

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, Interim Financial reporting, issued by the Malaysian Accounting Standard Board (MASB). The Interim Financial Report should be read in conjunction with the Group's audited financial statement for the year ended 31 December 2009.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2009.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

On 1 January 2010, the Group adopted the following FRSs:-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment – Vesting conditions and cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after the Reporting Period
Amendments to FRS 117	Leases
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 128	Investment in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than for the application of FRS 8, FRS 101, Amendments to FRS 117 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8: Operating Segments (FRS 8)

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statement (FRS 101)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income.

(c) Amendments to FRS 117: Leases (FRS 117)

Amendments to FRS 117 sets out the new requirement where leasehold land which is in substance a finance lease will be reclassified to property, plant and equipment. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and accordingly, has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendments to FRS 117 :

	As at 31 December 2009	
	As restated	As previously stated
Cost	RM'000	RM'000
Property, plant and equipment	936,117	866,211
Prepaid land lease payments	-	69,906
	=====	=====

(d) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139)

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are included in trade and other receivables in the balance sheet.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial asset, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Financial liabilities

Financial liabilities are classified as financial at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial guarantee contracts

The Company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not carried the value of the financial guarantee in its books.

Impact on opening balance

FRS 139 did not have any significant impact on the financial position and results of the Group.

A3. Status on Qualification of Audited Financial Statements

The audit report of the Group's preceding year financial statement was not qualified.

A4. Seasonality or Cyclicity of Operations

The Group's performance is generally affected by seasonal factors such as school holidays and festive seasons.

A5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash flows

There were no significant items which unusually affect assets, liabilities, equity, net income or cash flows during the financial period.

A6. Change in Accounting Estimates

There were no changes in estimates of amount reported in prior interim period or financial year that have a material effect in the current financial period.

A7. Debt and Equity Securities

There were no cancellation, resale and repayment of debt and equity securities for the financial period other than the following :-

- (a) The paid-up share capital of the Company was increased from RM286,384,483 as at 31 December 2009 to RM286,590,743 as a result of the issuance of 206,260 ordinary shares of RM1.00 each upon the conversion of 206,260 warrants at the exercise price of RM3.01 per share.
- (b) The number of warrants outstanding as at 30 September 2010 was 40,704,033. Each warrant entitles the holder of the right to subscribe for a new ordinary share of RM1.00 each in the Company at an exercise price of RM3.01 per share. The warrants will expire on 5 March 2013.
- (c) During the current period, the Company bought back 2,000,000 of its issued and paid-up shares from the open market at an average price of RM3.53 per share. Total consideration paid for the buybacks including transaction costs was RM7,050,958 and these buybacks were financed by internally generated funds. Total shares bought back as at 30 September 2010 amounted to 12,630,900 shares totalling RM34,084,857 at an average price of RM2.70 per share.

All the bought back shares are being retained as treasury shares.

- (d) An existing term loan amounting to RM183 million was refinanced on 25 March 2010 with another term loan of a more competitive interest rate.

A8. Dividends Paid

Dividend paid on 27 May 2010 was declared on 6 April 2010, in respect of the year ended 31 December 2009 being final dividend of 9 sen less 25% tax per share, on 274,860,673 ordinary shares amounted to RM18,553,107.

Dividend paid on 30 September 2010 was declared on 24 August 2010, in respect of the year ending 31 December 2010 being interim dividend of 6 sen less 25% tax per share, on 273,772,733 ordinary shares, amounted to RM12,319,776.

