholders	22	–	–	–	(23,041)	(23,041)
At 31 December 2009		286,384	69,426	(27,034)	133,264	462,040

The notes on pages 108 to 157 are an integral part of these financial statements.

**CASH FLOW
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2009

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities				
Profit before tax	230,261	97,739	30,570	42,812
Adjustments for :				
Amortisation of franchise fees	9,100	1,870	–	–
Depreciation of property, plant and equipment	103,637	24,389	276	277
Amortisation of prepaid land lease payments	857	16	–	–
Impairment loss on property, plant and equipment	2,543	–	–	–
Finance costs	11,666	9,378	6,214	8,441
Loss on disposal of property, plant and equipment	3,342	439	–	–
Gain on disposal of other investment	(247)	–	–	–
Gain on disposal of a subsidiary	(5)	–	(5)	–
Gain on disposal of prepaid land lease payments	(131)	–	–	–
Dividend income from				
– unquoted subsidiaries	–	–	(28,250)	(45,000)
– quoted subsidiary	–	–	(9,361)	–
– quoted associate	–	–	–	(7,545)
Interest income	(752)	(1,496)	(476)	(736)
Share of net profit of associates	–	(57,124)	–	–
Unrealised foreign exchange loss	1,427	–	–	–
Operating profit/(loss) before changes in working capital	361,698	75,211	(1,032)	(1,751)
Changes in working capital :				
Inventories	(2,931)	(14,824)	–	–
Payables and accruals	39,904	16,292	(468)	(1,731)
Employee benefits	(436)	–	–	–
Receivables and deposits	(5,916)	2,505	30	528
Subsidiaries	–	–	26,078	(20,321)
Cash generated from/(used in) operations	392,319	79,184	24,608	(23,275)
Interest paid	(11,666)	(9,378)	(6,214)	(8,441)
Taxes (paid)/refunded	(56,649)	(13,563)	616	–
Net cash generated from/(used in) operating activities	324,004	56,243	19,010	(31,716)

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(215,084)	(46,774)	–	–
Purchase of prepaid land lease payments	(5,722)	(1,350)	–	–
Purchase of additional shares in quoted associate	–	(40,795)	–	(40,795)
Acquisition of subsidiaries, net of cash acquired	91,661	–	(6,612)	(2,665)
Proceeds from disposal of property, plant and equipment	2,591	1,455	–	–
Proceeds from disposal of other investment	20,450	–	–	–
Proceed from disposal of a subsidiary	5	–	5	–
Proceeds from disposal of prepaid land lease payments	957	–	–	–
Franchise fees	(9,565)	(2,510)	–	–
Interest received	752	1,496	476	736
Net dividends received from				
– unquoted subsidiaries	–	–	28,250	37,720
– quoted subsidiary	–	–	7,021	–
– quoted associate	–	14,031	–	5,583
Exchange translation adjustments	–	675	–	–
Net cash (used in)/generated from investing activities	(113,955)	(73,772)	29,140	579
Cash flows from financing activities				
Issuance of shares	4	102,280	4	102,280
Share issue cost	–	(1,097)	–	(1,097)
Purchase of treasury shares	(15,860)	(11,174)	(15,860)	(11,174)
Proceeds from bank borrowings	17,736	–	10,000	–
Repayment of bank borrowings	(35,938)	(72,483)	–	(53,374)
Reduction in the restriction on deposit pledged with licensed bank	–	5,952	–	5,952
Dividends paid to shareholders of the Company	(23,041)	(18,874)	(23,041)	(18,874)
Dividends paid to minority interests of subsidiaries	(16,699)	–	–	–
Net cash (used in)/generated from financing activities	(73,798)	4,604	(28,897)	23,713
Net increase/(decrease) in cash and cash equivalents	136,251	(12,925)	19,253	(7,424)
Effect of exchange rate fluctuations on cash held	(2,098)	(759)	–	–
Cash and cash equivalents at 1 January	28,317	42,001	8,664	16,088
Cash and cash equivalents at 31 December	162,470	28,317	27,917	8,664

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts :

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed banks	111,326	14,571	27,713	8,307
Cash and bank balances	51,144	13,746	204	357
	162,470	28,317	27,917	8,664

The notes on pages 108 to 157 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

QSR Brands Bhd is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows :

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Level 17 Wisma KFC
No. 17 Jalan Sultan Ismail
50250 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2009 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The immediate holding company is Kulim (Malaysia) Berhad, a public listed company listed on the Main Board of Bursa Malaysia Securities Berhad and the ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment Act 1968 (Enactment No. 4 of 1968) (as amended by Enactment No. 5 of 1995). All companies are incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 15 March 2010.

1 BASIS OF PREPARATION

a Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments : Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments : Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment : Vesting Conditions and Cancellations
- Amendments to FRS 132, Financial Instruments : Presentation and FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 139, Financial Instruments : Recognition and Measurement, FRS 7, Financial Instruments : Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Amendments to FRS 139, Financial Instruments : Recognition and Measurement
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION (contd.)

a Statement of compliance (contd.)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations :

- from the annual period beginning 1 January 2010 for those standards, amendments of interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4 and IC Interpretation 13 which are not applicable to the Group and the Company.
- from the annual period beginning 1 January 2011 for those standards, amendments of interpretations that will be effective for annual periods beginning on or after 1 July 2010 except for IC Interpretation 12 and 15 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Initial application of a standard, an amendment or an interpretation, which may have material impacts to the financial statements are disclosed below :

i FRS 8, Operating Segments

FRS 8 replaces FRS 114₂₀₀₄, Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (Note 23). The Directors are of the opinion that the segment information disclosed in Note 23 reflects the operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group. Therefore, under FRS 8, the Group will continue to present segment information in respect of its operating segments in a similar manner.

ii Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that may have an impact is on FRS 117, Leases.

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of lease of land amounting to RM69,906,000 as at 31 December 2009 from prepaid land lease payments to property, plant and equipment.

b Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets as explained in their respective accounting policy notes :

- Property, plant and equipment
- Investment properties

c Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

d Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 4 - measurement of recoverable amounts of cash-generating units
- Note 13 - recognition of unutilised tax losses and capital allowances
- Note 14 - employee benefits
- Note 27 - contingent liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

a Basis of consolidation

i Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

ii Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a Group purchases its subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

a Basis of consolidation (contd.)

iii Minority interests

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

iv Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b Foreign currency

i Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

ii Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

iii Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

c Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

ii Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

c Property, plant and equipment (contd.)

iii Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

• Buildings	20 – 50 years
• Leasehold improvements and renovation	10 years
• Plant and machinery	10 years
• Motor vehicles	5 years
• Restaurant and office equipment	5 – 10 years

No depreciation is provided for crockery, cutlery and utensils. Subsequent replacements are written off to income statement as and when incurred.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

d Leased assets

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid land lease payments, except for leasehold land classified as investment property.

Certain leasehold land were revalued in August 2005 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid land lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2006.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

e Intangible assets**i Goodwill**

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

ii Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which has finite useful lives are stated at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of franchise rights acquired by the Group is based on the Multi-Period Excess Earning Discounted Cash Flows method. The fair value of brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brands being owned. The fair value of other intangible assets are based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Franchise rights acquired in a business combination are deemed to have indefinite useful lives as the probability of renewal of the franchise rights is high upon its expiration and the cost of renewal is insignificant in relation to future economic benefits to be generated from the franchise rights. The internally generated brands acquired in a business combination are deemed to have indefinite useful lives as these brands are ancillary to the business generated from the franchise rights.

iii Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

iv Amortisation

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired.

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. Intangible assets with indefinite useful lives are franchise rights and brands.

The restaurants' initial and renewal franchise fees and territorial franchise fees are stated at cost and are amortised on a straight-line basis over ten years.

Amortisation methods, useful lives and residual values are renewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

f Other investment

Other investment is recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, all current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Upon the disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

g Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of livestock, cost includes the original cost of bringing the inventories to its present location and condition.

In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h Receivables and deposits

Receivables and deposits are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables and deposits are stated at cost less allowance for doubtful debts.

Receivables and deposits are not held for the purpose of trading.

i Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statements, cash and cash equivalents are presented net of pledged deposits.

j Impairment of assets

The carrying amounts of assets except for inventories, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, recoverable amount is estimated at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

k Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

i Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

ii Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

l Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

m Employee benefits

i Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

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

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

ii Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the balance sheet date on 7-year high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary conducted every two years with the last actuarial report conducted in 2009 using the projected unit credit cost method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the income statements on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statements.

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity immediately.

n Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

o Payables and accruals

Payables and accruals are measured initially and subsequently at cost. Payables and accruals are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

p Revenue recognition

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

The following specific recognition criteria must also be met before revenue is recognised.

i Sale of restaurant food and beverages

Sales revenue represents retail sales at the Group's restaurants and is recognised at the point of sales. The Group recognises sales revenue net of sales tax and service charge.

ii Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iii Dividend income

Dividend income is recognised when the right to receive payment is established.

q Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

r Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Unutilised reinvestment allowance is treated as a tax base of asset and is recognised as a reduction of tax expense as and when they are utilised.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

s Earnings per share

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

t Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	BUILDINGS RM'000	LEASEHOLD IMPROVE- MENTS AND RENOVATION RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	RESTAURANT AND OFFICE EQUIPMENT RM'000	TOTAL RM'000
Cost/Valuation							
At 1 January 2008	408	3,820	70,633	–	6,766	138,896	220,523
Effect of movement in exchange rates	–	–	743	–	4	686	1,433
Additions	–	650	19,998	–	1,987	24,139	46,774
Disposals/Write off	–	(845)	(12,304)	–	(442)	(10,759)	(24,350)
At 31 December 2008/ 1 January 2009	408	3,625	79,070	–	8,315	152,962	244,380
Effect of movement in exchange rates	–	122	2,697	–	82	1,939	4,840
Additions	4,137	12,527	67,581	25,503	6,829	98,507	215,084
Disposals/Write off	–	(1,618)	(15,436)	(7,130)	(4,335)	(58,934)	(87,453)
Acquisition of subsidiaries	168,622	210,118	174,511	173,316	34,147	336,602	1,097,316
Reclassification	–	–	(133)	–	93	40	–
At 31 December 2009	173,167	224,774	308,290	191,689	45,131	531,116	1,474,167
Representing :							
At cost	172,759	221,799	308,290	191,689	45,131	531,116	1,470,784
At valuation	408	2,975	–	–	–	–	3,383
At 31 December 2009	173,167	224,774	308,290	191,689	45,131	531,116	1,474,167
Depreciation and impairment loss							
At 1 January 2008 :							
Accumulated depreciation	–	223	34,430	–	3,518	57,617	95,788
Accumulated impairment losses	–	108	–	–	–	–	108
	–	331	34,430	–	3,518	57,617	95,896
Depreciation for the year	–	79	8,550	–	1,191	14,569	24,389
Disposals/Write off	–	(56)	(11,678)	–	(415)	(10,307)	(22,456)
Effect of movement in exchange rates	–	–	348	–	3	323	674
At 31 December 2008 :							
Accumulated depreciation	–	246	31,650	–	4,297	62,202	98,395
Accumulated impairment losses	–	108	–	–	–	–	108
Balance carried forward	–	354	31,650	–	4,297	62,202	98,503

NOTES TO THE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT (contd.)

