we moved things around and it worked pretty well

Restaurant
BRANDS
NEW ZEALAND LTD

2011 Interim Report

Half Year Ended
13 September 2010

We've repositioned our business these last few years and the results show that it's paid off. Yet there's more to come. With what we have planned for the future, we expect the momentum to continue.

The good work continues...

KEY POINTS

- » Net profit after tax for the half year (excluding non-trading items) was $13.9 million (50.3% up on prior year). Reported profit (including non-trading items) was $13.5 million, up 51.9% on prior year.
- » Total revenues of $176.6 million were 3.9% up on prior year, with same store sales up 4.9% for the half, still driven primarily by KFC.
- » Earnings strongly improved across all three brands to a total EBITDA of $34.0 million, an increase of $6.4 million (or 23.3%) on the previous half year as the benefits of improving sales, higher efficiencies and reduced input costs flowed through.
- » Directors have declared a fully imputed interim dividend payable on 26 November 2010 of 7.0 cents per ordinary share, up 55.6% on last year.

Net Profit After Tax (NPAT) ($NZm)	1H 2009	1H 2010	1H 2011
NPAT including non-trading items	2.6	8.9	13.5
NPAT excluding non-trading items	4.9	9.2	13.9

GROUP OPERATING RESULTS

Restaurant Brands' unaudited net profit after tax (excluding non-trading items) for the half year ended 13 September 2010 was $13.9 million, a 50.3% increase on the prior year's result of $9.2 million. Reported profit was $13.5 million (13.8 cents per share), 51.9% up on prior year.

All three brands recorded higher profits, with KFC EBITDA up $4.8 million (20.1%), Pizza Hut improving by $0.9 million (42.5%) and Starbucks Coffee up $0.6 million (47.9%).

Some leverage from higher sales (in the case of KFC), some gains from closures of poorer performing stores (in the case of Pizza Hut and Starbucks Coffee) and improved operational efficiencies and lower input prices across all three brands contributed to the enhanced result. Total brand EBITDA was up $6.4 million (23.3%) on the previous half year.

Total operating revenue at $176.6 million was 3.9% up on prior year, with KFC sales growth of $8.8 million partially offset by a decline in Pizza Hut and Starbucks Coffee sales of $1.6 million and $0.6 million respectively. Overall total group same store sales however continued to grow at 4.9%.

Directors are pleased with the continuing improvement in performance with the $4.7 million (50.3%) increase in profit for this half year rolling over a $4.4 million (89.4%) improvement in the 2009/10 half year.

EBITDA* Margin (% Sales)	1H 2009	1H 2010	1H 2011
KFC	17.3%	20.3%	22.7%
Pizza Hut	3.4%	6.2%	9.3%
Starbucks Coffee	9.4%	8.4%	12.9%

* EBITDA = Earnings Before Interest, Taxation, Depreciation and Amortisation

KFC OPERATIONS

KFC saw continued strong growth driven by its transformation programme, with total revenues of $127.1 million, up 7.5% ($8.8 million) on prior year and up 7.9% on a same store sales basis.

Continued new product and promotional activity, underpinned by the continuing store transformation programme, all contributed to the strong sales growth. Successful promotions over the first half included the *Movie Mania Bucket, Ultimate Burger Meal,* the *Supercharged Zinger Burger* and *All Stars Box. Krushers,* the KFC frozen beverage range, also continued to perform strongly, even over the winter months.

With further leverage from strong sales and continued operational efficiencies, together with the benefit of the full impact of the new chicken contract, the KFC business produced further EBITDA improvement for this half year. KFC's EBITDA at $28.8 million (22.7% of sales) was $4.8 million (20.1%) up on prior year.

Four stores were transformed over the half year, being Dunedin North, Invercargill, Colombo Street (Christchurch) and Papakura (Auckland), with all performing to or ahead of expectations. In addition, two new stores were opened in Pt Chevalier (Auckland) and Gate Pa (Tauranga). The Levin store was also re-opened following extensive reconstruction after its major fire.

A total of 42 stores have now been transformed which, with an additional six new ones, brings the total number of new format stores to 55% of the 87 in the network. Two new stores in Hamilton and Papamoa (Tauranga) will be opened by year end.

KFC store numbers at balance date totalled 87, being three up on the prior year with new store openings.

