

QSR BRANDS BHD (599171-D)

(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		1/4/2011 - 30/6/2011 RM'000	1/4/2010 - 30/6/2010 RM'000	1/1/2011 - 30/6/2011 RM'000	1/1/2010 - 30/6/2010 RM'000
Revenue	A9	825,556	733,210	1,605,308	1,457,931
Operating expenses		(757,338)	(667,388)	(1,471,037)	(1,330,469)
Other operating income		572	615	1,148	1,220
Profit from operations		68,790	66,437	135,419	128,682
Finance costs		(3,075)	(2,318)	(5,979)	(4,560)
Profit before tax	A9	65,715	64,119	129,440	124,122
Income tax expense		(20,600)	(19,562)	(40,500)	(38,862)
Profit for the period		45,115	44,557	88,940	85,260
Other comprehensive income, net of tax :					
Foreign currency translation differences for foreign operations		(533)	(381)	(834)	(972)
Fair value of available-for-sale financial assets		518	-	1,681	-
Total other comprehensive income for the period		(15)	(381)	847	(972)
Total comprehensive income for the period		45,100	44,176	89,787	84,288
Profit attributable to :					
Owners of the Company		26,474	26,204	51,742	49,582
Non-controlling interests		18,641	18,353	37,198	35,678
Profit for the period		45,115	44,557	88,940	85,260
Total comprehensive income attributable to :					
Owners of the Company		26,459	25,823	52,589	48,610
Non-controlling interests		18,641	18,353	37,198	35,678
Total comprehensive income for the period		45,100	44,176	89,787	84,288
Earnings per share (sen) :					
(a) Basic		9.51	9.53	18.60	18.02
(b) Fully diluted		8.99	9.37	17.57	17.72

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/6/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,226,692	1,168,831
Franchise rights & brands	525,795	525,795
Goodwill on consolidation	81,726	81,334
Intangible assets	37,766	38,503
Quoted investments	36,563	25,200
Unquoted investments	3,074	3,074
	<u>1,911,616</u>	<u>1,842,737</u>
Current assets		
Inventories	245,007	233,245
Trade and other receivables	190,440	170,231
Cash and cash equivalents	139,110	163,882
	<u>574,557</u>	<u>567,358</u>
TOTAL ASSETS	<u>2,486,173</u>	<u>2,410,095</u>
EQUITY		
Share capital	291,738	290,682
Reserves		
<i>Share premium</i>	73,075	70,742
<i>Warrants reserve</i>	7,111	7,322
<i>Fair value reserve</i>	3,418	1,737
<i>Translation reserve</i>	339	1,173
<i>Revaluation reserve</i>	79,696	79,696
<i>Treasury shares</i>	(37,216)	(34,085)
Retained earnings	467,727	435,102
Total equity attributable to owners of the Company	<u>885,888</u>	<u>852,369</u>
Non-controlling interests	718,263	700,263
Total equity	<u>1,604,151</u>	<u>1,552,632</u>
Non-current liabilities		
Loans and borrowings	300,182	291,737
Deferred tax liabilities	69,160	66,995
Employee benefits	2,877	2,913
	<u>372,219</u>	<u>361,645</u>
Current liabilities		
Trade and other payables	441,434	428,837
Current tax liabilities	27,553	17,330
Loans and borrowings	40,301	49,007
Employee benefits	515	644
	<u>509,803</u>	<u>495,818</u>
Total liabilities	<u>882,022</u>	<u>857,463</u>
TOTAL EQUITY AND LIABILITIES	<u>2,486,173</u>	<u>2,410,095</u>
Net assets per share (RM)	3.04	2.93

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Attributable to owners of the Company-----→											
	←-----Non-Distributable-----→							Distributable				Non- controlling interests RM'000
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000			
At 1 January 2011	290,682	70,742	7,322	1,737	1,173	79,696	(34,085)	435,102	852,369	700,263	1,552,632	
Total comprehensive income for the period	-	-	-	1,681	(834)	-	-	51,742	52,589	37,198	89,787	
Issuance of shares :												
Conversion of warrants	1,056	2,333	(211)	-	-	-	-	-	3,178	-	3,178	
Arising from acquisition from minority shareholders	-	-	-	-	-	-	-	-	-	(3,149)	(3,149)	
Treasury shares acquired	-	-	-	-	-	-	(3,131)	-	(3,131)	-	(3,131)	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	103	103	
Dividends to shareholders	-	-	-	-	-	-	-	(19,117)	(19,117)	-	(19,117)	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(16,152)	(16,152)	
At 30 June 2011	291,738	73,075	7,111	3,418	339	79,696	(37,216)	467,727	885,888	718,263	1,604,151	
At 1 January 2010	286,384	61,244	8,182	-	2,171	405	(27,034)	355,792	687,144	646,260	1,333,404	
Total comprehensive income for the period	-	-	-	-	(972)	-	-	49,582	48,610	35,678	84,288	
Treasury shares acquired	-	-	-	-	-	-	(7,051)	-	(7,051)	-	(7,051)	
Dividends to shareholders	-	-	-	-	-	-	-	(18,553)	(18,553)	-	(18,553)	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(11,837)	(11,837)	
Issuance of shares :												
Conversion of warrants	14	31	(3)	-	-	-	-	-	42	-	42	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	40	40	
At 30 June 2010	286,398	61,275	8,179	-	1,199	405	(34,085)	386,821	710,192	670,141	1,380,333	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTERS AS AT 30/6/2011 RM'000	CUMULATIVE QUARTERS AS AT 30/6/2010 RM'000
Operating activities		
Profit before tax	129,440	124,122
Adjustments for :		
Interest expense	5,979	4,560
Interest income	(426)	(542)
Non-cash items	69,064	59,933
Operating profit before working capital changes	<u>204,057</u>	<u>188,073</u>
Changes in working capital :		
Net change in current assets	(32,046)	(25,821)
Net change in current liabilities	11,228	(35,543)
Cash generated from operations	<u>183,239</u>	<u>126,709</u>
Interest paid	(5,979)	(4,560)
Taxes paid	(27,186)	(19,428)
Net cash generated from operating activities	<u>150,074</u>	<u>102,721</u>
Investing activities		
Equity investments	(9,895)	(6,081)
Other investments	(126,578)	(111,266)
Net cash used in investing activities	<u>(136,473)</u>	<u>(117,347)</u>
Financing activities		
Issuance of shares	3,178	42
Proceeds from conversion of warrants of quoted subsidiary	103	-
Purchase of treasury shares	(3,131)	(7,051)
Purchase of treasury shares of quoted subsidiary	(2,993)	-
Bank borrowings	(261)	10,518
Dividends paid to shareholders of the Company	(19,117)	(18,553)
Dividends paid to non-controlling interests of subsidiaries	(16,152)	(11,837)
Net cash used in financing activities	<u>(38,373)</u>	<u>(26,881)</u>
Net change in cash and cash equivalents	(24,772)	(41,507)
Cash and cash equivalents at beginning of period	163,882	162,470
Cash and cash equivalents at end of period	<u>139,110</u>	<u>120,963</u>
The cash and cash equivalents consist of the following:		
<i>Deposits with licensed banks</i>	81,563	60,919
<i>Cash in hand and at banks</i>	57,547	60,044
	<u>139,110</u>	<u>120,963</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)