A9. Operating Segments

RM'million	Cumulative Quarters 1 Jan - 30 Sep 2010		Cumulative Quarters 1 Jan - 30 Sep 2009	
	Revenue	Operating Profit/(loss)	Revenue	Operating Profit/(loss)
<u>Malaysia</u>				
Pizza Hut restaurants	298.4	36.2	262.2	27.9
KFC restaurants	1,088.9	139.6	988.9	121.1
Integrated Poultry	375.8	3.4	340.7	2.2
Ancillary	30.5	(0.5)	23.8	(4.7)
	<u>1,793.6</u>	<u>178.7</u>	<u>1,615.6</u>	<u>146.5</u>
<u>Foreign</u>				
Pizza Hut restaurants	125.2	2.8	121.9	3.9
KFC restaurants	285.6	7.7	268.0	9.6
	<u>410.8</u>	<u>10.5</u>	<u>389.9</u>	<u>13.5</u>
Consolidated Total	<u>2,204.4</u>	<u>189.2</u>	<u>2,005.5</u>	<u>160.0</u>
RM'million	Current Quarter 1 Jul - 30 Sep 2010		Current Quarter 1 Jul - 30 Sep 2009	
	Revenue	Operating Profit/(loss)	Revenue	Operating Profit/(loss)
<u>Malaysia</u>				
Pizza Hut restaurants	92.8	10.7	86.5	8.9
KFC restaurants	373.3	50.5	347.3	43.1
Integrated Poultry	134.2	1.0	118.4	1.9
Ancillary	8.7	(1.3)	7.6	(1.9)
	<u>609.0</u>	<u>60.9</u>	<u>559.8</u>	<u>52.0</u>
<u>Foreign</u>				
Pizza Hut restaurants	40.3	0.5	40.4	1.1
KFC restaurants	97.2	3.7	93.9	4.0
	<u>137.5</u>	<u>4.2</u>	<u>134.3</u>	<u>5.1</u>
Consolidated Total	<u>746.5</u>	<u>65.1</u>	<u>694.1</u>	<u>57.1</u>

A10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the financial statements for the year ended 31 December 2009.

A11. Material Event subsequent to the end of the interim period

The Company had on 19 November 2010 announced that it has received a preliminary proposal from AmInvestment Bank Berhad and Newfields Advisors Sdn Bhd on behalf of Idaman Saga Sdn Bhd, a private company owned by Tan Sri Halim Saad and Datuk Che Mokhtar bin Che Ali to acquire the entire business and undertakings of the Company.

The following are the salient terms of the preliminary proposal:-

i) Indicative Pricing

The indicative purchase consideration for all the business and undertakings of QSR will be based on an indicative price of RM5.60 per issued ordinary share of RM1.00 each in QSR, representing a premium of 22% over the last 6 months volume weighted average price of QSR.

ii) Definitive Agreements

In the event the Board of Directors of QSR is agreeable to the proposal, QSR and Idaman Saga Sdn Bhd ("ISSB") are to enter into definitive agreements which will include representations, warranties, covenants, undertakings, indemnities and other conditions as may be agreed between QSR and ISSB.

The completion of the definitive agreements will be subject to the fulfillment of all the necessary conditions precedent including but not limited to:-

- (a) the approval of all regulatory bodies, if and where required ;
- (b) the approval of shareholders of QSR;
- (c) the approval of the existing financiers of QSR and its subsidiaries and associates, if and where required;
- (d) the approval of all franchisors / principals applicable to the assets; and
- (e) other conditions precedent that may be agreed between QSR and ISSB.

iii) Due Diligence

ISSB has requested the rights to conduct a legal, financial and commercial due diligence on QSR's assets, including those of its subsidiaries.

iv) Effective Period

The proposal shall be effective from the date the proposal is accepted by QSR ("Commencement Date") until the earlier of:-

- (a) The issuance of a formal and binding offer for the proposal; or
- (b) The date falling two (2) weeks from the completion of due diligence; or
- (c) The date falling three (3) months from the Commencement Date;

Or such other date as QSR and ISSB may agree in writing.

v) No Other Negotiations

During the effective period, QSR and its subsidiaries shall not, directly or indirectly, negotiate with or make an offer to any other party in connection with the sale or any disposition of the Company's assets, businesses or undertakings, other than in the usual and ordinary course of QSR's business.

vi) No Distribution

During the effective period, QSR and its subsidiaries will not:-

- (a) Conduct any form of capital raising exercise, either in the form of debt or equity; or
- (b) Declare and make any distribution of capital or dividends.

In the event that QSR does not accept the preliminary proposal by 1 December 2010, ISSB reserves the right to withdraw the proposal.

A12. Changes in the Composition of the Group

On 9 July 2010, the Company announced that it has, vide its wholly-owned subsidiary, Pizza Hut Restaurants Sdn Bhd, acquired the entire issued and paid-up share capital of Pizza Hut Delivery Sdn Bhd (formerly known as Temasek Serimas Sdn Bhd) comprising two (2) ordinary shares of RM1.00 each for a total cash consideration of RM2.00.