PIZZA HUT

Pizza Hut saw a continuation of the strong earnings growth that commenced in 2009. The EBITDA of $3.1 million for the half year increased $0.9 million or 42.5% on last year (which was 85.9% up on the year before). Pizza Hut EBITDA margin hit 9.3% of sales, driven by strong operational controls over wastage and labour, loss prevention initiatives, changes to menu with higher margin products and closures of unprofitable stores.

Total sales were down over the period with a drop of $1.6 million (4.6%) to $33.8 million. This was a function of lower store numbers with closures of three loss making red roof restaurants. Same store sales were down 2.9%.

Pizza Hut finished the half with 88 stores of which four were red roof restaurants.

A number of new products were released over the half, including the very successful *Big New Yorker* pizza, *Garlic Bites* pizza and *Cheesy Garlic Bread*. There were also a number of new flavour variants introduced such as *BBQ Smokehouse* and *Angus Beef*. The re-launch of the *More-4-All* and *Pizza Mia* pizzas also contributed to overall sales.

The Pizza Hut store sell down programme continues with the first store (Nelson) sold after balance date and one further expected to be sold before the end of November.

STARBUCKS COFFEE

Continued improvements in operating efficiencies, the benefit of a strong exchange rate and the closure of some poor performing stores all assisted in enhancing profitability for the Starbucks Coffee operation. The business produced a solid EBITDA of $2.0 million for the half, up $0.6 million or 47.9% on last year. The Starbucks EBITDA margin as a % of sales is now running at 12.9%.

Sales were down by $0.6 million or 3.8% on last year with three less stores, but rose 0.5% on a same store basis, returning to positive growth in the second quarter after five quarters of decline. Sales for the half year totalled $15.5 million.

Store numbers were 39 at balance date, three down on prior year.

CORPORATE & OTHER

General and administration expenses at $7.2 million were marginally ($0.2 million) up on the prior half year. There have been some minor headcount increases as the underlying businesses have grown, and higher levels of incentive payments as the company enjoys higher levels of profitability. G&A costs, however, represent just over 4% of total revenues, within acceptable limits.

Interest expense at $0.6 million continues to fall ($0.2 million down) against prior year as a result of lower debt levels, despite some increase in interest rates.

The company renewed its facility (reduced to $35 million) with Westpac Banking Corporation for a further two years commencing 10 September.

NON-TRADING COSTS

Non-trading items of $0.6 million primarily comprised asset write offs and make good costs on store closures, partly offset by insurance proceeds received for the KFC Levin store rebuild.

CASH FLOW & BALANCE SHEET

Total assets at $114.6 million were $11.6 million higher than the previous year end, with property, plant and equipment at $83.0 million versus $73.4 million, mainly as a result of the acceleration in KFC transformation expenditure. There were no substantial write downs on intangibles as all three brands continued to maintain enterprise values well in excess of their carrying values.

Total liabilities at $59.8 million were $5.5 million down on the full year balance, with total bank debt down $5.1 million to $12.6 million. Creditors and accruals, however, were up by $11.3 million with the timing of creditor payments (20th of the month) contributing to the significant increase.

Debt has been re-classified as non-current with the renewal of the bank facility on 10 September for a further two years.

Operating cash flows of $26.0 million were slightly up on the previous half year's $23.4 million and in line with the improved profitability and timing differences in creditors' payments.

Cash outflows from investing activities were significantly up on the previous half year, mainly because of KFC transformation expenditure. They totalled $13.4 million compared with $4.5 million for the first half last year.

Higher levels of dividend impacted financing cash flows with $7.8 million paid to shareholders over the half year versus $3.9 million in the previous half.

Sales First Half (NZ$m)	1H 2006	1H 2007	1H 2008	1H 2009	1H 2010	1H 2011
KFC	90.8	95.8	106.2	110.4	118.2	127.1
Pizza Hut	49.9	44.1	40.5	34.6	35.4	33.8
Starbucks Coffee	14.3	16.3	17.4	17.3	16.1	15.4
Total Store Sales	155.0	156.2	164.1	162.3	169.7	176.3

DIVIDEND

The improved profit performance and stronger balance sheet have led directors to declare an interim dividend of 7.0 cents per share (55.6% up on last year).

The dividend will be paid on Friday 26 November 2010 to all shareholders on the register at 5pm on Friday 12 November 2010. For overseas shareholders, a supplementary dividend of 1.2353 cents per share will be paid at the same time.

