

QSR BRANDS BHD (599171-D)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD FINANCIAL QUARTER ENDED
30 SEPTEMBER 2010

CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		1/7/2010 - 30/9/2010	1/7/2009 - 30/9/2009	1/1/2010 - 30/9/2010	1/1/2009 - 30/9/2009
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	A9	746,496	694,147	2,204,427	2,005,534
Operating expenses		(679,237)	(634,674)	(2,009,706)	(1,838,535)
Other operating income		581	156	1,801	2,203
Profit from operations		67,840	59,629	196,522	169,202
Finance costs		(2,776)	(2,484)	(7,336)	(9,177)
Profit before tax	A9	65,064	57,145	189,186	160,025
Tax expense		(20,238)	(17,270)	(59,100)	(47,000)
Profit for the period		44,826	39,875	130,086	113,025
Attributable to :					
Shareholders of the Company		25,333	22,242	74,915	64,708
Minority interests		19,493	17,633	55,171	48,317
Profit for the period		44,826	39,875	130,086	113,025
Earnings per share (sen) :					
(a) Basic		9.22	7.96	27.28	23.15
(b) Fully diluted		8.96	7.91	26.50	23.01

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

QSR BRANDS BHD (599171-D)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	1/7/2010 - 30/9/2010 RM'000	1/7/2009 - 30/9/2009 RM'000	1/1/2010 - 30/9/2010 RM'000	1/1/2009 - 30/9/2009 RM'000
Profit for the period	44,826	39,875	130,086	113,025
Foreign currency translation differences for foreign operations	493	195	(479)	(24)
Available for sale investments' fair value movement	2,412	-	2,412	-
Total comprehensive income for the period	<u>47,731</u>	<u>40,070</u>	<u>132,019</u>	<u>113,001</u>
Total comprehensive income attributable to :				
Shareholders of the Company	28,238	22,437	76,848	64,684
Minority interests	19,493	17,633	55,171	48,317
Total comprehensive income for the period	<u>47,731</u>	<u>40,070</u>	<u>132,019</u>	<u>113,001</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/9/2010 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,005,388	936,117
Franchise rights & brands	531,196	525,795
Goodwill on consolidation	75,286	72,413
Intangible assets	39,988	39,896
Quoted investments	25,875	-
Unquoted investments	3,074	-
	<u>1,680,807</u>	<u>1,574,221</u>
Current assets		
Inventories	212,550	190,104
Receivables and deposits	188,158	165,996
Cash and cash equivalents	124,810	162,470
	<u>525,518</u>	<u>518,570</u>
TOTAL ASSETS	<u>2,206,325</u>	<u>2,092,791</u>
EQUITY		
Share capital	286,591	286,384
Reserves		
<i>Share premium</i>	61,699	61,244
<i>Exchange fluctuation reserve</i>	1,692	2,171
<i>Asset revaluation reserve</i>	405	405
<i>Available for sale reserve</i>	2,412	-
<i>Warrants reserve</i>	8,141	8,182
<i>Treasury shares</i>	(34,085)	(27,034)
Retained earnings	399,834	355,792
Total equity attributable to shareholders of the Company	<u>726,689</u>	<u>687,144</u>
Minority interests	676,853	646,260
Total equity	<u>1,403,542</u>	<u>1,333,404</u>
Non-current liabilities		
Loans and borrowings	287,615	264,679
Deferred tax liabilities	44,349	44,710
Employee benefits	3,093	3,099
	<u>335,057</u>	<u>312,488</u>
Current liabilities		
Payables and accruals	385,271	394,101
Current tax liabilities	26,541	15,506
Loans and borrowings	55,310	36,891
Employee benefits	604	401
	<u>467,726</u>	<u>446,899</u>
Total liabilities	<u>802,783</u>	<u>759,387</u>
TOTAL EQUITY AND LIABILITIES	<u>2,206,325</u>	<u>2,092,791</u>
Net assets per share (RM)	2.54	2.40