On 16 July 2010, the Company announced that it has jointly with KFC Holdings (Malaysia) Bhd ("KFCH") established a non-governmental and non-profitable company, i.e. Yayasan Amal Bistari for the primary purposes of regulating and driving all Corporate Social Responsibility endeavours and programmes to be undertaken by QSR/KFCH.

On 4 October 2010, the Company announced that it has acquired the entire issued and paid-up share capital of Efinite Value Sdn Bhd comprising 2 ordinary shares of RM1.00 each and at a total cash consideration of RM2.00.

Announcements made by KFCH, a subsidiary of the Company

- 1 On 9 July 2010, KFCH announced the termination of the respective agreements entered into between Roaster's Chicken Sdn Bhd, a wholly-owned subsidiary of KFCH, and the following due to the resignation of the Rasamas Intrapreneur Parties (see definition below) :-

- i) Ahmad bin Ali and Rasamas Larkin Sdn Bhd
- ii) Musa bin Putit and Rasamas Taman Universiti Sdn Bhd

(En Ahmad bin Ali and En Musa bin Putit are hereinafter referred to as the "Rasamas Intrapreneur Parties").

2. On 16 July 2010, KFCH announced that it has jointly with QSR Brands Bhd ("QSR") established a non governmental and non-profitable company, i.e. Yayasan Amal Bistari for the primary purposes of regulating and driving all Corporate Social Responsibility endeavours and programmes to be undertaken by KFCH/QSR.

3. On 4 October 2010, KFCH announced that it has acquired the entire issued and paid-up share capital of Cemerlang Sinergi Sdn Bhd and Efinite Revenue Sdn Bhd comprising 2 ordinary shares of RM1.00 each and at a total cash consideration of RM2.00, for each of the companies.
4. On 27 October 2010, KFCH via its wholly-owned subsidiary, Ayamas Shoppe Sdn Bhd (formerly known as Kedai Ayamas Sdn Bhd), acquired the entire issued and paid-up share capital of Ayamas Shoppe (S) Pte Ltd comprising 2 ordinary shares of SGD1.00 each for a total cash consideration of SGD2.00.
5. On 27 October 2010, KFCH via its wholly-owned subsidiary, Ayamas Shoppe Sdn Bhd (formerly known as Kedai Ayamas Sdn Bhd), entered into a Joint Venture Agreement with Rastamas Trading Sdn Bhd to form a joint venture company for the purpose of operating Kedai Ayamas business in Sabah.
6. On 1 November 2010, KFCH announced that it has via its wholly-owned subsidiary, Ayamas Food Corporation Sdn Bhd, entered into Sale and Purchase of Shares Agreements for the acquisition of the entire issued and paid-up share capital of Southern Poultry Farming Sdn Bhd, Synergy Poultry Farming Sdn Bhd, Ventures Poultry Farm Sdn Bhd and Agrotech Farm Solutions Sdn Bhd for a total cash consideration of RM1,111,951.00.
7. On 18 November 2010, KFCH announced that it has via its subsidiary, KFC (B) Sdn Bhd, incorporated a subsidiary in Brunei, ie. Ayamas Shoppe (Brunei) Sendirian Berhad.

A13. Changes in Contingent Liabilities and Contingent Assets

Since the last Balance Sheet date, there were no material changes in contingent liabilities and contingent assets.

A14. Capital Commitment

	RM'000
Capital expenditure :	
Property, plant and equipment	
- authorised but not contracted for	197,528
- contracted but not provided for	34,157
	<u>231,685</u>

A15. Impairment of Assets

There were no significant impairment losses recognised by the Company and the Group for the financial period.

A16. Comparatives

Certain comparative figures have been reclassified to conform with current year's presentation.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of the Performance of the Company and its Principal Subsidiaries

The Group registered a revenue of RM2,204.4 million for the current financial year-to-date, representing an increase of 9.9% over prior year corresponding period of RM2,005.5 million.

The Group registered a profit before tax of RM189.2 million in the current period as against previous year corresponding period of RM160.0 million. Earnings per share increased by 17.8% from 23.15 sen in prior year to 27.28 sen in the current period.