	FREEHOLD LAND RM'000	BUILDINGS RM'000	LEASEHOLD IMPROVE- MENTS AND RENOVATION RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	RESTAURANT AND OFFICE EQUIPMENT RM'000	TOTAL RM'000
GROUP							
Depreciation and impairment loss							
Balance brought forward	–	354	31,650	–	4,297	62,202	98,503
Depreciation for the year	–	5,292	30,042	13,695	3,965	50,643	103,637
Disposals/Write off	–	(690)	(14,515)	(6,922)	(4,294)	(55,099)	(81,520)
Acquisition of subsidiaries	58,733	54,892	79,329	101,213	26,172	161,712	482,051
Impairment losses	–	–	1,276	–	–	1,267	2,543
Reclassification	–	–	(18)	–	3	15	–
Effect of movement in exchange rates	–	9	1,517	–	43	1,173	2,742
At 31 December 2009 :							
Accumulated depreciation	–	36,926	129,281	107,986	30,186	221,913	526,292
Accumulated impairment losses	58,733	22,931	–	–	–	–	81,664
	58,733	59,857	129,281	107,986	30,186	221,913	607,956
Carrying amounts							
At 1 January 2008	408	3,489	36,203	–	3,248	81,279	124,627
At 31 December 2008/1 January 2009	408	3,271	47,420	–	4,018	90,760	145,877
At 31 December 2009	114,434	164,917	179,009	83,703	14,945	309,203	866,211
						MOTOR VEHICLES RM'000	
COMPANY							
Cost							
At 1 January 2008/31 December 2008/31 December 2009							1,383
Accumulated depreciation							
At 1 January 2008							248
Depreciation for the year							277
At 31 December 2008/1 January 2009							525
Depreciation for the year							276
At 31 December 2009							801
Carrying amounts							
At 1 January 2008							1,135
At 31 December 2008/1 January 2009							858
At 31 December 2009							582

3.1 Impairment loss

The Group recognised an impairment loss of RM2,543,000 (2008 : Nil) with respect to leasehold improvement and restaurant and office equipment of certain Rasamas restaurants that were intended to close down.

Impairment loss has been recognised in other expenses.

3.2 Security

At 31 December 2009, properties with a carrying amount of RM54,888,000 (2008 : Nil) are pledged as securities for term loans (Note 12).

3.3 Property, plant and equipment under the revaluation model

The Group's freehold land and buildings including the buildings on leasehold land were revalued on 24 August 2005 by independent professional qualified valuers using open market value method. Had the freehold land and buildings been carried under the cost model, their carrying amounts would have been included in the financial statements of the Group as at 31 December 2009 as follows :

	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
GROUP			
At 31 December 2009			
Freehold land	408	–	408
Buildings	2,636	504	2,132
	3,044	504	2,540
At 31 December 2008			
Freehold land	408	–	408
Buildings	2,636	459	2,177
	3,044	459	2,585

3.4 Title deeds

The titles of certain properties are either in process of being transferred to the Group or are pending the issuance of strata titles by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS

	NOTE	BRANDS RM'000	FRANCHISE RIGHTS RM'000	GOODWILL ON CONSOLIDATION RM'000	FRANCHISE FEES RM'000	TOTAL RM'000
GROUP						
Cost						
At 1 January 2008		–	–	50,605	17,165	67,770
Additions		–	–	–	2,510	2,510
At 31 December 2008/1 January 2009		–	–	50,605	19,675	70,280
Acquisition of subsidiaries	6	86,452	439,343	21,808	50,191	597,794
Additions		–	–	–	9,565	9,565
Write off		–	–	–	(8,265)	(8,265)
At 31 December 2009		86,452	439,343	72,413	71,166	669,374
Accumulated amortisation						
At 1 January 2008		–	–	–	4,810	4,810
Amortisation for the year		–	–	–	1,870	1,870
At 31 December 2008/1 January 2009		–	–	–	6,680	6,680
Acquisition of subsidiaries		–	–	–	23,755	23,755
Amortisation for the year		–	–	–	9,100	9,100
Write off		–	–	–	(8,265)	(8,265)
At 31 December 2009		–	–	–	31,270	31,270
Carrying amounts						
At 1 January 2008		–	–	50,605	12,355	62,960
At 31 December 2008/1 January 2009		–	–	50,605	12,995	63,600
At 31 December 2009		86,452	439,343	72,413	39,896	638,104

Impairment testing for cash-generating units (CGU) containing intangible assets

The aggregate carrying amounts of brands, franchise rights and goodwill allocated to each unit are as follows :

	BRANDS		FRANCHISE RIGHTS		GOODWILL		TOTAL	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
GROUP								
Restaurants	–	–	439,343	–	61,336	50,605	500,679	50,605
Integrated poultry	75,595	–	–	–	10,199	–	85,794	–
Ancillary	10,857	–	–	–	878	–	11,735	–
	86,452	–	439,343	–	72,413	50,605	598,208	50,605

Impairment testing for cash-generating units (CGU) containing intangible assets

For the purpose of impairment testing, intangible assets acquired through business combinations have been allocated to the Group's operating units, which represents the lowest level within the Group at which the intangible assets are monitored for internal management purposes.

Brands and franchise rights

Brands acquired through business combinations have been allocated to two CGUs, Integrated Poultry and Ancillary segment, while Franchise rights acquired through business combinations have been allocated to a CGU, Restaurants segment, which are the reportable segments for impairment test.

The recoverable amounts of the CGUs are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a ten-year period. The growth rate used to extrapolate the cash flows of the Restaurants, Integrated Poultry and Ancillary segments beyond the ten-year period is 4% which is in line with the estimated GDP growth rate for the country in which it operates.

Goodwill

The recoverable amount of a CGU is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a ten-year period. The growth rate used to extrapolate the cash flows of the Restaurants segment beyond the ten-year period is 4% (2008 : 4%) which is in line with the estimated GDP growth rate for the country in which it operates.

Key assumption and value-in-use calculation

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill, brands and franchise rights :

- There will be no material changes in the structure and principal activities of the Group.
- Raw material price inflation - there will not be any significant increase in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in the economic conditions or other abnormal factors, which will adversely affect the operations of the Group.
- Statutory income tax rate - the tax rate for Malaysia is 25% for year 2010 and Singapore's tax rate at 17%. There will be no material changes in the present legislation or regulations, rates and bases of duties, levies and other taxes affecting the Group's activities.
- A pre-tax discount rate of 7% to 8% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group.
- Interest rates - the interest rates on the existing financing facilities will prevail.
- Foreign exchange rate - the foreign exchange rate will not be substantially and adversely different from the current rate.

NOTES TO THE FINANCIAL STATEMENTS

5 PREPAID LAND LEASE PAYMENTS

	UNEXPIRED PERIOD LESS THAN 50 YEARS RM'000	UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000	TOTAL RM'000
GROUP			
Cost/Valuation			
At 1 January 2008	–	–	–
Additions	–	1,350	1,350
At 31 December 2008/1 January 2009	–	1,350	1,350
Acquisition of subsidiaries	985	66,144	67,129
Additions	–	5,722	5,722
Disposals	–	(871)	(871)
At 31 December 2009	985	72,345	73,330
Amortisation			
At 1 January 2008	–	–	–
Amortisation for the year	–	16	16
At 31 December 2008/1 January 2009	–	16	16
Acquisition of subsidiaries	210	2,386	2,596
Amortisation for the year	19	838	857
Disposals	–	(45)	(45)
At 31 December 2009	229	3,195	3,424
Carrying amounts			
At 1 January 2008	–	–	–
At 31 December 2008/1 January 2009	–	1,334	1,334
At 31 December 2009	756	69,150	69,906

Security

At 31 December 2009, properties with a carrying amount of RM8,456,000 (2008 : Nil) are pledged as securities for term loans (Note 12).

6 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares at cost	128,011	128,011
Quoted shares in Malaysia	227,810	–
	355,821	128,011
Market value :		
Quoted shares in Malaysia	314,883	–

Details of the subsidiaries are as follows :

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2009 %	2008 %
Held by the Company :				
Pizza Hut Holdings (Malaysia) Sdn Bhd	Malaysia	Investment holding	100.0	100.0
QSR Ventures Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Kampuchea Food Corporation Co Limited*	Cambodia	Restaurants	55.0	55.0
SBC Coffee Holdings Sdn Bhd	Malaysia	Dormant	100.0	100.0
Pizza Hut Delco Sdn Bhd (formerly known as Signature Chef Holdings Sdn Bhd)	Malaysia	Dormant	100.0	100.0
Sterling Distinction Sdn Bhd	Malaysia	Dormant	100.0	100.0
Donut Empire (Malaysia) Holdings Sdn Bhd	Malaysia	Dormant	–	100.0
KFC Holdings (Malaysia) Bhd	Malaysia	Investment holding	50.3	49.8
Held through subsidiaries :				
Pizza Hut Restaurants Sdn Bhd	Malaysia	Restaurants	100.0	100.0
PH Property Holdings Sdn Bhd	Malaysia	Dormant	100.0	100.0
Multibrand QSR Holdings Pte Ltd*	Singapore	Investment holding	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

6 INVESTMENTS IN SUBSIDIARIES (contd.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2009 %	2008 %
Held through subsidiaries (contd.) :				
Pizza Hut Singapore Pte Ltd*	Singapore	Restaurants	100.0	100.0
Ayamas Food Corporation Sdn Bhd	Malaysia	Poultry processing and further processing plants Investment holding	50.3	49.8
Ayamas Integrated Poultry Industry Sdn Bhd	Malaysia	Breeder and broiler farms Hatchery Feedmill Investment holding	50.3	49.8
Bakers' Street Sdn Bhd	Malaysia	Restaurants	50.3	49.8
Integrated Poultry Industry Sdn Bhd	Malaysia	Poultry processing plant	50.3	49.8
KFC Events Sdn Bhd	Malaysia	Sales of food products vouchers	50.3	49.8
KFC India Holdings Sdn Bhd (formerly known as Orient Palm Sdn Bhd)	Malaysia	Investment holding	50.3	—
KFC Manufacturing Sdn Bhd	Malaysia	Bakery Trading in consumables Investment holding	50.3	49.8
KFC Restaurants Holdings Sdn Bhd	Malaysia	Investment holding	50.3	49.8
Region Food Industries Sdn Bhd	Malaysia	Sauce manufacturing plant	50.3	49.8
Restoran Keluarga Sdn Bhd	Malaysia	Restaurants	50.3	49.8
Roaster's Chicken Sdn Bhd	Malaysia	Investment holding	50.3	49.8
Signature Chef Dining Services Sdn Bhd	Malaysia	Restaurants	50.3	49.8

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2009 %	2008 %
Signature Chef Foodservice & Catering Sdn Bhd	Malaysia	Restaurants	50.3	49.8
WP Properties Holdings Sdn Bhd	Malaysia	Investment holding	50.3	49.8
Tepak Marketing Sdn Bhd	Malaysia	Contract packing	27.6	27.4
Ayamazz Sdn Bhd (formerly known as Rasa Gourmet Sdn Bhd)	Malaysia	Push-cart selling food & refreshment	50.3	49.8
Kedai Ayammas Sdn Bhd	Malaysia	Poultry retail and convenience food store chain Investment holding	50.3	49.8
Kentucky Fried Chicken (Malaysia) Sendirian Berhad	Malaysia	Restaurants	50.3	49.8
KFC (East Malaysia) Sdn Bhd	Malaysia	Investment holding	50.3	49.8
KFC (Peninsular Malaysia) Sdn Bhd	Malaysia	Restaurants Commissary Investment holding	50.3	49.8
KFC (Sarawak) Sdn Bhd	Malaysia	Restaurants	50.3	49.8
KFC Marketing Sdn Bhd	Malaysia	Sales and marketing of food products	50.3	49.8
Ladang Ternakan Putihekar (N.S.) Sdn Bhd	Malaysia	Breeder farm	50.3	49.8
MH Integrated Farm Berhad	Malaysia	Property holding	50.3	49.8
Pintas Tiara Sdn Bhd	Malaysia	Property holding	50.3	49.8
Rasamas Holdings Sdn Bhd	Malaysia	Restaurants	50.3	49.8
Rasamas Bangi Sdn Bhd	Malaysia	Restaurant	50.3	49.8
Rasamas Batu Caves Sdn Bhd	Malaysia	Restaurant	50.3	49.8
Restoran Sabang Sdn Bhd	Malaysia	Restaurant	50.3	49.8

