APPETITE

Restaurant Brands New Zealand Ltd

2015 Interim Report

OUR APPETITE FOR GROWTH CONTINUES THROUGH DESIRE, DESIGN & DRIVE

Restaurant Brands' capability in running and supporting franchise restaurant operations underpins a multi-faceted structure that keeps the business constantly growing and improving.

KEY POINTS

- NET PROFIT AFTER TAX FOR THE 28 WEEKS ENDED 8 SEPTEMBER 2014 (1H 2015) WAS $11.5 MILLION (11.7 CENTS PER SHARE) UP $1.8 MILLION OR 18.6% ON THE PRIOR PERIOD (1H 2014). NET PROFIT EXCLUDING NON-TRADING ITEMS WAS ALSO $11.5 MILLION, UP $2.7 MILLION OR 30.2% ON THE PRIOR PERIOD.
- TOTAL GROUP SALES WERE $185.7 MILLION, UP 5.8% ON THE PREVIOUS HALF YEAR, DRIVEN BY A STRONG PERFORMANCE FROM KFC AND INCREASED CONTRIBUTION FROM THE NEW CARL'S JR. BRAND. SAME STORE SALES WERE UP 4.9% FOR THE HALF YEAR (+2.9% 1H 2014) WITH SOLID SAME STORE SALES GROWTH FROM KFC, PIZZA HUT AND STARBUCKS COFFEE.
- BRAND EBITDA WAS UP $4.4 MILLION TO $31.6 MILLION. THE BULK OF THE INCREASE CAME FROM KFC, BUT ALL FOUR BRANDS DELIVERED AN IMPROVED PROFIT PERFORMANCE.
- DIRECTORS HAVE DECLARED AN INTERIM DIVIDEND OF 7.5 CENTS PER ORDINARY SHARE, UP 1.0 CENT ON LAST YEAR. THE DIVIDEND IS FULLY IMPUTED AND PAYABLE ON 21 NOVEMBER 2014.

Restaurant BRANDS NEW ZEALAND LTD

KFC sogood

Pizza Hut DELIVERY

Carl's Jr.

GROUP OPERATING RESULTS

	1H 2015	1H 2014	Change ($)	Change (%)
Total Group Sales ($m)	185.7	175.4	+10.2	+5.8
Group Net Profit after Tax ($m)	11.5	9.7	+1.8	+18.6
Dividend (cps)	7.5	6.5	+1.0	+15.4

Restaurant Brands' unaudited net profit after tax for the 28 weeks ended 8 September 2014 (1H 2015) was $11.5 million or 11.7 cents per share, up 18.6% on prior year (1H 2014). NPAT excluding non-trading items was also $11.5 million, up 30.2% on prior year which included $1.1 million net income principally from property sales and leasebacks.

Total brand sales for the Group were $185.7 million, up $10.2 million or 5.8% on 1H 2014 with a strong performance from KFC (up $7.8 million) and the new Carl's Jr. stores delivering another $2.2 million in sales. Total operating revenue was $192.0 million, up $16.0 million on prior year.

Same store sales were up 4.9% (compared with 2.9% last year) with KFC, Pizza Hut and Starbucks Coffee all delivering strong same store sales growth.

Brand EBITDA at $31.6 million was $4.4 million (16.2%) up on prior year. KFC delivered the bulk of the improvement with an increase on prior year of $3.4 million, although all four brands delivered positive growth on 1H 2014.

Store numbers totalled 174 at the end of the half, exactly the same as for the prior year with reductions in Pizza Hut store numbers following store disposals to independent franchisees and Starbucks Coffee store closures, offset by Carl's Jr. builds and KFC acquisitions.

THE DRIVE TO WIN COMES FROM WITHIN

At Restaurant Brands it's what you can't see that constitutes the engine of our growing business – the support structures, the systems and the behind-the-scenes capability performed by highly competent and motivated staff. Each function in our operation is interdependent in a uniquely effective 'eco-system' that is fundamental to our continued success.

Here are some of the people that make it happen.