The Group continued to expand its network to broaden customers reach where 11 new Pizza Hut outlets were opened in Malaysia in the period under review. It introduced new products such as Golden Fortune Cheesy Crown Pizza, Ayam Masak Merah Pizza, Garlic Butter Chicken Pizza, Chunky Loaded Pizza, Fish King Pizza, Fish Prawn King Pizza and Meaty Deluxe Pizza which drove transactions at the restaurants.

Its Singapore operations' were affected by increased competition in the country. It continued to create excitement and drive transactions at the restaurants via the introduction of new products such as Cherry Blossoms Pizza, Soft Shell Crabbiata Pasta, Crunchy Cheesy Bites Pizza, Big Bites Pizza and Parchment Pasta. At the delivery front, it focused on its commitment in delivering HOT pizzas by launching the Hot Guarantee Campaign II which sustained its market share in the increasingly competitive delivery segment.

KFC Cambodia added two new outlets in the current period and operating nine outlets at end September 2010. It registered encouraging sales but its profitability was affected by high costs of local poultry products and imported raw materials. Management is actively taking steps to source for cheaper alternatives and review its marketing programs to improve sales throughput at its restaurants.

KFCH generated better results with improved sales at its restaurants with a pre-tax profit of RM158.4 million as compared to prior year's RM135.3 million. This represented a 17.1% increase in year-on-year profitability.

B2. Material Changes in the Quarterly Results

The Group registered a turnover of RM746.5 million in the current quarter, an increase of 7.5% over previous year corresponding period of RM694.1 million.

It achieved a profit before tax of RM65.1 million in the current quarter as against RM57.1 million in the prior year corresponding period. The improved performance in the current quarter was primarily due to the higher sales from its KFC and Pizza Hut operations in Malaysia.

B3. Prospects for the Year

The global economy continued to be on the mend, though growth is more pronounced in developing economies like China and India while the advanced economies such as the US and Europe registered slower growth.

The pace of growth has certainly slowed in the second half of 2010 as evidenced by the recent releases of advance third quarter GDP estimates for the US and Singapore of 2.0% and 10.3% respectively as against their respective first half 2010 growth of 3.0% and 18.2% (Source : US Commerce Department/Ministry of Trade and Industry, Singapore).

The Malaysian Government, in its recent release of the 2011 Budget, announced a revision of its GDP growth for 2010 to 7% as against a negative growth of 1.7% in 2009. The Malaysian economy is expected to expand by 5% to 6% in 2011. (Source : Ministry of Finance, Malaysia). The Government has also announced a number of high-impact strategic development projects which would create a multiplier effect of enhancing income per capita. This would boost consumerism and benefits the food and beverage industry.

The FTSE Bursa Malaysia KLCI has been on the rising trend, surging pass the 1,500 points. This wealth creation effect will translate to increased consumer spending and provide a further boost to the Group's businesses.

Based on the foregoing, the Board is confident of maintaining the Group's current growth trend for the balance of the year. The Group will continue to implement its plan of increasing revenue and profitability by enhancing customer experience, developing new and improved products, increasing the restaurants network, expanding business activities, developing better cost efficiencies and improving productivity at all its restaurants and manufacturing facilities.

B4. Profit Forecast/Profit Guarantee

The Company is not subject to any profit forecast or profit guarantee requirement.

B5. Taxation

	Current Quarter RM'000	Cumulative Quarters RM'000
Tax expense for the period :-		
Malaysian income tax	18,724	55,745
Foreign tax	1,454	3,716
	<u>20,178</u>	<u>59,461</u>
Deferred tax	60	(361)
	<u>20,238</u>	<u>59,100</u>

The effective tax rate for the Group for the current period is higher than the statutory tax rate in view of the disallowance of certain expenses for tax purposes.

B6. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments. The Company had on 18 November 2009 entered into a subscription agreement with Intrapreneur Development Sdn Bhd (formerly known as JCorp Property Management Sdn Bhd) ("Fund") for the proposed subscription of 100,000 redeemable preference shares of RM0.01 each in the Fund at an issue price of RM100 each. As at 30 September 2010, the Company has subscribed RM3.1 million of the Fund.