NOTES TO THE FINANCIAL STATEMENTS

6 INVESTMENTS IN SUBSIDIARIES (contd.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2009 %	2008 %
Held through subsidiaries (contd.) :				
Seattle's Best Coffee Sdn Bhd	Malaysia	Restaurants	50.3	49.8
SPM Restaurants Sdn Bhd	Malaysia	Meals on wheels Property holding	50.3	49.8
KFC (Sabah) Sdn Bhd	Malaysia	Restaurants	45.2	44.8
Rasamas Butterworth Sdn Bhd (formerly known as Heritage Revenue Sdn Bhd)	Malaysia	Restaurant	45.2	—
Ayamas Farms & Hatchery Sdn Bhd	Malaysia	Broiler farm	45.2	49.8
Rasamas Subang Sdn Bhd (formerly known as Supreme Delight Sdn Bhd)	Malaysia	Restaurant	45.2	—
Rasamas Wangsa Maju Sdn Bhd (formerly known as Sensasi Laman Sdn Bhd)	Malaysia	Restaurant	45.2	—
Rasamas Tebrau Sdn Bhd	Malaysia	Restaurant	44.8	49.8
Rasamas Taman Universiti Sdn Bhd	Malaysia	Restaurant	44.8	49.8
Rasamas Larkin Sdn Bhd	Malaysia	Restaurant	44.6	49.8
Ayamas Feedmill Sdn Bhd	Malaysia	Broiler farm	42.7	49.8
Semangat Juara Sdn Bhd	Malaysia	Broiler farm	37.7	49.8
Kentucky Fried Chicken Management Pte Ltd*	Singapore	Restaurants	50.3	49.8
Mauritius Food Corporation Pvt Ltd*	Mauritius	Investment holding	50.3	—
Mumbai Chicken Pvt Ltd*	India	Restaurants	50.3	—
Pune Chicken Restaurants Pvt Ltd*	India	Restaurants	50.3	—
WQSR Holdings (S) Pte Ltd*	Singapore	Investment holding	50.3	49.8

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2009 %	2008 %
KFC (B) Sdn Bhd*	Brunei Darussalam	Restaurants	23.1	22.9
Rasamas Sdn Bhd*	Brunei Darussalam	Restaurants	23.1	22.9
Asbury's (Malaysia) Sdn Bhd	Malaysia	Dormant	50.3	49.8
Ayamas Contract Farming Sdn Bhd	Malaysia	Dormant	50.3	49.8
Ayamas Franchise Sdn Bhd	Malaysia	Dormant	50.3	49.8
Ayamas Marketing (M) Sdn Bhd	Malaysia	Dormant	50.3	49.8
Ayamas Selatan Sdn Bhd	Malaysia	Dormant	50.3	49.8
Chippendales (M) Sdn Bhd	Malaysia	Dormant	50.3	49.8
Cilik Bistari Sdn Bhd (formerly known as Roda Kapital Sdn Bhd)	Malaysia	Dormant	50.3	—
Rangeview Sdn Bhd	Malaysia	Dormant	50.3	49.8
Hiei Food Industries Sdn Bhd	Malaysia	Dormant	40.7	40.4
Rasamas BC Sdn Bhd (formerly known as Natural Equity Sdn Bhd)	Malaysia	Dormant	50.3	—
Rasamas Melaka Sdn Bhd (formerly known as Prisma Circle Sdn Bhd)	Malaysia	Dormant	50.3	—
Rasamas Bukit Tinggi Sdn Bhd (formerly known as Premier Option Sdn Bhd)	Malaysia	Dormant	50.3	—
Rasamas Endah Parade Sdn Bhd (formerly known as Bima Permata Sdn Bhd)	Malaysia	Dormant	50.3	—
Rasamas Kota Bharu Sdn Bhd (formerly known as Dominion Brand Sdn Bhd)	Malaysia	Dormant	50.3	—

NOTES TO THE FINANCIAL STATEMENTS

6 INVESTMENTS IN SUBSIDIARIES (contd.)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2009 %	2008 %
Held through subsidiaries (contd.) :				
Rasamas Mergong Sdn Bhd (formerly known as Smart Revenue Sdn Bhd)	Malaysia	Dormant	50.3	–
Rasamas Nilai Sdn Bhd (formerly known as Midland Brand Sdn Bhd)	Malaysia	Dormant	50.3	–
Rasamas Terminal Larkin Sdn Bhd (formerly known as Bold Ocean Sdn Bhd)	Malaysia	Dormant	50.3	–
Usahawan Bistari Ayammas Sdn Bhd (formerly known as Universal Bonus Sdn Bhd)	Malaysia	Dormant	50.3	–
Wangsa Progresi Sdn Bhd	Malaysia	Dormant	50.3	49.8
Yes Gelato Sdn Bhd	Malaysia	Dormant	40.2	39.9
Ayamas Food Corporation (S) Pte Ltd*	Singapore	Dormant	50.3	49.8
Helix Investments Limited	Hong Kong	Dormant	50.3	49.8

* Audited by other member firms of KPMG International

Acquisition of equity interest in KFC Holdings (Malaysia) Bhd (“KFCH”)

On 2 January 2009, the Company acquired additional 865,300 ordinary shares in KFCH representing 0.44% of the issued and paid-up share capital of KFCH for a total purchase consideration of RM6,612,657 (“the Acquisition”). Following the Acquisition, the Group’s shareholdings in KFCH increased from 49.81% to 50.25%, thereby effectively making KFCH a subsidiary of the Group.

The acquisition had the following effect on the Group’s assets and liabilities on acquisition date :

	PRE-ACQUISITION CARRYING AMOUNTS RM'000	FAIR VALUE ADJUSTMENTS RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Property, plant and equipment	615,265	-	615,265
Prepaid land lease payments	64,533	-	64,533
Investment in Amanahraya Unit Trust	20,203	-	20,203
Intangible assets	26,436	525,795	552,231
Inventories	158,474	-	158,474
Receivables and deposits	118,973	-	118,973
Cash and cash equivalents	98,273	-	98,273
Loans and borrowings	(141,055)	-	(141,055)
Deferred tax liabilities	(31,602)	-	(31,602)
Payables and accruals	(275,424)	-	(275,424)
Employee benefits	(3,936)	-	(3,936)
Current tax assets	9,139	-	9,139
Minority interests	(10,232)	-	(10,232)
Net identifiable assets and liabilities	649,047	525,795	1,174,842
Investments in associates			(605,409)
Minority interests			(584,629)
Intangible assets arising from acquisition			21,808
Consideration paid, satisfied in cash			6,612
Cash and cash equivalents acquired			(98,273)
Net cash inflow			(91,661)

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The pre-acquisition carrying amount of identifiable assets and liabilities recognised on acquisition approximates the fair values of their carrying amounts. In determining the fair value of brands and franchise rights, the Group applied the discount rate of 12% to the estimated future cash flows and 14% for the terminal cash flow.

The intangible assets recognised on the acquisition is attributable mainly to the KFC franchise rights and brands of ‘Ayamas’ and ‘Life’.

NOTES TO THE FINANCIAL STATEMENTS

6 INVESTMENTS IN SUBSIDIARIES (contd.)

Acquisition of equity interest in KFC Holdings (Malaysia) Bhd (“KFCH”) (contd.)

Effect of acquisition

The acquisition of the subsidiary, KFCH, had the following effect on the Group’s operating results, assets and liabilities as at 31 December 2009 :

12 MONTHS
ENDED
31.12.2009
RM'000

Income statement

Revenue	2,215,508
Operating costs	(2,020,777)

Operating profit	194,731
Finance costs	(5,174)

Profit before tax	189,557
Tax expense	(57,218)

Profit for the year	132,339
Less : Minority interests	(69,080)

Increase in the Group’s net profit at the end of the financial year	63,259
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Balance sheet

Property, plant and equipment	705,086
Prepaid land lease payments	68,595
Intangible assets	47,083
Investments in associates	(612,021)
Fixed deposits	83,083
Current assets	349,595
Current liabilities	(350,416)
Long-term borrowings	(84,387)
Deferred tax liabilities	(33,907)
Employee benefits	(3,500)
Minority interests	(647,242)

Net assets acquired/Group’s share of net assets	(478,031)
Intangible assets on acquisition	525,795

Increase in the Group’s net assets	47,764
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7 INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At cost :				
Quoted shares in Malaysia	-	512,198	-	221,198
Share of post-acquisition reserves	-	93,211	-	-
	-	605,409	-	221,198
Market value of quoted shares	-	735,810	-	310,564

The summarised financial information of the associates is as follows :

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	-	404,774
Non-current assets	-	749,633
Total assets	-	1,154,407
Current liabilities	-	351,158
Non-current liabilities	-	100,859
Total liabilities	-	452,017
Results		
Revenue	-	2,179,788
Profit for the year	-	120,350

The details of goodwill included within the Group's carrying amount of investments in associates are as follows :

	GOODWILL	
	2009 RM'000	2008 RM'000
Cost		
At 1 January	22,397	20,741
Effect of acquisition of shares by controlling interest in associates	(22,397)	-
Arising from investments in associates	-	1,656
At 31 December	-	22,397
Accumulated impairment losses		
At 1 January	780	733
Effect of acquisition of shares by controlling interest in associates	(780)	-
Arising from investments in associates	-	47
At 31 December	-	780
Net carrying amount		
At 31 December	-	21,617

NOTES TO THE FINANCIAL STATEMENTS

8 INVENTORIES

	GROUP	
	2009 RM'000	2008 RM'000
At cost :		
Raw Materials	37,264	–
Groceries, poultry and consumables	72,206	28,378
Equipment and spare parts	17,346	321
Advertising materials	3,307	–
Livestock	10,803	–
Finished goods	49,178	–
	190,104	28,699

9 RECEIVABLES AND DEPOSITS

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade receivables		54,546	1,498	–	–
Less : Allowance for doubtful debts		(2,691)	(1,052)	–	–
		51,855	446	–	–
Non-trade					
Amount due from subsidiaries	9.1	–	–	256,496	282,574
Other receivables	9.2	15,348	1,381	3	33
Deposits	9.3	80,429	20,916	–	–
Current tax assets		18,364	7,118	5,346	5,993
		114,141	29,415	261,845	288,600
		165,996	29,861	261,845	288,600

9.1 Amount due from subsidiaries

The non-trade receivables due from subsidiaries are unsecured, interest bearing and are repayable on demand.

9.2 Other receivables

Included in the other receivables of the Group is a lease consideration paid to a related company amounting to RM1,750,000 (2008 : RM875,000) for the lease of a vacant land at Terminal Larkin Sentral, Johor Bahru for a term of fifteen years expiring on 16 March 2023.