Directors have elected to continue to suspend the dividend reinvestment plan for the time being, but will review this again prior to the declaration of a final dividend.

OUTLOOK

Whilst Restaurant Brands has continued to enjoy solid profit growth in the first half of the year, directors re-affirm their previous guidance; that the company will make a full year profit (excluding non-trading items) of $24-26 million for the 2010/11 year.

Economic storm clouds still remain on the horizon and the full impact of the GST increase versus lower direct tax rates has yet to work through into consumer spending. Consumer sentiment is not bullish.

The KFC business will continue to deliver solid profits into the second half year; it will, however, be rolling over some very strong second half results from the prior year. Pizza Hut will maintain the operational improvements of the first half, but will see some input price increases. Continued improvement in Starbucks Coffee sales is also expected towards the end of the financial year; however, margin growth will be limited by input price increases.

KFC transformation spend will continue with another four stores to be transformed (and two new stores opened) by year end. Pizza Hut stores will continue to be sold to franchisees over the balance of the year.

NPAT for the second half of the current year will be consistent with the 2009/10 half year result.

Directors are pleased with the continuing improvement in performance and have declared an interim dividend of 7.0 cents per share (55.6% up on last year).

CONSOLIDATED INCOME STATEMENT

For the period 1 March to 13 September 2010 (2011 Half Year)

$NZ000's (Unaudited) Restaurant Brands Group	1ST HALF 2011 13 SEP 2010	VS PRIOR %	1ST HALF 2010 14 SEP 2009
Sales			
KFC	127,051	7.5	118,203
Pizza Hut	33,756	(4.6)	35,386
Starbucks Coffee	15,477	(3.8)	16,086
Total sales	**176,284**	3.9	**169,675**
Other revenue	280	6.1	264
Total operating revenue	**176,564**	3.9	**169,939**
Cost of goods sold	(138,990)	(0.5)	(138,244)
Gross margin	**37,574**	18.5	**31,695**
Distribution expenses	(2,026)	3.9	(2,109)
Marketing expenses	(8,115)	5.5	(8,588)
General and administration expenses	(7,232)	(3.0)	(7,018)
EBIT before non-trading	**20,201**	44.5	**13,980**
Non-trading	(596)	(12.0)	(532)
EBIT	**19,605**	45.8	**13,448**
Net financing expenses	(572)	31.3	(832)
Net profit before tax	**19,033**	50.9	**12,616**
Taxation expense	(5,556)	(48.4)	(3,745)
Net profit after tax (NPAT)	**13,477**	51.9	**8,871**
NPAT excluding non-trading	**13,894**	50.3	**9,243**

EBITDA before G&A		**% SALES**			**% SALES**
KFC	28,842	22.7	20.1	24,008	20.3
Pizza Hut	3,147	9.3	42.5	2,209	6.2
Starbucks Coffee	1,997	12.9	47.9	1,350	8.4
Total	**33,986**	19.3	23.3	**27,567**	16.2

Ratios		
Net tangible assets per security (net tangible assets divided by number of shares) in cents	32.1	18.6

Cost of goods sold are direct costs of operating stores: food, paper, freight, labour and store overheads.
Distribution expenses are costs of distributing product from store.
Marketing expenses are call centre, advertising and local store marketing expenses.
General & administration expenses (G&A) are non store related overheads.

STATEMENT OF COMPREHENSIVE INCOME

For the period 1 March to 13 September 2010 (2011 Half Year)