There were sales of properties during the period which resulted in a marginal gain on disposal of RM17.

B7. Quoted Securities

(a) The particulars of purchase or disposal of quoted securities are as follows :-

	Current Quarter RM'000	Cumulative Quarters RM'000
Total purchase consideration	12,939	23,463
Total sale proceeds	-	-
Total profit/(loss) on disposals	<u>-</u>	<u>-</u>

(b) Investments as at 30 September 2010 :-

	RM'000
At cost	23,463
At book value	25,875
At market value	<u>25,875</u>

The Group acquired 22.5 million units of AL-'AQAR KPJ REIT from the open market at an average price of RM1.04 per unit in June & July 2010. Total consideration paid for the acquisition including transaction costs was RM23,462,676.

B8. Status of Uncompleted Corporate Announcement

Announcements made by KFCH, a subsidiary of the Company

1. KFCH had on 2 November 2007 announced the purchase of a piece of freehold land measuring approximately 41,294.90 square feet identified as Parcel C9 being part of land previously held under Lot 413, Mukim of Tebrau, District of Johor Bahru, via its wholly-owned subsidiary, KFC (Peninsular Malaysia) Sdn Bhd for a cash consideration of RM3,241,648.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Damansara Realty (Johor) Sdn Bhd, a member of Johor Corporation Group of Companies.

2. KFCH had on 27 December 2007 announced the purchase of a piece of land (including all factories, buildings, structures, infrastructure and facilities built or erected on the land) measuring 20.533 acres that forms part of a leasehold industrial land (expiring on 30 January 2041) held under document of title HS (D) 2276, PTD 1384, Mukim Hulu Sungai Johor, Kota Tinggi, Johor for a cash consideration of RM6,150,000.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Sindora Berhad, a member of Johor Corporation Group of Companies.

3. KFCH had on 10 July 2008 announced the purchase of a part of the land measuring 1.18 acres held under HS(D) 367670 PTD104984, in the Mukim of Tebrau, Daerah Johor Bahru, Johor, via its wholly-owned subsidiary, SPM Restaurants Sdn Bhd for a cash consideration of RM4,034,963.

KFCH had on 18 September 2009 announced that KFCH and Damansara Realty (Johor) Sdn Bhd, the Vendor, have mutually agreed that the Sale and Purchase Agreement have been varied with the execution of the Supplemental Sale and Purchase Agreement on 18 September 2009.

4. KFCH had on 5 November 2008 announced the purchase of a piece of agricultural land measuring 400 acres in area being part of Lot PTD 9374 HS(D) 41897, Mukim Bukit Batu, District of Kulaijaya, State of Johor Darul Takzim, via its wholly-owned subsidiary, Ayamas Food Corporation Sdn Bhd for a cash consideration of RM10,400,000.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Johor Corporation.

5. KFCH had on 22 April 2010 announced the purchase of a vacant commercial land measuring 2 acres, situated at part of PTD 84134, Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim from Johor Land Berhad, via its wholly-owned subsidiary, SPM Restaurants Sdn Bhd for a cash consideration of RM5,924,160.00 (RM68.00 per sq ft).

B9. Borrowings and Debt Securities

		As at 30 September 2010
		RM'000
Short term borrowings:-		
Secured	- Term Loan I	20,000
	- Term Loan II	577
	- Term Loans	76

		20,653
Unsecured	- Term Loan III	7,275
	- Term Loan VI	1,145
	- Term Loan VII	2,000
	- Term Loan VIII	3,750
	- Bankers' Acceptance	15,487
	- Revolving Credit	5,000

		55,310
		=====
Long term borrowings:-		
Secured	- Term Loan II	769
	- Term Loan V	183,000
	- Term Loans	1,000

		184,769
Unsecured	- Term Loan III	12,731
	- Term Loan IV	45,000
	- Term Loan VI	3,149
	- Term Loan VII	3,500
	- Term Loan VIII	26,250
	- Term Loan IX	12,216

		287,615
		=====

- (a) The secured Term Loan I were a partial drawdown of a total loan facility of RM150 million which was arranged to partly finance the redemption of the ABBA NIF. This facility is repayable semi-annually from the 4th to 7th year commencing from the first quarter of year 2009, expiring quarter 3 of year 2011, and is secured against 1st and 3rd party charges over certain land and buildings owned by the Company's subsidiaries.