9.3 Deposits

Included in the deposits of the Group are :

- i Deposit paid to a related company amounting to RM5,228,000 (2008 : Nil) for purchase of a leasehold industrial land at Bandar Tenggara, Kulai, Johor Darul Takzim;
- ii Deposit paid to a related company amounting to RM2,269,000 (2008 : Nil) for the purchase of a freehold land at Parcel 9, Mukim of Tebrau, District of Johor Bahru; and
- iii Deposit paid to the ultimate holding corporation amounting to RM9,360,000 (2008 : Nil) for the purchase of a ninety-nine years leasehold land at Mukim Bukit Batu, District of Kulajaya, Johor.

10 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	111,326	14,571	27,713	8,307
Cash and bank balances	51,144	13,746	204	357
	162,470	28,317	27,917	8,664

Included in the deposits placed with licensed banks of the Group and of the Company are deposits pledged for term loan facilities of RM1,485,000 and RM1,485,000 (2008 : RM4,891,000 and RM1,440,000) respectively (Note 12).

11 SHARE CAPITAL AND RESERVES**11.1 Share capital**

	GROUP AND COMPANY			
	AMOUNT	NUMBER	AMOUNT	NUMBER
	2009 RM'000	OF SHARES 2009 '000	2008 RM'000	OF SHARES 2008 '000
Ordinary shares of RM1.00 each :				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid				
At 1 January	286,383	286,383	245,471	245,471
Issued during the year				
– rights shares	–	–	40,912	40,912
– conversion of warrants	1	1	–	–
At 31 December	286,384	286,384	286,383	286,383

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11.2 Reserves

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable				
Share premium	69,426	69,423	69,426	69,423
Exchange fluctuation reserve	2,171	744	–	–
Asset revaluation reserve	405	415	–	–
Treasury shares	(27,034)	(11,174)	(27,034)	(11,174)
	44,968	59,408	42,392	58,249
Distributable				
Retained earnings	355,792	287,891	133,264	128,106
	400,760	349,299	175,656	186,355

NOTES TO THE FINANCIAL STATEMENTS

11 SHARE CAPITAL AND RESERVES (contd.)

11.2 Reserves (contd.)

The movement in each category of the reserves are disclosed in the statements of changes in equity.

The nature and purpose of each category of reserves are as follows :

a Share premium

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

b Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, regardless of the currency of the monetary items.

c Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of the Group's land and buildings on 24 August 2005.

d Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a special resolution passed in a general meeting held on 30 April 2009 approved the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 5,630,900 of its issued ordinary shares from the open market at an average price of RM2.82 per share. The total consideration paid for the repurchase was RM15,859,935. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 286,384,483 (2008 : 286,382,929) issued and fully paid ordinary shares as at 31 December 2009, 10,630,900 (2008 : 5,000,000) are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue net of the treasury shares is therefore 275,753,583 (2008 : 281,382,929) ordinary shares of RM1.00 each.

11.3 Warrants 2008/2013

A total of 40,911,847 warrants were issued by the Company in conjunction with the issuance of rights issue on 6 March 2008. Each warrant entitles the holder the right to subscribe for a new ordinary share of RM1.00 each in the Company at an exercise price of RM3.01 per new ordinary share. As at the year end, the number of outstanding warrants was 40,910,293 (2008 : 40,911,847). The warrants will expire on 5 March 2013.

11.4 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit to frank RM39,404,000 of its distributable reserves at 31 December 2009 if paid out as taxable dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

12 LOANS AND BORROWINGS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current				
Term loans				
– secured	25,161	5,717	4,575	–
– unsecured	7,542	–	–	–
Bankers' acceptance				
– unsecured	4,188	–	–	–
	36,891	5,717	4,575	–
Non-current				
Term loans				
– secured	199,624	173,000	178,425	173,000
– unsecured	65,055	–	–	–
	264,679	173,000	178,425	173,000
	301,570	178,717	183,000	173,000

12.1 Terms and debt repayment schedule

	YEAR OF MATURITY	CARRYING AMOUNT RM'000	UNDER 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 5 YEARS RM'000	OVER 5 YEARS RM'000
GROUP						
2009						
Term loans						
– secured	2011	40,370	20,217	20,153	–	–
– secured	2013	1,415	369	369	677	–
– secured	2015	183,000	4,575	9,150	27,450	141,825
– unsecured	2013	25,463	7,275	7,275	10,913	–
– unsecured	2014	47,134	267	533	1,067	45,267
Bankers' acceptance						
– unsecured	2010	4,188	4,188	–	–	–
		301,570	36,891	37,480	40,107	187,092
2008						
Term loans						
– secured	2009	5,717	5,717	–	–	–
– secured	2015	173,000	–	4,325	21,625	147,050
		178,717	5,717	4,325	21,625	147,050
COMPANY						
2009						
Term loan						
– secured	2015	183,000	4,575	9,150	27,450	141,825
2008						
Term loan						
– secured	2015	173,000	–	4,325	21,625	147,050

NOTES TO THE FINANCIAL STATEMENTS

12 LOANS AND BORROWINGS (contd.)

12.2 Security

The term loans granted to the Group and the Company are secured by the following :

- a First and third party charges over certain land and buildings (Note 3 and 5);
- b Deposits pledged with licensed banks (Note 10);
- c Corporate guarantee of the Company, a subsidiary and a related company and a debenture on its assets; and
- d Certain quoted and unquoted shares of its subsidiaries.

13 DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	ASSETS		LIABILITIES		NET	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
GROUP						
Deferred tax liabilities						
Property, plant and equipment	-	-	40,868	9,770	40,868	9,770
Revaluation of land and buildings	-	-	7,249	145	7,249	145
Employee benefit plans	(890)	-	-	-	(890)	-
Allowance for doubtful debts	(210)	-	-	-	(210)	-
Tax losses carry-forward	(2,307)	-	-	-	(2,307)	-
Tax (assets)/liabilities	(3,407)	-	48,117	9,915	44,710	9,915

In recognising the deferred tax assets attributable to unutilised tax losses carry-forward and unutilised capital allowances carry-forward (included in deductible temporary differences of property, plant and equipment), the Directors made an assumption that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised. If there is substantial change in the shareholders, unutilised tax losses carry-forward and unutilised capital allowances carry-forward amounting to approximately RM1,136,000 (2008 : Nil) and RM8,093,000 (2008 : Nil) respectively will not be available to the Group, resulting in an increase in net deferred tax liabilities of RM2,307,000 (2008 : Nil).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items :

	GROUP	
	2009	2008
	RM'000	RM'000
Tax losses carry-forward	16,007	–
Unutilised capital allowances carry-forward	14,213	–
Unutilised reinvestment allowances	12,685	–
Property, plant and equipment	1,535	–
Provisions	1,625	–
	46,065	–
At 25%	11,516	–

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders (more than 50%). If there is substantial change in shareholders, unutilised tax losses and unutilised capital allowances carry-forward amounting to RM16,007,000 and RM14,213,000, respectively will not be available to the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the companies within the Group can utilise the benefits therefrom.

Movement in temporary differences during the year

	RECOGNISED			RECOGNISED				
	AT	IN INCOME	RECOGNISED	AT	IN INCOME	RECOGNISED	AT	
	1.1.2008	STATEMENT	IN EQUITY	31.12.2008	STATEMENT	IN EQUITY	31.12.2009	
	RM'000	(NOTE 20)	(NOTE 20)	RM'000	OF	(NOTE 20)	(NOTE 20)	RM'000
		RM'000	RM'000		ACQUISITION	RM'000	RM'000	
					SUBSIDIARIES			
					RM'000			
GROUP								
Property, plant and equipment	9,168	602	–	9,770	27,234	3,864	–	40,868
Revaluation of land and buildings	207	–	(62)	145	7,910	(796)	(10)	7,249
Employee benefit plans	–	–	–	–	(984)	94	–	(890)
Allowance for doubtful debts	–	–	–	–	–	(210)	–	(210)
Tax losses carry-forward	–	–	–	–	(2,558)	251	–	(2,307)
	9,375	602	(62)	9,915	31,602	3,203	(10)	44,710

NOTES TO THE FINANCIAL STATEMENTS

14 EMPLOYEE BENEFITS

Retirement benefits

	GROUP	
	2009 RM'000	2008 RM'000
Present value of unfunded obligations		
– current	401	–
– non-current	3,099	–
	3,500	–

Certain subsidiaries operate an unfunded, defined Retirement Benefit Scheme (“the Scheme”) for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits calculated by reference to their length of service and earnings. Provision for retirement benefits is calculated based on the predetermined rate of basic salaries and length of service.

Movement in the present value of the defined benefit obligations

	GROUP	
	2009 RM'000	2008 RM'000
Defined benefit obligations at 1 January	–	–
Acquisition of subsidiaries	3,936	–
Current service costs and interest (see below)	208	–
Benefits paid by the plan	(644)	–
Defined benefit obligations at 31 December	3,500	–

Expense recognised in the income statements

Current service costs	147	–
Interest on obligation	199	–
Over provision in prior years	(138)	–
	208	–

The expense is recognised in administrative expenses.

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) :

	GROUP	
	2009	2008
Discount rate at 31 December	5.6%	–
Future salary increases	4.0%	–

15 PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade				
Trade payables	169,325	26,262	-	-
Non-trade				
Other payables	80,646	14,566	15	-
Accrued expenses	123,413	25,521	1,110	1,593
Duties and other taxes payables	20,717	3,984	-	-
Amount due to associates	-	8,440	-	-
	224,776	52,511	1,125	1,593
	394,101	78,773	1,125	1,593

16 REVENUE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales of goods	2,760,285	532,752	-	-
Gross dividends from subsidiaries	-	-	37,611	45,000
Gross dividend from quoted associate	-	-	-	7,545
	2,760,285	532,752	37,611	52,545

17 FINANCE COSTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest payable				
- Loans, bankers' acceptances and others	11,666	9,378	6,214	8,441

NOTES TO THE FINANCIAL STATEMENTS

18 PROFIT BEFORE TAX

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax is arrived at after charging :				
Allowance for doubtful debts	264	–	–	–
Amortisation of franchise fees	9,100	1,870	–	–
Amortisation of prepaid land lease payments	857	16	–	–
Auditors' remuneration :				
– Statutory audit				
– KPMG Malaysia	373	–	25	–
– KPMG Affiliates	337	–	–	–
– Others	–	211	–	25
– Underprovision in prior year	1	–	–	–
– Other services	12	70	5	9
Depreciation of property, plant and equipment	103,637	24,389	276	277
Impairment loss on property, plant and equipment	2,543	–	–	–
Loss on disposal of property, plant and equipment	3,342	439	–	–
Rental of land and buildings				
– Related companies	–	1,158	–	–
– Others	185,642	49,410	–	–
Staff costs (including key management personnel)				
– Contributions to Employee Provident Fund	40,791	10,515	–	–
– Other employee benefits	142,285	28,547	69	68
– Retirement benefits	208	–	–	–
– Fees	719	416	340	340
– Salaries and wages	306,748	80,431	–	–
and after crediting :				
Franchise fee income	284	–	–	–
Gain on disposal of other investment	247	–	–	–
Interest receivable				
– Deposits with licensed banks	747	1,028	98	695
– Subsidiaries	–	–	378	41
– Associates	–	468	–	–
– Others	5	–	–	–
Rental income				
– Associates	–	24	–	–
– Others	1,581	–	–	–
Gain on disposal of prepaid land lease payments	131	–	–	–
Gain on disposal of a subsidiary	5	–	5	–

19 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows :

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors :				
Fees	719	416	340	340
Remuneration	1,249	73	69	68
Benefits-in-kind	295	–	–	–
Total Directors' remuneration	2,263	489	409	408
Other key management personnel :				
Short-term employee benefits	2,825	–	–	–
Total short-term employee benefits	5,088	489	409	408

Other key management personnel comprises persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

20 TAX EXPENSE

Recognised in the income statements

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Major components of tax expense include :				
Current tax expense				
Malaysian – current year	65,078	11,915	2,100	7,580
– prior year	(1,449)	253	271	(93)
Overseas – current year	5,049	1,228	–	–
– prior year	(13)	2	–	–
Total current tax	68,665	13,398	2,371	7,487
Deferred tax expense				
Origination of temporary differences	9,603	602	–	–
Relating to changes in tax rates	–	(214)	–	–
(Over)/Underprovided in prior years	(6,400)	214	–	–
Total deferred tax	3,203	602	–	–
Total tax expense	71,868	14,000	2,371	7,487

NOTES TO THE FINANCIAL STATEMENTS

20 TAX EXPENSE (contd.)

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax	230,261	97,739	30,570	42,812
Tax at Malaysian tax rate of 25% (2008 : 26%)	57,565	25,412	7,643	11,131
Effect of changes in tax rates***	–	(899)	–	–
Effect of tax rates in foreign jurisdictions**	(922)	(976)	–	–
Effect of lower tax rate for certain subsidiaries*	–	(63)	–	–
Non-deductible expenses	25,661	4,909	113	869
Income not subject to tax	(6,044)	–	(5,653)	(4,420)
Utilisation of unrecognised deferred tax assets	(701)	–	–	–
Change in unrecognised temporary differences	4,171	–	–	–
Effect of share of net profit of associates	–	(14,852)	(3)	–
	79,730	13,531	2,100	7,580
(Over)/Underprovided in prior years	(7,862)	469	271	(93)
	71,868	14,000	2,371	7,487

* The subsidiaries of the Group ceased to be small and medium enterprise as defined in the Income Tax Act 1967 for the current assessment year and is therefore subject to corporate tax at 25% on its chargeable income. In prior year, the tax rate for certain subsidiaries was 20% on the first RM500,000 and 26% on the remaining chargeable income.

** Tax rates in several foreign jurisdictions decreased in 2009.

*** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

Tax recognised directly in equity

	GROUP	
	2009 RM'000	2008 RM'000
Revaluation of property, plant and equipment	10	62

21 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows :

	GROUP	
	2009	2008
Profit for the year attributable to shareholders (RM'000)	90,922	85,293
Weighted average number of ordinary shares in issue ('000)	278,599	276,228
Basic earnings per share (sen)	32.64	30.88

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	GROUP	
	2009	2008
Profit for the year attributable to shareholders (RM'000)	90,922	85,293
Weighted average number of ordinary shares in issue ('000)	278,599	276,228
Effect of conversion of warrants ('000)	3,598	—
Weighted average number of ordinary shares (diluted) ('000)	282,197	276,228
Diluted earnings per ordinary share (sen)	32.22	—

NOTES TO THE FINANCIAL STATEMENTS

22 DIVIDENDS

Dividends recognised in the current year by the Company are :

	SEN PER SHARE (NET OF TAX)	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2009			
Interim 2009 ordinary	3.0	8,281	30 September 2009
Final 2008 ordinary	5.3	14,760	28 May 2009
Total amount		23,041	
2008			
Interim 2008 ordinary	3.0	8,332	8 October 2008
Final 2007 ordinary	3.7	10,542	28 May 2008
Total amount		18,874	

After the balance sheet date the Directors proposed a final dividend of 9.0 sen per ordinary share less tax at 25% totalling RM18,613,000 (6.8 sen net per ordinary share). This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

23 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

Inter-segment pricing is determined on negotiated terms.

Business segments

The Group comprises the following main business segments :

- Restaurants
- Integrated Poultry
- Ancillary

Geographical segments

The Group's geographical segments can be categorised under Malaysia and foreign. Foreign comprises Singapore, Brunei Darussalam, Cambodia and India.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	RESTAURANTS		INTEGRATED POULTRY#		ANCILLARY		ELIMINATIONS		CONSOLIDATED	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Business segments										
Total external revenue	2,268,454	532,752	459,635	-	32,196	-	-	-	2,760,285	532,752
Inter-segment revenue	-	-	290,261	-	310,410	-	(600,671)	-	-	-
Total segment revenue	2,268,454	532,752	749,896	-	342,606	-	(600,671)	-	2,760,285	532,752
Segment results	239,395	51,335	4,243	-	(1,711)	(1,342)			241,927	49,993
Unallocated expenses									-	-
Results from operating activities									241,927	49,993
Finance costs									(11,666)	(9,378)
Share of net profit of associates									-	57,124
Tax expense									(71,868)	(14,000)
Profit for the year									158,393	83,739
Segment assets	1,336,196	281,985	469,053	-	287,542	15,703	-	-	2,092,791	297,688
Investments in associates									-	605,409
Total assets									2,092,791	903,097
Segment liabilities	264,318	84,268	142,636	-	307,723	174,605	-	-	714,677	258,873
Unallocated liabilities									44,710	9,915
Total liabilities									759,387	268,788
Capital expenditure and franchise fees	162,082	49,284	54,377	-	8,190	-	-	-	224,649	49,284
Depreciation	77,409	24,113	19,467	-	6,761	276	-	-	103,637	24,389
Amortisation	9,492	1,886	227	-	238	-	-	-	9,957	1,886
Impairment loss	-	-	2,543	-	-	-	-	-	2,543	-

Integrated Poultry includes retail operations.

NOTES TO THE FINANCIAL STATEMENTS

23 SEGMENT REPORTING (contd.)

	MALAYSIA		FOREIGN		CONSOLIDATED	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Geographical segments						
Revenue from external customers	2,226,479	351,719	533,806	181,033	2,760,285	532,752
Segment assets	1,883,537	227,848	209,254	69,840	2,092,791	297,688
Investments in associates					–	605,409
					2,092,791	903,097
Capital expenditure and franchise fees	194,869	28,546	29,780	20,738	224,649	49,284

24 FINANCIAL INSTRUMENTS

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

Interest rate risk

Cash flow interest rate risk is the risk that the future flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits or occasionally, in short-term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Loans and borrowings at floating rates expose the group to cash flow interest rate risk. Loans and borrowings obtained at fixed rates expose the group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. In the previous year, the Group had interest rate swaps with a notional contract amount of RM5,717,000.

The interest rate relating to the interest rate swaps as at 31 December 2008 had been fixed at 5.34% per annum until its maturity in May 2009.

There is no interest rate swap facility outstanding as at 31 December 2009.

Foreign currency risk

The foreign currency risk of the Group arises from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. The currency exposure is primarily Singapore Dollars.

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollars.

In the previous year, the Group was also exposed to foreign currency risk arose from borrowings denominated in foreign currencies. The Group had currency swaps that were primarily used to hedge the foreign currency exposures on the borrowings. The currency exposures were primarily US Dollars and Singapore Dollars.

Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

As the Group's transactions are substantially on cash basis, its credit risk is minimal.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000
GROUP			
2009			
Fixed rate instruments			
Deposits with licensed banks	1.63	111,326	111,326
Bankers' acceptance – unsecured	2.69	(4,188)	(4,188)
		107,138	107,138
Floating rate instruments			
Term loans – secured	3.17	(224,785)	(224,785)
– unsecured	2.90	(72,597)	(72,597)
		(297,382)	(297,382)

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS (contd.)

Effective interest rates and repricing analysis (contd.)

	AVERAGE EFFECTIVE INTEREST RATE %	TOTAL RM'000	LESS THAN 1 YEAR RM'000
GROUP			
2008			
Fixed rate instruments			
Deposits with licensed banks	2.86	14,571	14,571
Floating rate instruments			
Term loan – secured	4.53	(178,717)	(178,717)
COMPANY			
2009			
Fixed rate instruments			
Deposits with licensed banks	1.91	27,713	27,713
Floating rate instruments			
Term loan – secured	3.13	(183,000)	(183,000)
2008			
Fixed rate instruments			
Deposits with licensed banks	2.86	8,307	8,307
Floating rate instruments			
Term loan – secured	4.50	(173,000)	(173,000)

Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

It was not practical to estimate the fair value of the Company's investments in unquoted shares due to the lack of comparable quoted market prices and inability to estimate fair value without incurring excessive costs.

The fair value of other financial liabilities, together with the carrying amounts shown in the balance sheets, are as follows :

	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
2009				
Financial liabilities				
Term loans	(297,382)	(297,382)	(183,000)	(183,000)
2008				
Financial liabilities				
Term loans	(178,717)	(178,717)	(173,000)	(173,000)

25 OPERATING LEASES**Leases as lessee**

Non-cancellable operating leases rentals are payable as follows :

	GROUP	
	2009 RM'000	2008 RM'000
Less than one year	125,512	31,574
Between one and five years	163,325	37,441
More than five years	–	358
	288,837	69,373

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average term of fifteen years with no renewal or purchase option included in the contracts. Certain contracts include escalation clauses or contingent rental arrangements computed based on sales achieved while others include fixed rentals for an average of three years. There are no restrictions placed upon the Group by entering into these leases.

26 CAPITAL COMMITMENTS

	GROUP	
	2009 RM'000	2008 RM'000
Property, plant and equipment		
Authorised but not contracted for	256,904	49,644
Contracted but not provided for	31,353	870
	288,257	50,514

27 CONTINGENT LIABILITIES

	COMPANY	
	2009 RM'000	2008 RM'000
Unsecured		
Corporate guarantees in favour of various financial institutions in respect of credit facilities extended to certain subsidiaries	10,253	12,231

NOTES TO THE FINANCIAL STATEMENTS

28 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows :

	TRANSACTION VALUE FOR YEAR ENDED 31 DECEMBER	
	2009	2008
	RM'000	RM'000
GROUP		
Ultimate holding corporation		
Rendering of services	323	8
Related companies		
Sale of goods	499	—
Purchase of goods	7,564	35
Purchase of apparels	7	—
Purchase of balloons	12	15
Purchase of printing, publication materials	80	—
Purchase of souvenir and gifts	14	1
Purchase of cleaning materials	23	—
Rendering of services	6,374	366
Forwarding services payable	58	—
Khairat fees payable	12	—
Rental income	281	—
Rental payable	641	362
Associates		
Allocation of expenses	—	8,495
Purchase of goods	—	83,813
Rental payable	—	795
Interest income	—	468
Rental income	—	24
Purchase of property	—	2,000
Sale of property	—	845

COMPANY	TRANSACTION VALUE FOR YEAR ENDED 31 DECEMBER	
	2009	2008
	RM'000	RM'000
Gross dividends from subsidiaries	37,611	45,000
Gross dividend from quoted associate	–	7,545
Secretarial fees to ultimate holding corporation	–	8
Rendering of services from related parties	76	139

There are no material outstanding balances as at balance sheet date other than that disclosed in Note 9.

There are no allowances for doubtful debts being provided in respect of these balances outstanding at year end and no allowances for doubtful debts made during the year.