Heather Carnegie
Health, Safety & Environment Manager

Dean Boock
Service Delivery Manager

Luke Smith
Digital Marketing Manager

Kristy Evans
Recruitment Centre Manager

KFC

	1H 2015	1H 2014	Change ($)	Change (%)
Sales ($m)	137.1	129.3	+7.8	+6.1
EBITDA ($m)	26.2	22.8	+3.4	+14.8
EBITDA as a % of Sales	*19.1*	*17.7*	-	-
Store numbers at end of period	90	89		

KFC's total sales were $137.1 million, up 6.1% or $7.8 million on prior year with same store sales up 6.4% (-0.1% in 1H 2014). A generally improving retail environment, higher levels of advertising expenditure and some successful promotions all contributed to the strongest sales improvement for the brand in four years.

The return of *Hot 'n Spicy*, and some new *Double Down* variants were both particularly popular promotions which, together with a successful rugby sponsorship, drove total sales to another high for KFC.

Margins improved strongly over prior year as KFC enjoyed more competitive input prices, particularly in chicken, and benefited from operating leverage with the higher sales volumes. Mitigating this were a significant increase in advertising expenditure and increased labour costs as stores were staffed up to meet the increased volumes. The comparative improvement over prior year was also the result of rolling over the value strategy introduced in 1H 2014 as a result of competitive pressures. The resultant $3.4 million (14.8%) increase in EBITDA on prior year brought KFC earnings up to $26.2 million (19.1% of sales).

Store numbers remained constant at 90 with one store closed (Taihape) and the store at Mt Maunganui acquired from an independent franchisee.

The transformation process picked up pace with five stores transformed in the first half, compared with one in 1H 2014. As at the end of the half KFC had 76 (or 84%) of its 90 stores new or transformed with another five scheduled for completion in the second half. One five year upgrade was completed with a further four planned for the second half. All five transformed stores have shown positive same store sales growth on re-opening.

PIZZA HUT

	1H 2015	1H 2014	Change ($)	Change (%)
Sales ($m)	26.5	26.6	-0.1	-0.3
EBITDA ($m)	3.3	3.1	+0.2	+4.5
EBITDA as a % of Sales	*12.3*	*11.8*	-	-
Store numbers at end of period	49	52		

Pizza Hut is now approaching three years of solid growth in both same store sales and margins.

Same store sales were up 8.3% for the half year on top of a 19.3% increase for the previous half year and a 19.5% increase in 1H 2013. Total sales were marginally down to $26.5 million, but with three less stores as a result of sales to independent franchisees.

Continuing sales leverage and tight operational controls saw Pizza Hut EBITDA increase $0.2 million to $3.3 million for the half year (up 4.5%). EBITDA margin also improved from 11.8% of sales to 12.3%.

Pizza Hut finished the half with 49 stores, three less than the prior year, with 35 stores now sold to independents. Two stores (Newtown and Botany Downs) were sold to independent franchisees in this half year. The programme of sales of lower volume and regional stores to independent franchisees is continuing, albeit at a slower pace. A further two or three stores are expected to be sold by the end of the financial year.

STARBUCKS COFFEE

	1H 2015	1H 2014	Change ($)	Change (%)
Sales ($m)	13.2	13.0	+0.2	+1.9
EBITDA ($m)	2.1	1.4	+0.7	+45.5
EBITDA as a % of Sales	*15.5*	*10.9*	-	-
Store numbers at end of period	26	28		

The Starbucks Coffee brand continues to go from strength to strength, delivering a same store sales increase of +5.1% for the half year and a profit improvement of 45.5%. Total sales were up by 1.9% to $13.2 million, despite two less stores than last year (with one closing in this half).

Margins improved strongly for the brand, driven by a higher exchange rate and continuing store efficiencies. This resulted in an EBITDA of $2.1 million (15.5% of sales), up $0.6 million on 1H 2014.

Store numbers were 26 at balance date, two down on the prior year with one store (Karangahape Rd) closing during the half.

CARL'S JR.

	1H 2015	1H 2014	Change ($)	Change (%)
Sales ($m)	8.8	6.6	+2.2	+33.5
EBITDA ($m)	0.1	-0.2	+0.3	+150.0
EBITDA as a % of Sales	*1.0*	*-2.6*	-	-
Store numbers at end of period	9	5		

The Carl's Jr. brand continues to make progress in its establishment phase. Store numbers now total nine, four more than at 1H 2014, with one new store in Gisborne opening in the period.