- (b) The secured Term Loan II of RM2.4 million and RM1.4 million obtained by Tepak Marketing Sdn Bhd were secured by certain of its land and buildings, cash deposit of RM200,000, corporate guarantee of Sindora Berhad (the previous majority shareholder) and a debenture on its assets. The two term loans are repayable over a period of 7 years expiring in the fourth quarter of year 2013 and third quarter of year 2011 respectively.
- (c) The unsecured Term Loan III of RM29,009,000 is repayable over a period of 4 years commencing from the third quarter of year 2009.
- (d) The unsecured Term Loan IV of RM45 million was taken to refinance a term loan which was fully repaid in the second quarter of 2009. This loan is repayable in a full lump sum in the second quarter of 2014.
- (e) Term Loan V was a partial drawdown of a RM220 million loan, which is secured by certain quoted shares of its subsidiary. The loan was drawn to refinance an existing term loan. This loan is repayable quarterly over a period of 5 years commencing from the 2nd quarter of year 2012.
- (f) Term Loan VI was a full drawdown of the USD1.5 million loan for KFC Cambodia's capital expenditure requirement. This loan is repayable over a period of 4 years commencing from the third quarter of 2010.
- (g) The unsecured Term Loan VII was a partial drawdown of RM8 million loan and is repayable quarterly over three years commencing from the third quarter of 2010.
- (h) The unsecured Term Loan VIII was a partial drawdown of RM53 million loan and is repayable quarterly over 4 years commencing from the second quarter of 2011.
- (i) The unsecured Term Loan IX was a partial drawdown of USD10 million term loan. The term loan was offered in 2 Tranches ie Tranche 1 of USD6 million to be repaid over 7 semi annual instalments commencing 24 months from August 2010 and Tranche 2 of USD4 million payable upon maturity.

B10. Financial Instrument with Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation, Claims and Arbitration

There were no material litigations, claims and arbitration outstanding.

B12. Dividend proposed

There was no dividend proposed during the current quarter (2009 : Nil).

The total dividend declared by the Company to-date for the financial year ending 31 December 2010 represented 6 sen (2009 : 4 sen) less tax of 25% per ordinary share.

B13. Earnings Per Share

	CURRENT QUARTER		CUMULATIVE QUARTERS	
	1 Jul - 30 Sep		1 Jan - 30 Sep	
	2010	2009	2010	2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Earnings				
Profit attributable to shareholders of the Company	25,333	22,242	74,915	64,708
Weighted average number of shares				
a) Basic	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares in issue	274,659	279,558	274,659	279,558
b) Diluted earnings per share				
Weighted average number of ordinary shares in issue	274,659	279,558	274,659	279,558
Adjustment for assumed exercised of warrants	8,004	1,669	8,004	1,669
Adjusted weighted average number of ordinary shares	282,663	281,227	282,663	281,227
Basic earnings per share (sen)	9.22	7.96	27.28	23.15
Diluted earnings per share (sen)	8.96	7.91	26.50	23.01

14. Currency Translation

The exchange rates used for each unit of the foreign currencies in the Group for the current financial period are :-

	THIS YEAR CURRENT QUARTER		PRECEEDING YEAR CORRESPONDING QUARTER	
	MTH-END	AVERAGE	MTH-END	AVERAGE
	RATE	RATE	RATE	RATE
	RM	RM	RM	RM
Hong Kong (HK\$)	0.3868	0.3894	0.4375	0.4397
Brunei Darussalam (B\$)	2.3140	2.3020	2.4290	2.4205
Singapore (S\$)	2.3140	2.3020	2.4290	2.4205
US Dollar (USD)	3.0540	3.0780	3.4530	3.4705
Indian Rupee (INR)	0.0674	0.0666	-	-

By Order of the Board
QSR BRANDS BHD

.....
MOHD ZAM BIN MUSTAMAN (LS 0009020)
IDHAM JIHADI BIN ABU BAKAR (MAICSA 7007381)
(COMPANY SECRETARIES)

Date: 24 November 2010