GROUP			GROUP	
2011 Half Year Unaudited		Note	2010 Half Year Unaudited	2010 Full Year Audited
$NZ000's				
176,284	Store sales revenue		169,675	317,849
280	Other revenue		264	495
176,564	**Total operating revenue**		**169,939**	**318,344**
(138,990)	Cost of goods sold		(138,244)	(255,136)
37,574	**Gross profit**		**31,695**	**63,208**
(2,026)	Distribution expenses		(2,109)	(3,781)
(8,115)	Marketing expenses		(8,588)	(16,716)
(7,232)	General and administration expenses		(7,018)	(12,945)
20,201	**EBIT before non-trading**		**13,980**	**29,766**
(596)	Non-trading		(532)	(558)
19,605	**Earnings before interest and taxation (EBIT)**		**13,448**	**29,208**
-	Interest revenue		-	32
(572)	Interest expense		(832)	(1,474)
(572)	Net financing expenses		(832)	(1,442)
19,033	**Profit before taxation**		**12,616**	**27,766**
(5,556)	Taxation expense		(3,745)	(8,230)
13,477	**Profit after taxation attributable to shareholders**		**8,871**	**19,536**
	Other comprehensive income:			
4	Exchange differences on translating foreign operations		16	(1)
(211)	Derivative hedging reserve		337	203
63	Income tax relating to components of other comprehensive income		(101)	(61)
(144)	**Other comprehensive income for the half year, net of tax**		**252**	**141**
13,333	**Total comprehensive income for the half year attributable to shareholders**		**9,123**	**19,677**
13.82	**Basic earnings per share (cents)**	**6**	**9.13**	**20.11**
13.78	**Diluted earnings per share (cents)**	**6**	**9.13**	**20.09**

STATEMENT OF CHANGES IN EQUITY

For the period 1 March to 13 September 2010 (2011 Half Year)

	SHARE CAPITAL	SHARE OPTION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	DERIVATIVE HEDGING RESERVE	RETAINED EARNINGS	TOTAL
Group $NZ000's						
Audited balance as at 28 February 2009	**25,622**	**79**	**69**	**-**	**11,292**	**37,062**
Comprehensive income						
Profit after taxation attributable to shareholders	-	-	-	-	8,871	8,871
Other comprehensive income						
Movement in foreign currency translation reserve	-	-	16	-	-	16
Movement in derivative hedging reserve	-	-	-	236	-	236
Total other comprehensive income	**-**	**-**	**16**	**236**	**-**	**252**
Total comprehensive income	**-**	**-**	**16**	**236**	**8,871**	**9,123**
Transactions with owners						
Net dividends distributed	-	-	-	-	(3,885)	(3,885)
Total transactions with owners	**-**	**-**	**-**	**-**	**(3,885)**	**(3,885)**
Unaudited balance as at 14 September 2009	**25,622**	**79**	**85**	**236**	**16,278**	**42,300**
Comprehensive income						
Profit after taxation attributable to shareholders	-	-	-	-	10,665	10,665
Other comprehensive income						
Movement in foreign currency translation reserve	-	-	(17)	-	-	(17)
Movement in derivative hedging reserve	-	-	-	(94)	-	(94)
Total other comprehensive income	**-**	**-**	**(17)**	**(94)**	**-**	**(111)**
Total comprehensive income	**-**	**-**	**(17)**	**(94)**	**10,665**	**10,554**
Transactions with owners						
Shares issued on exercise of options	199	(11)	-	-	-	188
Net dividends distributed	-	-	-	-	(4,372)	(4,372)
Total transactions with owners	**199**	**(11)**	**-**	**-**	**(4,372)**	**(4,184)**
Audited balance as at 28 February 2010	**25,821**	**68**	**68**	**142**	**22,571**	**48,670**

STATEMENT OF CHANGES IN EQUITY (CONT.)

For the period 1 March to 13 September 2010 (2011 Half Year)

Group $NZ000's	SHARE CAPITAL	SHARE OPTION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	DERIVATIVE HEDGING RESERVE	RETAINED EARNINGS	TOTAL
Comprehensive income						
Profit after taxation attributable to shareholders	-	-	-	-	13,477	13,477
Other comprehensive income						
Movement in foreign currency translation reserve	-	-	4	-	-	4
Movement in derivative hedging reserve	-	-	-	(148)	-	(148)
Total other comprehensive income	**-**	**-**	**4**	**(148)**	**-**	**(144)**
Total comprehensive income	**-**	**-**	**4**	**(148)**	**13,477**	**13,333**
Transactions with owners						
Shares issued on exercise of options	659	(31)	-	-	-	628
Net dividends distributed	-	-	-	-	(7,810)	(7,810)
Total transactions with owners	**659**	**(31)**	**-**	**-**	**(7,810)**	**(7,182)**
Unaudited balance as at 13 September 2010	**26,480**	**37**	**72**	**(6)**	**28,238**	**54,821**

STATEMENT OF FINANCIAL POSITION
As at 13 September 2010 (2011 Half Year)

