

QSR BRANDS BHD (599171-D)

(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		1/7/2011 - 30/9/2011 RM'000	1/7/2010 - 30/9/2010 RM'000	1/1/2011 - 30/9/2011 RM'000	1/1/2010 - 30/9/2010 RM'000
Revenue	A9	821,491	746,496	2,426,799	2,204,427
Operating expenses		(760,341)	(679,237)	(2,231,378)	(2,009,706)
Other operating income		657	581	1,805	1,801
Profit from operations		61,807	67,840	197,226	196,522
Finance costs		(3,321)	(2,776)	(9,300)	(7,336)
Profit before tax	A9	58,486	65,064	187,926	189,186
Income tax expense		(18,662)	(20,238)	(59,162)	(59,100)
Profit for the period		39,824	44,826	128,764	130,086
Other comprehensive income, net of tax :					
Foreign currency translation differences for foreign operations		(27)	493	(861)	(479)
Fair value of available-for-sale financial assets		(2,133)	2,412	(452)	2,412
Total other comprehensive income for the period		(2,160)	2,905	(1,313)	1,933
Total comprehensive income for the period		37,664	47,731	127,451	132,019
Profit attributable to :					
Owners of the Company		22,668	25,333	74,410	74,915
Non-controlling interests		17,156	19,493	54,354	55,171
Profit for the period		39,824	44,826	128,764	130,086
Total comprehensive income attributable to :					
Owners of the Company		20,508	28,238	73,097	76,848
Non-controlling interests		17,156	19,493	54,354	55,171
Total comprehensive income for the period		37,664	47,731	127,451	132,019
Earnings per share (sen) :					
(a) Basic		8.13	9.22	26.68	27.28
(b) Fully diluted		7.71	8.96	25.31	26.50

(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 30/9/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,315,623	1,168,831
Franchise rights & brands	525,795	525,795
Goodwill on consolidation	81,726	81,334
Intangible assets	37,439	38,503
Quoted investments	35,713	25,200
Unquoted investments	3,074	3,074
	<u>1,999,370</u>	<u>1,842,737</u>
Current assets		
Inventories	244,312	233,245
Trade and other receivables	194,125	170,231
Cash and cash equivalents	135,415	163,882
	<u>573,852</u>	<u>567,358</u>
TOTAL ASSETS	<u>2,573,222</u>	<u>2,410,095</u>
EQUITY		
Share capital	295,137	290,682
Reserves		
<i>Share premium</i>	80,588	70,742
<i>Warrants reserve</i>	6,431	7,322
<i>Fair value reserve</i>	1,285	1,737
<i>Translation reserve</i>	312	1,173
<i>Revaluation reserve</i>	79,696	79,696
<i>Treasury shares</i>	(44,189)	(34,085)
Retained earnings	490,395	435,102
Total equity attributable to owners of the Company	<u>909,655</u>	<u>852,369</u>
Non-controlling interests	722,869	700,263
Total equity	<u>1,632,524</u>	<u>1,552,632</u>
Non-current liabilities		
Loans and borrowings	336,141	291,737
Deferred tax liabilities	70,609	66,995
Employee benefits	2,877	2,913
	<u>409,627</u>	<u>361,645</u>
Current liabilities		
Trade and other payables	444,642	428,837
Current tax liabilities	29,721	17,330
Loans and borrowings	56,193	49,007
Employee benefits	515	644
	<u>531,071</u>	<u>495,818</u>
Total liabilities	<u>940,698</u>	<u>857,463</u>
TOTAL EQUITY AND LIABILITIES	<u>2,573,222</u>	<u>2,410,095</u>
Net assets per share (RM)	3.08	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-controlling interests RM'000	Total equity RM'000
	<-----Non-Distributable----->					Distributable						
	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	-	-	-	(452)	(861)	-	-	74,410	73,097	54,354	127,451	
Issuance of shares :												
Conversion of warrants	4,455	9,846	(891)	-	-	-	-	-	13,410	-	13,410	
Arising from acquisition from minority shareholders	-	-	-	-	-	-	-	-	-	(15,491)	(15,491)	
Treasury shares acquired	-	-	-	-	-	-	(10,104)	-	(10,104)	-	(10,104)	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	104	104	
Dividends to shareholders	-	-	-	-	-	-	-	(19,117)	(19,117)	-	(19,117)	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(16,361)	(16,361)	
At 30 September 2011	295,137	80,588	6,431	1,285	312	79,696	(44,189)	490,395	909,655	722,869	1,632,524	
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	-	-	-	2,412	(479)	-	-	74,915	76,848	55,171	132,019	
Treasury shares acquired	-	-	-	-	-	-	(7,051)	-	(7,051)	-	(7,051)	
Dividends to shareholders	-	-	-	-	-	-	-	(30,873)	(30,873)	-	(30,873)	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(19,176)	(19,176)	
Issuance of shares :												
Conversion of warrants	207	455	(41)	-	-	-	-	-	621	-	621	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	424	424	
Acquisition from minority shareholders	-	-	-	-	-	-	-	-	-	(5,826)	(5,826)	
At 30 September 2010	286,591	61,699	8,141	2,412	1,692	405	(34,085)	399,834	726,689	676,853	1,403,542	

(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 30/9/2011 RM'000	CUMULATIVE QUARTERS AS AT 30/9/2010 RM'000
Operating activities		
Profit before tax	187,926	189,186
Adjustments for :		
Amortisation of franchise fees	5,721	5,467
Depreciation of property, plant and equipment	98,852	85,322
Interest expense	9,300	7,336
Loss/(Gain) on disposal of property, plant and equipment	1,173	675
Interest income	(663)	(728)
Operating profit before working capital changes	<u>302,309</u>	<u>287,258</u>
Changes in working capital :		
Net change in current assets	(37,523)	(49,639)
Net change in current liabilities	14,436	(10,054)
Cash generated from operations	<u>279,222</u>	<u>227,565</u>
Interest paid	(9,300)	(7,336)
Taxes paid	(39,744)	(43,222)
Net cash generated from operating activities	<u>230,178</u>	<u>177,007</u>
Investing activities		
Purchase of property, plant and equipment	(247,536)	(154,175)
Proceeds from disposal of property, plant and equipment	737	2,012
Purchase of quoted & unquoted investments	(10,965)	(26,537)
Acquisition of subsidiaries, net of cash acquired	(7,614)	(14,841)
Franchise fees	(4,657)	(5,559)
Interest received	663	728
Exchange translation adjustments	(861)	(479)
Net cash used in investing activities	<u>(270,233)</u>	<u>(198,851)</u>
Financing activities		
Issuance of shares	13,410	621
Proceeds from conversion of warrants of quoted subsidiary	104	384
Purchase of treasury shares	(10,104)	(7,051)
Purchase of treasury shares of quoted subsidiary	(7,934)	-
Proceeds from bank borrowings	94,892	71,846
Repayment of bank borrowings	(43,302)	(31,567)
Dividends paid to shareholders of the Company	(19,117)	(30,873)
Dividends paid to non-controlling interests of subsidiaries	(16,361)	(19,176)
Net cash generated from/(used in) financing activities	<u>11,588</u>	<u>(15,816)</u>
Net change in cash and cash equivalents	(28,467)	(37,660)
Cash and cash equivalents at beginning of period	163,882	162,470
Cash and cash equivalents at end of period	<u>135,415</u>	<u>124,810</u>
The cash and cash equivalents consist of the following:		
<i>Deposits with licensed banks</i>	46,912	45,961
<i>Cash in hand and at banks</i>	88,503	78,849
	<u>135,415</u>	<u>124,810</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)