Sales were up $2.2 million or 33.5% to $8.8 million. The increase was based on new store builds with same store sales continuing to be negative as the brand rolls over the significant volumes enjoyed in opening weeks last year.

Carl's Jr. produced a small positive EBITDA for the half of $0.1 million, as it continues to develop local sourcing opportunities for its ingredients and implement labour efficiencies in its stores.

CORPORATE AND OTHER

General and administration (G&A) costs were $7.8 million, up $0.6 million (8.5%) on prior year, largely as a result of variable remuneration provisions. G&A is running at 4.2% of sales, slightly over the 4.0% target.

Depreciation charges of $7.8 million for the half year were marginally ($0.2 million) up on the prior year mainly because of the increased capital expenditure in Carl's Jr.

Amortisation charges also rose by $0.1 million, mainly as a result of Carl's Jr. franchise fees and some software development costs.

Funding costs remained flat at $0.4 million with similar interest rates and debt levels.

Tax expense was $0.6 million up on the prior year with higher reported profit levels. The effective tax rate of 26.6% is slightly lower than prior year's 26.9% with no significant movements in non-deductible items.

NON-TRADING ITEMS

Non-trading items were $1.3 million unfavourable to prior year. The prior year results included net non-trading income of $1.1 million, primarily from the sale and leaseback of two KFC stores, which has not been repeated in the current year.

This year there were some minor write-offs as a result of store closure provisions and KFC transformations.

CASH FLOW AND BALANCE SHEET

The company has maintained a strong balance sheet with $66.3 million in total equity and gearing levels at less than 8%.

Total assets of $121.7 million were up $13.4 million on the last year end. The bulk of the increase was in inventories which were up $6.1 million following the company's stock of raw materials and ingredients changing to in-house ownership. This initiative has brought significantly more control over supply chain and purchasing arrangements. In addition property, plant and equipment increased to $84.5 million (up $4.2 million) with KFC transformation expenditure and Carl's Jr. roll outs.

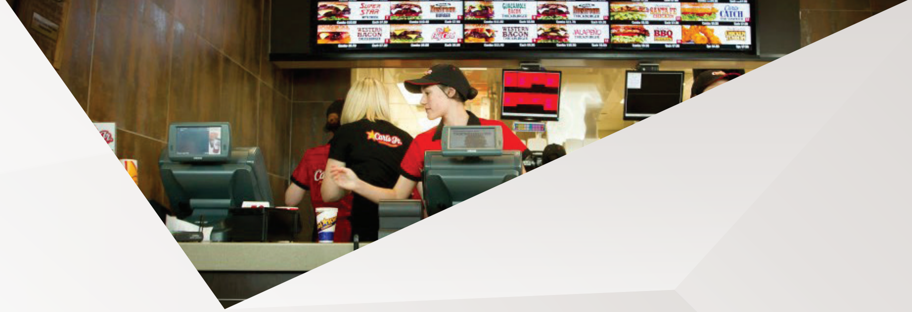
Total liabilities of $55.4 million were up $11.7 million on the previous year end mainly because of the increase in trade creditors (up $13.6 million). This was due to the inventory increase and timing differences in monthly creditor payments.

Bank debt reduced over the half year by $2.6 million to $5.5 million. On 21 October the facility of $35 million was renewed for a period of three years.

Operating cash flows were $24.1 million, $7.1 million up on the previous half year, as a result of both improved profitability and favourable working capital movements (change in creditors).

Net cash outflows from investing activities were $11.3 million. This is $8.2 million higher than the prior half year because of both increased capital expenditure (up $1.8 million to $13.2 million) and also lower levels of investing cash receipts. Investing receipts this year (from the sale and leaseback of the Carl's Jr. Hastings store and Pizza Hut store sales) were $3.4 million versus $9.2 million in the prior year. Prior year investing receipts included the impact of the sale and leaseback of two KFC stores.