GROUP			GROUP	
2011 Half Year Unaudited		Note	2010 Half Year Unaudited	2010 Full Year Audited
$NZ000's				
	Non-current assets			
82,954	Property, plant and equipment		71,356	73,365
23,500	Intangible assets		24,262	23,773
1,420	Deferred tax asset		146	1,074
107,874	**Total non-current assets**		**95,764**	**98,212**
	Current assets			
1,878	Inventories		1,971	1,822
2,042	Other receivables		2,050	1,907
784	Cash and cash equivalents		791	826
-	Derivative financial instruments		337	203
2,005	Assets classified as held for sale	4	-	-
6,709	**Total current assets**		**5,149**	**4,758**
114,583	**Total assets**		**100,913**	**102,970**
	Equity attributable to shareholders			
26,480	Share capital		25,622	25,821
103	Reserves		400	278
28,238	Retained earnings		16,278	22,571
54,821	**Total equity attributable to shareholders**		**42,300**	**48,670**
	Non-current liabilities			
5,963	Provisions and deferred income		4,178	5,543
12,819	Loans and finance leases	5	19,815	79
18,782	**Total non-current liabilities**		**23,993**	**5,622**
	Current liabilities			
1,971	Income tax payable		2,727	3,689
192	Loans and finance leases	5	235	17,862
36,700	Creditors and accruals		30,020	25,445
1,800	Provisions and deferred income		1,328	1,371
9	Derivative financial instruments		-	-
308	Liabilities associated with assets classified as held for sale	4	310	311
40,980	**Total current liabilities**		**34,620**	**48,678**
59,762	**Total liabilities**		**58,613**	**54,300**
114,583	**Total equity and liabilities**		**100,913**	**102,970**

STATEMENT OF CASH FLOWS
For the period 1 March to 13 September 2010 (2011 Half Year)

GROUP		GROUP	
2011 Half Year Unaudited		2010 Half Year Unaudited	2010 Full Year Audited
$NZ000's			
	Cash flows from operating activities		
	Cash was provided by / (applied to):		
177,124	Receipts from customers	170,464	319,330
(143,451)	Payments to suppliers and employees	(144,297)	(273,359)
(631)	Interest paid (net)	(768)	(1,127)
(7,059)	Payment of income tax	(2,041)	(6,131)
25,983	**Net cash from operating activities**	**23,358**	**38,713**
	Cash flows from investing activities		
	Cash was (applied to) / provided by:		
(178)	Payment for intangibles	(161)	(235)
(13,250)	Purchase of property, plant and equipment	(4,365)	(13,584)
12	Proceeds from disposal of property, plant and equipment	78	660
-	Sale of discontinued operations	(38)	(38)
(13,416)	**Net cash (used in) investing activities**	**(4,486)**	**(13,197)**
	Cash flows from financing activities		
	Cash was provided by / (applied to):		
628	Cash received on the exercise of options	-	188
(5,090)	Decrease in loans	(14,554)	(16,624)
160	Increase / (decrease) in finance leases	(95)	(134)
(7,810)	Dividends paid to shareholders	(3,885)	(8,257)
(497)	Supplementary dividends paid	(334)	(650)
(12,609)	**Net cash (used in) financing activities**	**(18,868)**	**(25,477)**
(42)	**Net (decrease) / increase in cash and cash equivalents**	**4**	**39**
	Reconciliation of cash and cash equivalents		
826	**Cash and cash equivalents at beginning of the period**	**787**	**787**
	Cash and cash equivalents at the end of the period:		
280	Cash on hand	316	304
504	Cash at bank	475	522
784		**791**	**826**
(42)	**Net (decrease) / increase in cash and cash equivalents**	**4**	**39**

STATEMENT OF CASH FLOWS (CONT.)

For the period 1 March to 13 September 2010 (2011 Half Year)

The following is a reconciliation of profit after taxation to net cash from operating activities:

GROUP		GROUP	
2011 Half Year Unaudited		2010 Half Year Unaudited	2010 Full Year Audited
$NZ000's			
13,477	**Profit after taxation**	**8,871**	**19,536**
	Add items classified as investing / financing activities:		
217	Loss on disposal of property, plant and equipment	345	433
-	Other non-operating costs of exiting Pizza Hut Victoria	38	38
217		**383**	**471**
	Add / (less) non-cash items:		
6,681	Depreciation	6,563	12,003
464	Increase / (decrease) in provisions	(459)	(119)
443	Amortisation of intangible assets	591	1,094
8	Write off of franchise fees	-	57
266	Impairment of property, plant and equipment	294	396
(346)	Net increase in deferred tax asset	(505)	(1,433)
63	Tax effect of derivative financial instruments	(101)	(61)
7,579		**6,383**	**11,937**
	Add / (less) movement in working capital:		
(56)	(Increase) / decrease in inventories	127	276
(135)	Increase in other debtors and prepayments	(361)	(218)
6,122	Increase in trade creditors and other payables	5,645	3,123
(1,718)	(Decrease) / increase in income tax payable	1,976	2,938
497	Decrease in income tax	334	650
4,710		**7,721**	**6,769**
25,983	**Net cash from operating activities**	**23,358**	**38,713**

NOTES TO THE FINANCIAL STATEMENTS
For the period 1 March to 13 September 2010 (2011 Half Year)

1. Profit before taxation

GROUP		GROUP	
2011 Half Year Unaudited		2010 Half Year Unaudited	2010 Full Year Audited
$NZ000's			
	Profit before taxation (consolidated business)		
	The profit before taxation is calculated after charging the following items:		
10,500	Royalties paid	10,100	18,919
9,532	Operating lease expenses	9,721	18,072
217	Net loss on disposal of property, plant and equipment	345	433
	Non-trading items comprise:		
709	Other store closure costs	85	592
(445)	Other store closure costs - insurance proceeds	-	(626)
66	Other store relocation and refurbishment costs	219	329
266	Impairment of property, plant and equipment	294	396
-	Other revenue	(66)	(133)
596		**532**	**558**

2. Business segments

	KFC		Pizza Hut	
$NZ000's (Unaudited)	**2011**	**2010**	**2011**	**2010**
Store sales revenue	127,051	118,203	33,756	35,386
Other revenue	-	-	-	-
Total operating revenue	127,051	118,203	33,756	35,386
Segment result (Concept EBIT) before non-trading	**23,621**	**19,063**	**671**	**(677)**
Segment result (Concept EBIT) after non-trading	**23,802**	**18,770**	**139**	**(855)**
Operating profit (EBIT)				
Net financing costs				
Net profit before taxation				
Taxation expense				
Net profit after taxation				
Net profit after taxation excluding non-trading				
Concept EBITDA before G&A	**28,842**	**24,008**	**3,147**	**2,209**
Segment assets	68,413	52,139	30,828	34,433
Unallocated assets				
Total assets				

* All other segments are general and administration support centre expenses (G&A).

	Starbucks Coffee		All other segments *		Consolidated Half Year		Full Year
	2011	2010	2011	2010	2011	2010	2010
	15,477	16,086	-	-	176,284	169,675	317,849
	-	-	280	264	280	264	495
	15,477	16,086	280	264	176,564	169,939	318,344
	671	**(189)**	**(4,762)**	**(4,217)**	**20,201**	**13,980**	**29,766**
	426	**(250)**	**(4,762)**	**(4,217)**	**19,605**	**13,448**	**29,208**
					19,605	**13,448**	**29,208**
					(572)	(832)	(1,442)
					19,033	**12,616**	**27,766**
					(5,556)	(3,745)	(8,230)
					13,477	**8,871**	**19,536**
					13,894	**9,243**	**19,926**
	1,997	**1,350**	**-**	**-**	**33,986**	**27,567**	**54,895**
	7,989	9,869	1,102	1,148	108,332	97,589	98,960
					6,251	3,324	4,010
					114,583	**100,913**	**102,970**

3. Basis of preparation

These unaudited financial statements for the 28 week period ended 13 September 2010 have been prepared in accordance with generally accepted accounting practice in New Zealand and NZ IAS 34, Interim Financial Statements, and should be read in conjunction with the financial statements published in the Annual Report for the period ended 28 February 2010 (referred to in these statements as "2010 Full Year"). These unaudited financial statements also comply with International Accounting Standard 34 Interim Financial Reporting (IAS 34). The accounting policies applied are consistent with those of the 2010 Full Year financial statements.

Restaurant Brands New Zealand Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") operate quick service and takeaway restaurant concepts.

The Group divides its financial year into thirteen 4-week periods. These interim financial statements are for the first 7 periods (28 weeks) of the year ending on 13 September 2010 (2010:28 weeks ending on 14 September 2009). The second half will be for 6 periods (24 weeks).