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Attributable to shareholders of the Company----->										
	<-----Non-Distributable----->						Distributable				
	Share capital	Share premium	Exchange fluctuation reserve	Asset revaluation reserve	Available for sale reserve	Warrants reserve	Treasury shares	Retained earnings	Total	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	286,384	61,244	2,171	405	-	8,182	(27,034)	355,792	687,144	646,260	1,333,404
Total comprehensive income for the period	-	-	(479)	-	2,412	-	-	74,915	76,848	55,171	132,019
Treasury shares acquired	-	-	-	-	-	-	(7,051)	-	(7,051)	-	(7,051)
Dividend - 2009 Final	-	-	-	-	-	-	-	(18,553)	(18,553)	-	(18,553)
- 2010 Interim	-	-	-	-	-	-	-	(12,320)	(12,320)	-	(12,320)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(19,176)	(19,176)
Issuance of shares :											
Conversion of warrants	207	455	-	-	-	(41)	-	-	621	-	621
Increase in minority interests	-	-	-	-	-	-	-	-	-	424	424
Acquisition from minority shareholders	-	-	-	-	-	-	-	-	-	(5,826)	(5,826)
At 30 September 2010	286,591	61,699	1,692	405	2,412	8,141	(34,085)	399,834	726,689	676,853	1,403,542
At 1 January 2009	286,383	61,241	744	415	-	8,182	(11,174)	287,891	633,682	627	634,309
Total comprehensive income for the period	-	-	(24)	-	-	-	-	64,708	64,684	48,317	113,001
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	333,205	333,205
Treasury shares acquired	-	-	-	-	-	-	(15,860)	-	(15,860)	-	(15,860)
Dividend - 2008 Final	-	-	-	-	-	-	-	(14,760)	(14,760)	-	(14,760)
- 2009 Interim	-	-	-	-	-	-	-	(8,281)	(8,281)	-	(8,281)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(16,336)	(16,336)
At 30 September 2009	286,383	61,241	720	415	-	8,182	(27,034)	329,558	659,465	365,813	1,025,278

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	CUMULATIVE QUARTERS AS AT 30/9/2010 RM'000	CUMULATIVE QUARTERS AS AT 30/9/2009 RM'000
Operating activities		
Profit before tax	189,186	160,025
Adjustments for :		
Interest expense	7,336	9,177
Interest income	(728)	(438)
Non-cash items	91,464	81,670
Operating profit before working capital changes	<u>287,258</u>	<u>250,434</u>
Changes in working capital :		
Net change in current assets	(49,639)	(742)
Net change in current liabilities	<u>(10,054)</u>	<u>(28,373)</u>
Cash generated from operations	227,565	221,319
Interest paid	(7,336)	(9,177)
Taxes paid	(43,222)	(41,707)
Retirement benefits paid	-	(494)
Net cash generated from operating activities	<u>177,007</u>	<u>169,941</u>
Investing activities		
Equity investments	(41,378)	91,588
Other investments	<u>(157,473)</u>	<u>(109,163)</u>
Net cash used in investing activities	<u>(198,851)</u>	<u>(17,575)</u>
Financing activities		
Issuance of shares	621	-
Proceeds from conversion of warrants of subsidiary	384	-
Purchase of treasury shares	(7,051)	(15,860)
Payment of dividends	(30,873)	(23,041)
Bank borrowings	40,279	12,862
Payment of dividends to minority interests in subsidiaries	(19,176)	(16,336)
Net cash used in financing activities	<u>(15,816)</u>	<u>(42,375)</u>
Net change in cash and cash equivalents	(37,660)	109,991
Cash and cash equivalents at beginning of period	162,470	28,317
Cash and cash equivalents at end of period	<u>124,810</u>	<u>138,308</u>
The cash and cash equivalents consist of the following:		
<i>Deposits with financial institutions</i>	45,961	52,554
<i>Cash and bank balances</i>	<u>78,849</u>	<u>85,754</u>
	<u>124,810</u>	<u>138,308</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)