With $12.8 million in free cash flow for the half year, debt was reduced by $2.6 million, reducing total borrowings to $5.5 million.



DIVIDEND

Directors have declared a fully imputed interim dividend of 7.5 cents per ordinary share (up 1.0 cent or 15.4% on prior year). The dividend will be payable on 21 November to all shareholders on the register on 7 November 2014. A supplementary dividend of 1.3235 cents per share will be paid to all overseas shareholders 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

As planned, the hard work in building internal efficiencies under last year's pricing pressures has put the company in a good position to benefit from the sales improvements with better market conditions. This, together with some reductions in input costs, has produced a corresponding improvement in brand margins.

KFC is expected to maintain positive sales growth into the second half of the year and leverage this growth against fixed costs which, together with lower input prices, will maintain similar margins in the second half.

Pizza Hut whilst now seeing some softening in the high levels of same store sales growth seen over the past three years is still expected to continue to deliver same store sales growth and maintain current margins, while continuing the store sell down programme.

Starbucks Coffee will hold sales and margin at their current levels for the balance of the year.

Carl's Jr. will see a continuation of store roll outs with a further two stores scheduled for opening in the second half of the year. EBITDA margins will continue to improve in the second half as local sourcing of raw materials and operational efficiencies are phased in.

Directors anticipate therefore that with no major changes to economic or market conditions, the company will deliver a full year profit for the 2015 year in excess of $22 million.

CONSOLIDATED INCOME STATEMENT

For the 28 week period ended 8 September 2014 (2015 Half Year)

Group $NZ000's	1st Half 2015 (28 weeks) 8 Sep 2014 Unaudited	vs Prior %	1st Half 2014 (28 weeks) 9 Sep 2013 Unaudited
Sales			
KFC	137,107	6.1	129,264
Pizza Hut	26,486	(0.3)	26,577
Starbucks Coffee	13,228	1.9	12,975
Carl's Jr.	8,846	33.5	6,628
Total sales	**185,667**	5.8	**175,444**
Other revenue	6,376	1,006.9	576
Total operating revenue	**192,043**	9.1	**176,020**
Cost of goods sold	(157,148)	(6.8)	(147,199)
Gross margin	**34,895**	21.1	**28,821**
Distribution expenses	(1,347)	4.3	(1,407)
Marketing expenses	(9,436)	(22.9)	(7,676)
General and administration expenses	(7,814)	(8.5)	(7,205)
EBIT before non-trading	**16,298**	30.0	**12,533**
Non-trading	(206)	(118.2)	1,130
EBIT	**16,092**	17.8	**13,663**
Net financing expenses	(433)	(9.3)	(396)
Net profit before tax	**15,659**	18.0	**13,267**
Taxation expense	(4,164)	(16.5)	(3,573)
Total profit after tax (NPAT)	**11,495**	18.6	**9,694**
Total NPAT excluding non-trading	**11,502**	30.2	**8,837**

		% sales			% sales
EBITDA before G&A					
KFC	26,198	19.1	14.8	22,826	17.7
Pizza Hut	3,271	12.3	4.5	3,129	11.8
Starbucks Coffee	2,052	15.5	45.5	1,410	10.9
Carl's Jr.	85	1.0	150.0	(170)	(2.6)
Total	**31,606**	17.0	16.2	**27,195**	**15.5**

Ratios		
Net tangible assets per security (net tangible assets divided by number of shares) in cents	48.6c	43.3c

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 and administration expenses (G&A) are non-store related overheads.

NON-GAAP FINANCIAL MEASURES

For the 28 week period ended 8 September 2014 (2015 Half Year)

The Group results are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and comply with International Financial Reporting Standards (" IFRS"). These interim financial statements include non-GAAP financial measures that are not prepared in accordance with IFRS. The non-GAAP financial measures used in this presentation are as follows:

1. **EBITDA before G&A**. The Group calculates Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") before G&A (general and administration expenses) by taking net profit before taxation and adding back (or deducting) net financing expenses, non-trading items, depreciation, amortisation and G&A. The Group also refers to this measure as **Brand EBITDA**.