The interim financial statements presented are those of the Group. The Company is a limited liability company incorporated and domiciled in New Zealand, is registered under the Companies Act 1993, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993. The Group is designated as a profit oriented entity for financial reporting purposes.

To ensure consistency with current period, comparative figures have been restated where appropriate.

4. Assets held for sale and discontinued operations

Sale of stores

The directors approved the sale of the KFC Pt Chevalier store during the current financial year. The assets relating to the sale have been presented as held for sale as set out below:

	GROUP		
$NZ000's	2011 Half Year Unaudited	2010 Half Year Unaudited	2010 Full Year Audited
Assets classified as held for sale:			
Property, plant and equipment	2,005	-	-

The sale is expected to be completed by December 2010.

Discontinued operations – Pizza Hut Victoria

The Group's disposal of all Pizza Hut Victoria stores was completed during the 2009 financial year. All remaining liabilities have been classified as held for sale, as set out below:

	GROUP		
$NZ000's	2011 Half Year Unaudited	2010 Half Year Unaudited	2010 Full Year Audited
Liabilities associated with assets classified as held for sale:			
Trade and other payables	20	28	20
Provisions	288	282	291
	308	**310**	**311**

5. Loans and finance leases

On 10 September 2010, the Group renewed its existing bank funding facility. The facility limit is $35 million (2010: $45 million) and expires on 31 October 2012.

6. Earnings per share

	GROUP		
	2011 Half Year Unaudited	2010 Half Year Unaudited	2010 Full Year Audited
Basic earnings per share			
Profit after taxation attributable to shareholders ($NZ000's)	13,477	8,871	19,536
Weighted average number of ordinary shares on issue (thousands)	97,526	97,129	97,163
Basic earnings per share (cents)	13.82	9.13	20.11
Diluted earnings per share			
Profit after taxation attributable to shareholders ($NZ000's)	13,477	8,871	19,536
Weighted average number of ordinary shares on issue (thousands)	97,803	97,129	97,252
Diluted earnings per share (cents)	13.78	9.13	20.09

Shares on issue
As at 13 September 2010, the total number of ordinary shares on issue was 97,704,468 (2010: 97,128,956).

7. Property, plant and equipment

Acquisitions and disposals
During the half year ended 13 September 2010, the Group acquired assets with a total cost of $19.0 million (2010: $6.8 million) and disposed of assets with a total cost of $2.1 million (2010: $0.9 million).

8. Related party transactions

Subsidiaries
During the period, the Parent received advances from its subsidiary company by way of inter-company group loans. In presenting the interim financial statements of the Group, the effect of inter-company transactions and balances have been eliminated. All inter-company group loans in the Parent are non-interest bearing and repayable on demand.

Other transactions with entities with key management or entities related to them
During the period the Group made stock purchases of $0.2 million (2010: $0.1 million) from Charlie's Group Limited, a company of which Company director Ted van Arkel is chairman. There was nil owing at balance date (2010: nil).

Key management and director compensation
Key management personnel compensation comprised short-term benefits for the period of $1.7 million (2010: $0.8 million) and other long-term benefits of $6,000 (2010: $7,000).

Fees paid to directors for the period were $0.1 million (2010: $0.1 million).

9. Capital commitments
The Group had capital commitments totalling $8.1 million (2010: $5.4 million) which are not provided for in these financial statements.

10. Contingencies
Provision has been made in the ordinary course of business for all known and probable future claims but not for such claims that cannot presently be reliably measured.

11. Post balance date events

Dividends
The directors have declared an interim dividend of 7.0 cents per share (2010: 4.5 cents) or $6.8 million (2010: $4.4 million). A supplementary dividend of 1.24 cents per share will be paid to overseas shareholders when the dividend is paid.

Sale of store
On 12 October 2010 the Company sold the Pizza Hut Nelson store to an independent franchisee.

CORPORATE DIRECTORY

Directors:
E K (Ted) van Arkel (Chairman)
Danny Diab
David Alan Pilkington
Sue Helen Suckling

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Solicitors:
Bell Gully
Harmos Horton Lusk
Meredith Connell

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FINANCIAL CALENDAR

Interim Dividend Paid:
26 November 2010

Financial Year End:
28 February 2011

Annual Profit Announcement:
April 2011

www.restaurantbrands.co.nz