29 SIGNIFICANT EVENTS

- i On 27 February 2009, KFCH announced that it had through Roaster's Chicken Sdn Bhd and Ayamas Food Corporation Sdn Bhd entered into several Sale and Purchase of Shares Agreement Incorporating Shareholders' Agreement and Subscription Agreement incorporating Shareholders' Agreement (collectively known as "the Agreements"), respectively, with the following parties :
- Musa bin Putit and Rasamas Taman Universiti Sdn Bhd
 - Azian binti Abdul Rashid and Rasamas Batu Caves Sdn Bhd
 - Mohd Noor Syawal bin Sanudin and Rasamas Tebrau Sdn Bhd
 - Ahmad bin Ali and Rasamas Larkin Sdn Bhd
 - Nor Suraya Hani binti Maskan and Rasamas Bangi Sdn Bhd
 - Mohd Qamari bin Aluan and Semangat Juara Sdn Bhd
 - Mohd Iswazi bin Mod Isa and Ayamas Farms & Hatchery Sdn Bhd
 - Moharizian bte Mohammed and Ayamas Feedmill Sdn Bhd

The Agreements enable the parties to purchase and/or subscribe ordinary shares representing up to 10% and 25% equity interest respectively in the respective companies arising from the implementation of the Rasamas Intrapreneur Scheme and Ayamas Intrapreneur Contract Farming Scheme.

- ii On 4 March 2009, KFCH announced that Roaster's Chicken Sdn Bhd, a wholly-owned subsidiary of KFCH acquired the entire issued and paid-up share capital of the following companies comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00 for each company :
- Rasamas Mergong Sdn Bhd (formerly known as Smart Revenue Sdn Bhd);
 - Rasamas Endah Parade Sdn Bhd (formerly known as Bima Permata Sdn Bhd);
 - Rasamas Nilai Sdn Bhd (formerly known as Midland Brand Sdn Bhd) ;
 - Rasamas Kota Bharu Sdn Bhd (formerly known as Dominion Brand Sdn Bhd);
 - Rasamas Butterworth Sdn Bhd (formerly known as Heritage Revenue Sdn Bhd);
 - Rasamas BC Sdn Bhd (formerly known as Natural Equity Sdn Bhd);
 - Rasamas Bukit Tinggi Sdn Bhd (formerly known as Premier Option Sdn Bhd);
 - Rasamas Subang Sdn Bhd (formerly known as Supreme Delight Sdn Bhd); and
 - Rasamas Wangsa Maju Sdn Bhd (formerly known as Sensasi Laman Sdn Bhd).

The companies are currently used for the purpose of the Company's Rasamas Intrapreneur Scheme.

NOTES TO THE FINANCIAL STATEMENTS

29 SIGNIFICANT EVENTS (contd.)

- iii On 30 April 2009, KFCH announced that it had accepted an offer from Yum! Restaurants (India) Pvt Ltd as part of the initial agreement, to operate KFC Franchise Business in Mumbai and Pune in India.
- iv On 13 May 2009, KFCH announced the acquisition of the entire issued and paid-up share capital of KFC India Holdings Sdn Bhd (formerly known as Orient Palm Sdn Bhd) comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00.

KFC India Holdings Sdn Bhd (formerly known as Orient Palm Sdn Bhd) is intended to be used for the purpose of KFCH's venture into KFC India.

- v On 7 August 2009, KFCH announced the establishment of a wholly-owned subsidiary in Mauritius, i.e., Mauritius Food Corporation Pvt Ltd ("Mauritius") via its wholly-owned subsidiary, KFC India Holdings Sdn Bhd (formerly known as Orient Palm Sdn Bhd). The paid-up share capital of Mauritius is USD2.00 comprising two ordinary shares.

Mauritius will be the investment holding company for the operating companies to be established in Mumbai and Pune, India.

- vi On 20 August 2009, KFCH announced that it had through Roaster's Chicken Sdn Bhd entered into several Subscription Agreement incorporating Shareholders' Agreement with the following parties :
 - a Mohd Khir bin Yadin and Rasamas Butterworth Sdn Bhd (formerly known as Heritage Revenue Sdn Bhd)
 - b Lim Mooi Huang and Rasamas Subang Sdn Bhd (formerly known as Supreme Delight Sdn Bhd)
 - c Noor Azlinda binti Ibrahim and Rasamas Wangsa Maju Sdn Bhd (formerly known as Sensasi Laman Sdn Bhd)

The agreements enable the parties to subscribe ordinary shares representing up to 10% equity interest in the respective companies arising from the implementation of the Rasamas Intrapreneur Scheme.

- vii On 20 August 2009, KFCH announced that it had through Roaster's Chicken Sdn Bhd terminated the agreements with the following parties due to the resignation of the Rasamas Intrapreneur Parties (see definition below) :
 - a Azian binti Abdul Rashid and Rasamas Batu Caves Sdn Bhd
 - b Nor Suraya Hani binti Maskan and Rasamas Bangi Sdn Bhd

(Azian binti Abdul Rashid and Nor Suraya Hani binti Maskan are hereinafter referred to as the "Rasamas Intrapreneur Parties").

In view of the above, Rasamas Batu Caves Sdn Bhd and Rasamas Bangi Sdn Bhd will revert to become wholly-owned subsidiaries of Roaster's Chicken Sdn Bhd.

- viii On 26 August 2009, the Company announced that it had disposed of Donut Empire (Malaysia) Holdings Sdn Bhd for a cash consideration of RM5,000.
- ix On 30 September 2009, KFCH announced that it had vide its nominees and wholly-owned subsidiary, Mauritius Food Corporation Pvt Ltd, established Mumbai Chicken Pvt Ltd and Pune Chicken Restaurants Pvt Ltd.

- x On 9 December 2009, KFCH announced the acquisition of the entire issued and paid-up share capital of Cilik Bistari Sdn Bhd (formerly known as Roda Kapital Sdn Bhd) comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00. Simultaneously, KFC Marketing Sdn Bhd, a wholly-owned subsidiary of Ayamas Food Corporation Sdn Bhd had acquired the entire issued and paid-up share capital of Usahawan Bistari Ayamas Sdn Bhd (formerly known as Universal Bonus Sdn Bhd) comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00.

The companies are intended to be used for future expansion.

- xi On 15 December 2009, KFCH announced that Roaster's Chicken Sdn Bhd, a wholly-owned subsidiary of the Company had acquired the entire issued and paid-up share capital of the following companies comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00 for each company :
 - a Rasamas Terminal Larkin Sdn Bhd (formerly known as Bold Ocean Sdn Bhd)
 - b Rasamas Melaka Sdn Bhd (formerly known as Prisma Circle Sdn Bhd)

The companies are intended to be used for the purpose of the Company's Rasamas Intrapreneur Scheme.

30 SUBSEQUENT EVENTS

- i On 27 January 2010, KFCH announced that it had through Roaster's Chicken Sdn Bhd entered into several Subscription Agreement incorporating Shareholders' Agreement with the following parties :
 - a Masnawi bin Mohamed Soa'aid and Rasamas Bukit Tinggi Sdn Bhd (formerly known as Premier Option Sdn Bhd)
 - b Mohd Faizal bin Awang Soh and Rasamas Kota Bharu Sdn Bhd (formerly known as Dominion Brand Sdn Bhd)

The agreements enable the parties to subscribe ordinary shares representing up to 10% equity interest in the respective companies arising from the implementation of the Rasamas Intrapreneur Scheme.

- ii On 27 January 2010, KFCH announced that it had re-organised its group structure involving the transfer of the Rasamas Intrapreneur Companies, arising from the implementation of the Group's Rasamas Intrapreneur Scheme, to the following :
 - a Rasamas Wangsa Maju Sdn Bhd (formerly known as Sensasi Laman Sdn Bhd) acquired Rasamas BC Sdn Bhd (formerly known as Natural Equity Sdn Bhd). Rasamas BC Sdn Bhd (formerly known as Natural Equity Sdn Bhd) is intended to house the operations of the Rasamas Batu Caves outlet; and
 - b Rasamas Tebrau Sdn Bhd acquired Rasamas Terminal Larkin Sdn Bhd (formerly known as Bold Ocean Sdn Bhd). Rasamas Terminal Larkin Sdn Bhd (formerly known as Bold Ocean Sdn Bhd) is intended to house the operations of the Rasamas Terminal Larkin outlet.

- iii On 18 September 2009, KFCH announced that it had entered into a Share Sale Agreement for the acquisition of the entire equity interest in Paramount Management Sdn Bhd and Paramount Holdings (M) Sdn Bhd, comprising 500,000 ordinary shares each and the entire equity interest in Gratings Solar Sdn Bhd comprising 200,000 ordinary shares, at a total cash consideration of RM6.5 million.

The acquisition was completed on 29 January 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 102 to 157 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Tan Sri Dato' Muhammad Ali bin Hashim
Chairman

Jamaludin bin Md Ali
Managing Director

Kuala Lumpur
Date : 15 March 2010

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Mohammad bin Alwi**, the officer primarily responsible for the financial management of QSR Brands Bhd, do solemnly and sincerely declare that the financial statements set out on pages 102 to 157 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 15 March 2010.

Mohammad bin Alwi

Before me :
Ahmad bin Laya (W259)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF QSR BRANDS BHD

Report on the financial statements

We have audited the financial statements of QSR Brands Bhd, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 102 to 157.

The financial statements of the Group and of the Company for the year ended 31 December 2008 were audited by another firm of chartered accountants whose report dated 13 March 2009 expressed an unmodified opinion.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company'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 statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF QSR BRANDS BHD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :

- a In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number : AF 0758
Chartered Accountants

Mohamed Raslan Abdul Rahman

Approval Number : 1825/05/11 (J/PH)
Chartered Accountant

Petaling Jaya

Date : 15 March 2010

ANALYSIS OF SHAREHOLDINGS

AS AT 11 MARCH 2010

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid Up Share Capital	:	RM286,384,483 less RM10,630,900 Treasury Shares = RM275,753,583
Class of Shares	:	Ordinary Share of RM1.00 each
Voting Right	:	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	NO. OF SHARES	% OF TOTAL SHARES
1 – 99	1,968	38.75	14,162	0.01
100 – 1,000	986	19.41	620,428	0.22
1,001 – 10,000	1,748	34.42	6,489,895	2.35
10,001 – 100,000	313	6.16	7,871,822	2.86
100,001 – Less than 5% of issued shares	61	1.20	63,423,997	23.00
5% and above of issued shares	3	0.06	197,333,279	71.56
Total	5,079	100.00	275,753,583	100.00

SUBSTANTIAL SHAREHOLDERS

	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
Cimsec Noms (Tempatan) Sdn Bhd – Kulim (Malaysia) Berhad	139,920,208	50.74	30,703,754 (1)	11.13
Kulim (Malaysia) Berhad	30,703,754	11.13	139,920,208 (2)	50.74
Johor Corporation	366	*	170,623,962 (3)	61.88
Lembaga Tabung Haji	28,334,833	10.28	-	-
Employees Provident Fund Board	2,775,100	1.00	12,254,100	4.44

NOTES

- * Negligible
- Deemed interest through Kulim (Malaysia) Berhad.
 - Deemed interest through Cimsec Noms (Tempatan) Sdn Bhd – Kulim (Malaysia) Berhad.
 - Deemed interest through Kulim (Malaysia) Berhad.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

None of the Directors has any interest, direct or indirect, in the Company and its related corporations.