   The term **Brand** refers to the Group's four operating segments comprising KFC, Pizza Hut, Starbucks Coffee and Carl's Jr. The term **G&A** represents non-store related overheads.
2. **EBIT before non-trading**. Earnings before interest and taxation ("EBIT") before non-trading is calculated by taking net profit before taxation and adding back (or deducting) net financing expenses and non-trading items.
3. **Non-trading items**. Non-trading items represent amounts the Group considers unrelated to the day to day operational performance of the Group. Excluding non-trading items enables the Group to measure underlying trends of the business and monitor performance.
4. **EBIT after non-trading items**. The Group calculates EBIT after non-trading items by taking net profit before taxation and adding back net financing expenses.
5. **Total NPAT excluding non-trading**. Total Net Profit After Tax ("NPAT") excluding non-trading items is calculated by taking profit after taxation attributable to shareholders and adding back (or deducting) non-trading items whilst also allowing for any tax impact of those items.

The Group believes that these non-GAAP measures provide useful information to readers to assist in the understanding of the financial performance and position of the Group but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

The following is a reconciliation between these non-GAAP measures and net profit after taxation:

$NZ000's	Note*	2015 Half Year	2014 Half Year
EBITDA before G&A	1	**31,606**	**27,195**
Depreciation		(7,800)	(7,592)
Loss on sale of property, plant and equipment (included in depreciation)		(4)	(45)
Amortisation (included in cost of sales)		(861)	(740)
G&A - area managers, general managers and support centre		(6,643)	(6,285)
EBIT before non-trading	2	**16,298**	**12,533**
Non-trading items **	3	**(206)**	**1,130**
EBIT after non-trading items	4	**16,092**	**13,663**
Net financing costs		(433)	(396)
Net profit before taxation		**15,659**	**13,267**
Income tax expense		(4,164)	(3,573)
Net profit after taxation		**11,495**	**9,694**
Add back / (deduct) non-trading items		206	(1,130)
Taxation (credit) / expense on non-trading items		(199)	273
Net profit after taxation excluding non-trading items	5	**11,502**	**8,837**

* Refers to the list of non-GAAP measures as listed above.

** Refer to note 1 of the interim financial statements for an analysis of non-trading items.

STATEMENT OF COMPREHENSIVE INCOME

For the 28 week period ended 9 September 2014 (2015 Half Year)

Group $NZ000's	Note	**2015 Half Year (28 weeks) Unaudited**	2014 Half Year (28 weeks) Unaudited	2014 Full Year (52 weeks) Audited
Store sales revenue		185,667	175,444	329,269
Other revenue		6,376	576	1,130
Total operating revenue		**192,043**	**176,020**	**330,399**
Cost of goods sold		(157,148)	(147,199)	(273,493)
Gross profit		**34,895**	**28,821**	**56,906**
Distribution expenses		(1,347)	(1,407)	(2,464)
Marketing expenses		(9,436)	(7,676)	(14,656)
General and administration expenses		(7,814)	(7,205)	(13,088)
EBIT before non-trading		**16,298**	**12,533**	**26,698**
Non-trading	1	(206)	1,130	1,472
Earnings before interest and taxation (EBIT)		**16,092**	**13,663**	**28,170**
Interest revenue		1	17	19
Interest expense		(434)	(413)	(774)
Net financing expenses		**(433)**	**(396)**	**(755)**
Profit before taxation		**15,659**	**13,267**	**27,415**
Taxation expense		(4,164)	(3,573)	(7,462)
Total profit after taxation attributable to shareholders		**11,495**	**9,694**	**19,953**
Items that may be reclassified subsequently to the Statement of Comprehensive Income				
Derivative hedging reserve		(63)	-	-
Income tax relating to components of other comprehensive income		18	-	-
Other comprehensive loss for the half year, net of tax		**(45)**	**-**	**-**
Total comprehensive income for the half year attributable to shareholders		**11,450**	**9,694**	**19,953**
Basic earnings per share (cents)	4	**11.75**	**9.91**	**20.39**
Diluted earnings per share (cents)	4	**11.75**	**9.90**	**20.39**

STATEMENT OF CHANGES IN EQUITY

For the 28 week period ended 8 September 2014 (2015 Half Year)

Group $NZ000's	Share capital	Share option reserve	Foreign currency translation reserve	Derivative hedging reserve	Retained earnings	Total
For the 52 week period ended 24 February 2014						
Balance at the beginning of the period	**26,723**	**26**	**53**	**-**	**33,530**	**60,332**
Comprehensive income						
Profit after taxation attributable to shareholders	-	-	-	-	9,694	9,694
Total comprehensive income	**-**	**-**	**-**	**-**	**9,694**	**9,694**
Transactions with owners						
Shares issued on exercise of options	33	(5)	-	-	-	28
Net dividends distributed	-	-	-	-	(9,297)	(9,297)
Total transactions with owners	**33**	**(5)**	**-**	**-**	**(9,297)**	**(9,269)**
Unaudited balance as at 9 September 2013	**26,756**	**21**	**53**	**-**	**33,927**	**60,757**
Comprehensive income						
Profit after taxation attributable to shareholders	-	-	-	-	10,259	10,259
Total comprehensive income	**-**	**-**	**-**	**-**	**10,259**	**10,259**
Transactions with owners						
Shares issued on exercise of options	-	1	-	-	-	1
Transfer for share options lapsed	-	(22)	-	-	22	-
Net dividends distributed	-	-	-	-	(6,361)	(6,361)
Total transactions with owners	**-**	**(21)**	**-**	**-**	**(6,339)**	**(6,360)**
Audited balance at the end of the period	**26,756**	**-**	**53**	**-**	**37,847**	**64,656**
For the 28 week period ended 8 September 2014						
Balance at the beginning of the period	**26,756**	**-**	**53**	**-**	**37,847**	**64,656**
Comprehensive income						
Profit after taxation attributable to shareholders	-	-	-	-	11,495	11,495
Other comprehensive income						
Movement in derivative hedging reserve	-	-	-	(45)	-	(45)
Total comprehensive income	**-**	**-**	**-**	**(45)**	**11,495**	**11,450**
Transactions with owners						
Net dividends distributed	-	-	-	-	(9,787)	(9,787)
Total transactions with owners	**-**	**-**	**-**	**-**	**(9,787)**	**(9,787)**
Unaudited balance at the end of the period	**26,756**	**-**	**53**	**(45)**	**39,555**	**66,319**

STATEMENT OF FINANCIAL POSITION

As at 8 September 2014 (2015 Half Year)

Group $NZ000's	Note	**2015 Half Year** **Unaudited**	2014 Half Year Unaudited	2014 Full Year Audited
Non-current assets				
Property, plant and equipment		84,456	80,361	80,231
Intangible assets		18,738	18,333	18,424
Deferred tax asset		4,044	3,338	3,223
Total non-current assets		**107,238**	**102,032**	**101,878**
Current assets				
Inventories		7,647	2,838	1,587
Trade receivables		311	-	-
Other receivables		3,159	2,866	1,750
Cash and cash equivalents		875	639	770
Assets classified as held for sale	5	2,490	2,504	2,353
Total current assets		**14,482**	**8,847**	**6,460**
Total assets		**121,720**	**110,879**	**108,338**
Equity attributable to shareholders				
Share capital		26,756	26,756	26,756
Reserves		8	74	53
Retained earnings		39,555	33,927	37,847
Total equity attributable to shareholders		**66,319**	**60,757**	**64,656**
Non-current liabilities				
Provisions and deferred income		3,941	4,047	4,439
Loans and finance leases		63	10,174	131
Total non-current liabilities		**4,004**	**14,221**	**4,570**
Current liabilities				
Income tax payable		1,721	1,527	2,726
Loans and finance leases		5,580	141	8,206
Creditors and accruals		42,688	32,241	26,595
Provisions and deferred income		1,345	1,913	1,579
Derivative financial instruments		63	79	6
Total current liabilities		**51,397**	**35,901**	**39,112**
Total liabilities		**55,401**	**50,122**	**43,682**
Total equity and liabilities		**121,720**	**110,879**	**108,338**

STATEMENT OF CASH FLOWS

For the 28 week period ended 8 September 2014 (2015 Half Year)