ANALYSIS OF SHAREHOLDINGS

AS AT 11 MARCH 2010

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 11 MARCH 2010

NAME	NO. OF SHARES	% OF TOTAL SHARES
Cimsec Noms (T) Sdn Bhd - A/C Kulim (Malaysia) Berhad (OCBCAL-AMIN)	139,920,208	50.74
Kulim (Malaysia) Berhad	29,078,238	10.55
Lembaga Tabung Haji	28,334,833	10.28
Citigroup Noms (T) Sdn Bhd - A/C CMS Trust Management Berhad for Employees Provident Fund	9,754,100	3.54
AmanahRaya Trustees Berhad - A/C Public Islamic Sector Select Fund	4,638,600	1.68
AMSec Noms (T) Sdn Bhd - A/C CMS Trust Management Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund (RB-TNB-CMS)	4,480,700	1.62
Mayban Noms (T) Sdn Bhd - A/C Mayban Trustees Bhd for Public Ittikal Fund (N14011970240)	4,101,616	1.49
HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for CMS Premier Fund (4959)	3,874,100	1.40
Employees Provident Fund Board	2,775,100	1.01
AmanahRaya Trustees Berhad - A/C Public Smallcap Fund	2,550,400	0.92
Alliancegroup Noms (T) Sdn Bhd - A/C Alliance Investment Management Berhad for Employees Provident Fund	2,500,000	0.91
Cartaban Noms (A) Sdn Bhd - A/C Exempt An for Raffles Noms (P) Ltd (CIBC SG FR CLNT)	2,000,000	0.73
Mayban Noms (T) Sdn Bhd - A/C Mayban Trustees Bhd for Public Regular Savings Fund (N14011940100)	1,685,000	0.61
Kulim (Malaysia) Berhad	1,625,516	0.59
AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	1,530,666	0.56
HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for CMS Malaysian Inc Fund (6277-401)	1,283,400	0.47
Mayban Secs Noms (T) Sdn Bhd - A/C Low Mei Loon (Dealer 072)	1,228,000	0.45
Mayban Noms (T) Sdn Bhd - A/C Mayban Life Assurance Berhad (Non-Par Fund)	1,200,000	0.44
Mayban Noms (T) Sdn Bhd - A/C Mayban Life Assurance Berhad (Par Fund)	1,175,000	0.43
Mayban Noms (T) Sdn Bhd - A/C Etiqa Insurance Berhad (Life Par Fund)	1,120,000	0.41
HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for MAAKL AI- Fauzan (5170)	868,300	0.31
AMSec Noms (T) Sdn Bhd - A/C AMTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	856,200	0.31
Mayban Noms (T) Sdn Bhd - A/C Etiqa Insurance Berhad (General Fund)	800,000	0.29
Mayban Noms (T) Sdn Bhd - A/C Etiqa Insurance Berhad (Shareholder's Fd)	800,000	0.29
TA Noms (T) Sdn Bhd - A/C Tang Vee Mun	770,100	0.28
Mayban Noms (T) Sdn Bhd - A/C Mayban Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	764,900	0.28
CIMB Trustee Berhad - A/C Amanah Saham Darul Iman	700,000	0.25
Universal Trustee (M) Berhad - A/C CMS Islamic Fund	640,000	0.23
Mayban Noms (T) Sdn Bhd - A/C A/C Etiqa Takaful Berhad (General Fund)	587,400	0.21
Mayban Noms (T) Sdn Bhd - A/C Etiqa Insurance Berhad (Life Non-Par Fund)	500,000	0.18
Total	252,142,377	91.46

ANALYSIS OF WARRANT HOLDINGS

AS AT 11 MARCH 2010

Exercise Price : RM3.01 per Ordinary Share
 Exercise Period : 6 March 2008 up to 5 March 2013

DISTRIBUTION OF WARRANT HOLDERS

SIZE OF WARRANT HOLDING	NO. OF	% OF TOTAL	NO. OF	% OF TOTAL
	WARRANT HOLDERS	WARRANT HOLDERS		WARRANTS
1 – 99	175	12.78	9,127	0.02
100 – 1,000	793	57.93	299,127	0.73
1,001 – 10,000	310	22.64	1,080,483	2.64
10,001 – 100,000	71	5.19	2,349,176	5.74
100,001 – Less than 5% of issued shares	18	1.31	4,546,831	11.12
5% and above of issued	2	0.15	32,625,549	79.75
Total	1,369	100.00	40,910,293	100.00

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

Save as disclosed below, none of the Directors has any interest, direct or interest, in the Company and its related corporations.

	DIRECT NO.		INDIRECT NO.	
	OF WARRANTS	%	OF WARRANTS	%
Tan Sri Dato' Muhammad Ali bin Hashim	63,000	0.15	–	–

ANALYSIS OF WARRANT HOLDINGS

AS AT 11 MARCH 2010

LIST OF TOP THIRTY (30) WARRANT HOLDERS AS AT 11 MARCH 2010

NAME	NO. OF WARRANTS	% OF TOTAL WARRANTS
Cimsec Noms (T) Sdn Bhd - A/C Kulim (Malaysia) Berhad (OCBCAL-AMIN)	19,988,601	48.86
Kulim (Malaysia) Berhad	12,636,948	30.89
AmanahRaya Trustees Berhad - A/C Public Smallcap Fund	800,000	1.96
Mayban Noms (T) Sdn Bhd - A/C Mayban Trustees Bhd for Public Ittikal Fund (N14011970240)	514,516	1.26
Cha Thoong Han	400,000	0.98
AmanahRaya Trustees Berhad - A/C Public Savings Fund	279,333	0.68
SJ Sec Noms (T) Sdn Bhd - A/C Liew Pak Chin (SMT)	252,130	0.62
Cimsec Noms (T) Sdn Bhd - A/C CIMB Bank for Yap Swee Hang (MM1105)	242,400	0.59
Kulim (Malaysia) Berhad	232,216	0.57
HLG Nom (T) Sdn Bhd - A/C Yap Swee Hang (CCTS)	230,800	0.56
Yap Swee Hang	229,300	0.56
AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	201,166	0.49
RHB Capital Noms (T) Sdn Bhd - A/C Wong Han Keong (201074)	200,000	0.49
Munshir bin Abdullah	184,000	0.45
Neoh Choo Ee @ Company Sdn Berhad	155,000	0.38
Tan Teck Soon	148,800	0.36
RHB Noms (T) Sdn Bhd - A/C Amara Investment Management Sdn Bhd for Wong Yee Hui	143,000	0.35
EB Noms (T) Sdn Bhd - A/C Yap Swee Hang	116,400	0.28
Chen Kong Sin	109,000	0.27
Public Noms (T) Sdn Bhd - A/C Beh Lee Fong (E-SS2)	108,770	0.27
Shahudin bin Ahmad	100,000	0.24
Tan Peng Nguang	100,000	0.24
Cha Yuen Ching	100,000	0.24
Kenanga Noms (T) Sdn Bhd - A/C Sim Kay Eng	100,000	0.24
OSK Noms (A) Sdn Bhd - A/C DBS Vickers Secs (S) Pte Ltd for Lim Poh Fah Victor	85,000	0.21
Chong Fook Lin	74,600	0.18
AIBB Noms (T) Sdn Bhd - A/C Mohan a/l Perumal	70,000	0.17
AllianceGroup Noms (T) Sdn Bhd - A/C Yap Swee Hang (100060)	70,000	0.17
Mayban Secs Noms (T) Sdn Bhd - A/C Wong Ah Kum (REM 860)	68,800	0.17
Muhammad Ali bin Hashim	63,000	0.15
Total	38,003,780	92.88

LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2009

LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
AGRICULTURAL PROPERTIES							
SELANGOR							
Geran 24766 Lot 1462 Mukim Beranang Daerah Hulu Langat	24/08/2005	20	Freehold	–	62.937 acres	Land used for breeder farm	7,228
HS (D) 20746 PT153 Bandar Baru Salak Tinggi District of Sepang	11/06/2008	11	Leasehold	25/01/2105	31.62 acres	Land used for breeder farm	5,022
NEGERI SEMBILAN							
Geran 22067 Lot 3468 Mukim Linggi Daerah Port Dickson	24/08/2005	19	Freehold	–	55 acres	Land used for breeder farm	4,729
Geran 6348 PT 2149 Mukim Lenggeng Daerah Seremban	24/08/2005	19	Freehold	–	19.775 acres	Land used for breeder farm	2,303
Lot 559 Mukim Gemencheh Daerah Tampin	24/08/2005	13	Freehold	–	38 acres	Land used for breeder farm	4,277
HS (D) 5977-5980 PT 924-927 Mukim Titian Bintangor Daerah Rembau	24/08/2005	–	Freehold	–	83,753.8 square metres	Vacant land for future expansion	1,230
MELAKA							
Lots 1375-1397 1689 and 1706 Mukim Ayer Pa'abas Daerah Alor Gajah	24/08/2005	19	Freehold	–	150.9506 acres	Land used for breeder farm	6,360
PM 1026 Lot 2294 Mukim Machap Daerah Alor Gajah	24/08/2005	14	Leasehold	27/05/2038	5.937 acres	Land used for contract broiler farming	66

**LIST OF
PROPERTIES HELD**

AS AT 31 DECEMBER 2009

LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
JOHOR							
Mukim of Mersing District of Johor	24/08/2005	–	Freehold	–	854.62 acres	Vacant land and oil palm estate	39,400
COMMERCIAL PROPERTIES							
PERLIS							
9 Persiaran Putra Timur Satu 02000 Kuala Perlis	24/08/2005	15	Leasehold	25/09/2092	1,500	Double-storey intermediate shophouse for storage and accommodation	234
KEDAH							
Lot No 269 Pekan Dindong 07000 Kuah Langkawi	24/08/2005	15	Freehold	–	1,119	3-storey intermediate shopoffice for warehouse, commissary and staff hostel	410
45 Arked Pokok Asam Langkawi Mall 07000 Kuah Langkawi	24/08/2005	14	Freehold	–	2,357	Double-storey corner shophouse for restaurant	674
46 & 47 Lengkok Cempaka 1 Persiaran Cempaka 08000 Amanjaya	24/08/2005	11	Freehold	–	3,176	3-storey corner and intermediate shopoffices for restaurant and hostel	503
PENANG							
Unit No G-104 Megamal Pinang 2828 Jalan Baru Bandar Perai Jaya 13600 Seberang Perai Tengah	24/08/2005	13	Freehold	–	2,762	Ground floor of a shopping complex for restaurant	1,454

LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
1-10G Eden Parade Jalan Sungai Emas 11100 Batu Ferringhi	24/08/2005	9	Freehold	–	1,409	Ground and mezzanine floors of a shopping complex for restaurant	540
34 Jalan Mahsuri 11950 Bandar Bayan Baru	24/08/2005	17	Leasehold	15/05/2090	3,780	Double-storey shophouse for restaurant	2,179
3A-G-18 Blok 3A Kompleks Bukit Jambul Jalan Rumbia 11900 Pulau Pinang	24/08/2005	13	Freehold	–	2,972	Ground floor of a shopping complex for restaurant	2,132
Unit No G-103 Megamal Pinang 2828 Jalan Baru Bandar Perai Jaya 13600 Seberang Perai Tengah	24/08/2005	13	Freehold	–	3,342	Ground floor of a shopping complex for restaurant	1,772
Parcel No S-C1-05 Pusat Bandar Nibong Tebal 14300 Pulau Pinang	24/08/2005	6	Freehold	–	1,399	Double-storey intermediate shophouse for restaurant	207
1-5G, 1-6G & 1-9G Eden Parade Jalan Sungai Emas 11100 Batu Ferringhi	24/08/2005	9	Freehold	–	4,397	3 adjoining ground and mezzanine floors of a shopping complex for restaurant	2,126
GF-12A Queensbay Mall 100 Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang	24/08/2005	4	Leasehold	06/12/2095	5,870	Ground floor of a shopping complex for restaurant	3,290

LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2009

LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
PERAK							
79 Jalan Dato' Lau Pak Khuan Ipoh Garden 31400 Ipoh	24/08/2005	39	Freehold	–	2,490	Double-storey intermediate shophouse for restaurant	404
65 Jalan Dato' Onn Jaafar 30300 Ipoh	24/08/2005	23	Freehold	–	3,395	6-storey commercial building for restaurant and staff hostel	1,542
158 Jalan Idris 31900 Kampar	24/08/2005	25	Freehold	–	2,400	3½-storey shopoffice for restaurant	514
SELANGOR							
20-4 & 22-4 Jalan 14/22 The Right Angle 46100 Petaling Jaya	24/08/2005	20	Leasehold	16/12/2086	3,080	3rd floor of 2 adjoining units of a 4-storey shophouse	445
18A Ground Floor Jalan SS6/3 Kelana Jaya 47301 Petaling Jaya	24/08/2005	21	Freehold	–	2,000	Ground floor of a 5-storey shophouse for retail outlet	501
60 & 62 Jalan PJS 11/28A Bandar Sunway 46150 Petaling Jaya	24/08/2005	14	Leasehold	19/04/2086	3,786	4-storey shopoffice for restaurant, office and hostel	3,064
9 Jalan Taiping 41400 Klang	24/08/2005	29	Freehold	–	2,402	4½-storey corner shophouse for restaurant and staff hostel	1,651
18 & 20 Jalan Sulaiman 43000 Kajang	24/08/2005	28	Freehold	–	4,000	4-storey shophouse for restaurant	3,656

LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
Lot PT 12209 Mukim Damansara Daerah Petaling	24/08/2005	–	Leasehold	01/11/2092	95,788	Vacant land for restaurant	4,135
2105 Jalan 3/1 Bandar Baru Sungai Buloh 47000 Sungai Buloh	24/08/2005	20	Leasehold	13/03/2087	1,400	Double-storey shophouse for restaurant	462
Lot C1-091 Kompleks Galaxy Ampang Jalan Dagang 5 Taman Dagang 68000 Ampang	24/08/2005	6	Leasehold	20/10/2084	4,108	Concourse level of shopping centre for restaurant	2,070
W.P. KUALA LUMPUR							
Lot 14083 Jalan Kuchai Lama 58200 Kuala Lumpur	24/08/2005	4	Leasehold	08/02/2064	43,583	Single-storey building for restaurant	4,790
437 Jalan Ipoh 51200 Kuala Lumpur	24/08/2005	27	Freehold	–	3,542	5-storey corner lot commercial building for restaurant & staff training	3,255
140 Jalan Raja Laut 50350 Kuala Lumpur	24/08/2005	37	Freehold	–	1,795	4-storey intermediate shophouse for restaurant and staff hostel	2,303
Lot PT 16805 Jalan Prima 1 Metro Prima Off Jalan Kepong 52100 Kuala Lumpur	24/08/2005	9	Leasehold	28/04/2096	30,558	Double-storey building for restaurants	7,446

LIST OF PROPERTIES HELD

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LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
Lot PT 6878 Jalan 8/27A Wangsa Maju 53300 Kuala Lumpur	24/08/2005	7	Leasehold	19/04/2083	57,608	Single-storey building for restaurants	9,808
No. 23 & 24 Jalan 54 Desa Jaya Kepong 52100 Kepong	03/02/2009	27	Leasehold	08/03/2081	3,595	2 adjoining units of 4-storey shophouse for restaurant	3,437
NEGERI SEMBILAN							
26 Jalan Dato' Sheikh Ahmad 70000 Seremban	24/08/2005	25	Freehold	–	2,000	Double-storey corner shophouse for retail outlet and staff hostel	620
20 & 21 Jalan Dato' Sheikh Ahmad 70000 Seremban	24/08/2005	29	Freehold	–	4,800	2 adjoining units of 4-storey shophouse for restaurant and hostel	2,065
24 & 26 Jalan Bunga Raya 7 Pusat Perniagaan Senawang Taman Tasik Jaya 70400 Senawang	24/08/2005	15	Freehold	–	3,300	2 units of a double-storey shophouse for restaurant	584
1 Jalan Mahajaya Kawasan Penambakan Laut Bandar Port Dickson 71009 Negeri Sembilan	24/08/2005	13	Leasehold	31/01/2085	3,555	3-storey corner shophouse for restaurant and staff hostel	1,172
Lot Nos PT 8241 to 8249 & 8262 Mukim Rantau Daerah Seremban Negeri Sembilan	24/08/2005	–	Freehold	–	119,946	Vacant land (for shoplots and commercial complex)	5,000
PT 12172 Jalan BBN 1/1F Putra Point Bandar Baru Nilai 71800 Nilai	20/08/2009	13	Freehold	–	1,798	3-storey shophouse for restaurant	428

LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
MELAKA							
9 Jalan PPM 9 Plaza Pandan Malim 75250 Melaka	24/08/2005	12	Leasehold	09/06/2095	1,496	4-storey intermediate shophouse for restaurant and staff hostel	591
555 Plaza Melaka Jalan Hang Tuah 75300 Melaka	24/08/2005	23	Freehold	–	2,486.46	4 ½ -storey corner shophouse with mezzanine floor for restaurant	1,189
PM 222, Lot No. 4260 Mukim Bukit Katil Daerah Melaka Tengah	15/12/2008	–	Leasehold	14/09/2077	42,851	Vacant land for restaurants	3,128
JOHOR							
86 Jalan Dedap 4 Taman Johor Jaya 81100 Johor Bahru	24/08/2005	27	Freehold	–	1,540	Double-storey shophouse for restaurant	533
11 Jalan Sri Perkasa 2/1 Taman Tampoi Utama 81100 Johor Bahru	24/08/2005	13	Leasehold	13/04/2094	1,540	3-storey intermediate restaurant and staff hostel	466
1 & 1-1 Jalan Niaga Pusat Perniagaan Jalan Mawai 81900 Kota Tinggi	24/12/2009	10	Leasehold	14/05/2085	2,273	Corner unit of double-storey shophouse for restaurant	885
HS(D) 367670 PTD 104984 Mukim Tebrau Daerah Johor Bahru	10/07/2008	–	Freehold	–	1,180	Vacant land for restaurants	4,035
TERENGGANU							
10 Persiaran Melor Kijal Beach Resort 24100 Kijal	24/08/2005	15	Leasehold	27/11/2091	1,650	Double-storey intermediate shophouse for restaurant	394

**LIST OF
PROPERTIES HELD**

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LOCATION	DATE OF VALUATION/ ACQUISITION	AGE OF BUILDING (YEARS)	TENURE	EXPIRY DATE	AREA (SQ FT)	DESCRIPTION	NET BOOK VALUE (RM'000)
PAHANG							
Retail 1 & 2 Ground Floor Bangunan Baru UMNO Pekan 26600 Pekan	15/12/2008	5	Leasehold	29/08/2106	2,878	2 contiguous parcels of ground floor retail lots within a 6-storey commercial complex	1,107
SABAH							
Lot 25 Block 3 Bornion Centre Jalan Kolam 88300 Kota Kinabalu	24/08/2005	25	Leasehold	15/05/2915	1,900	3-storey corner shophouse for restaurant and hostel	1,045
SINGAPORE							
18 Yung Ho Road Singapore 618591	16/12/2006	34	Leasehold	16/12/2036	14,809.11	Purpose Built single-storey building for restaurant	4,550
INDUSTRIAL PROPERTIES							
PULAU PINANG							
2718 Jalan Seladang Alma 14000 Bukit Mertajam	24/08/2005	21	Freehold	–	127,629	Single-storey factory with double-storey office block for processing plant	3,254
29 & 31 Lorong IKS Juru 3, IKS Juru 14100 Simpang Ampat Seberang Perai Selatan	24/08/2005	13	Freehold	–	17,929	2 adjoining units of a 1½-storey semi-detached factories for commissary and warehouse	1,000
SELANGOR							
Lot 7 Jalan 51A/223 46675 Petaling Jaya	24/08/2005	44	Leasehold	27/04/2065	10,883	Single-storey building with a double-storey office block	1,939

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Lot 5 Jalan 51A/223 46675 Petaling Jaya	24/08/2005	22	Leasehold	18/11/2067	42,009	Single-storey detached factory with 4-storey office block	3,018
Lot 20153 Jalan Pelabuhan Utara 42000 Pelabuhan Klang	24/08/2005	23	Leasehold	17/12/2086	16.63 acres	Land and factory buildings for primary processing and further processing plants	41,615
17, 19 & 21 Jalan Pemaju U1/15 Seksyen U1 HICOM-Glenmarie Industrial Park 40150 Shah Alam	24/08/2005	12	Freehold	–	202,554	Industrial complex	27,591
Lot 166 Jalan Pemaju U1/15 Seksyen U1 HICOM-Glenmarie Industrial Park 40150 Shah Alam	24/08/2005	–	Freehold	–	205,603	Vacant land for future expansion of industrial complex	13,360
1, 3 & 6 Lorong Gerudi 1 Off Jalan Pelabuhan Utara 42000 Pelabuhan Klang	24/08/2005	15	Leasehold	15/03/2087	567,723	Single & double-storey warehouse buildings and 4-storey office building	55,122
KEDAH							
Mukim of Sungai Petani/ Sungai Pasir District of Kedah	24/08/2005	–	Freehold	–	45,899.78 square metres	Vacant industrial/ residential land, residential and commercial properties	13,027

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JOHOR							
PLO 398 Kilang Siapbina PKENJ Jalan Perak Kawasan Perindustrian Pasir Gudang 81770 Pasir Gudang	04/02/2008	19	Leasehold	18/04/2050	51,800	Land and factory buildings for contract manufacturing and warehouse	1,147
SABAH							
Lot 43A Karamunsing Warehouse 88000 Kota Kinabalu	24/08/2005	24	Leasehold	22/01/2901	6,360	3-storey corner warehouse and office	2,135
Lot 5 Lorong Tembaga Tiga Kawasan MIEL KKIP Selatan Kota Kinabalu Industrial Park Menggatal 88450 Kota Kinabalu	24/08/2005	9	Leasehold	29/05/2101	22,077	1½-storey semi-detached warehouse	1,179
RESIDENTIAL PROPERTIES							
W.P. KUALA LUMPUR							
90, Pinggir Zaaba Taman Tun Dr Ismail 60000 Kuala Lumpur	11/01/2007	18	Freehold	–	5,400	Double-storey detached house	2,584
NEGERI SEMBILAN							
Unit Nos 1D, 1E, 1F, 1G & 2D Marina Bay Admiral Cove 71000 Port Dickson	24/08/2005	12	Leasehold	20/07/2094	4,188	5 units of condominium for staff training and recreation	828
PAHANG							
Unit No 3556 Block B Awana Golf & Country Resort 69000 Genting Highlands	24/08/2005	22	Freehold	–	1,258	Condominium for staff training and recreation	256

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Unit No A7-22 (P) Amber Court Villa D'Genting Resort 69000 Genting Highlands	24/08/2005	15	Freehold	–	2,386	Condominium for staff training and recreation	283
Unit No B1-22 (P) Amber Court Villa D'Genting Resort 69000 Genting Highlands	24/08/2005	15	Freehold	–	2,429	Condominium for staff training and recreation	291
Unit No B1-16 Level 16 Amber Court Villa D'Genting Resort 69000 Genting Highlands	24/08/2005	15	Freehold	–	1,214	Condominium for staff training and recreation	159