Group $NZ000's	**2015 Half Year** **(28 weeks)** **Unaudited**	2014 Half Year (28 weeks) Unaudited	2014 Full Year (52 weeks) Audited
Cash flows from operating activities			
Cash was provided by / (applied to):			
Receipts from customers	191,732	176,020	330,399
Payments to suppliers and employees	(161,428)	(153,394)	(289,373)
Interest paid (net)	(480)	(626)	(936)
Payment of income tax	(5,740)	(5,031)	(7,438)
Net cash from operating activities	**24,084**	**16,969**	**32,652**
Cash flows from investing activities			
Cash was (applied to) / provided by:			
Payment for intangibles	(1,494)	(770)	(1,841)
Purchase of property, plant and equipment	(13,212)	(11,438)	(20,620)
Proceeds from disposal of property, plant and equipment	3,440	9,191	12,398
Net cash used in investing activities	**(11,266)**	**(3,017)**	**(10,063)**
Cash flows from financing activities			
Cash was provided by / (applied to):			
Cash received on the exercise of options	-	28	29
Decrease in loans	(2,610)	(4,575)	(6,495)
Decrease in finance leases	(84)	(9)	(67)
Dividends paid to shareholders	(9,787)	(9,297)	(15,658)
Supplementary dividends paid	(232)	(258)	(426)
Net cash used in financing activities	**(12,713)**	**(14,111)**	**(22,617)**
Net increase / (decrease) in cash and cash equivalents	**105**	**(159)**	**(28)**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period:	770	798	798
Cash and cash equivalents at the end of the period:			
Cash on hand	209	197	204
Cash at bank	666	442	566
	875	**639**	**770**
Net increase / (decrease) in cash and cash equivalents	**105**	**(159)**	**(28)**

STATEMENT OF CASH FLOWS (CONTINUED)

For the 28 week period ended 8 September 2014 (2015 Half Year)

The following is a reconciliation between profit after taxation for the period shown in the statement of comprehensive income and the net cash flow from operating activities.

Group $NZ000's	**2015 Half Year (28 weeks) Unaudited**	2014 Half Year (28 weeks) Unaudited	2014 Full Year (52 weeks) Audited
Total profit after taxation attributable to shareholders	**11,495**	**9,694**	**19,953**
Less items classified as investing / financing activities:			
Gain on disposal of property, plant and equipment	(505)	(2,220)	(2,530)
	(505)	**(2,220)**	**(2,530)**
Add / (less) non-cash items:			
Depreciation	7,800	7,592	14,114
Disposal of goodwill	264	441	699
Decrease in provisions	(46)	(96)	(460)
Amortisation of intangible assets	861	740	1,432
Write-off of franchise fees	5	41	47
Impairment on property, plant and equipment	287	325	(91)
Net increase in deferred tax asset	(821)	(768)	(653)
Change in fair value of derivative financial instruments	57	(107)	(180)
Decrease in derivative hedging reserve	(63)	-	-
Tax effect of derivative financial instruments	18	-	-
	8,362	**8,168**	**14,908**
Add / (less) movement in working capital:			
(Increase) / decrease in inventories	(6,060)	(1,062)	189
Increase in trade receivables	(311)	-	-
Increase in other debtors and prepayments	(1,409)	(1,295)	(179)
Increase / (decrease) in trade creditors and other payables	13,285	4,374	(366)
(Decrease) / increase in income tax payable	(1,005)	(948)	251
Decrease in income tax	232	258	426
	4,732	**1,327**	**321**
Net cash from operating activities	**24,084**	**16,969**	**32,652**

NOTES TO THE FINANCIAL STATEMENTS

For the 28 week period ended 8 September 2014 (2015 Half Year)

1. PROFIT BEFORE TAXATION

Group $NZ000's	**2015 Half Year (28 weeks) Unaudited**	2014 Half Year (28 weeks) Unaudited	2014 Full Year (52 weeks) Audited
Profit before taxation (consolidated business)			
The profit before taxation is calculated after charging / (crediting) the following items:			
Royalties paid	10,941	10,362	19,416
Operating lease expenses	10,064	9,207	17,646
Gain on disposal of property, plant and equipment	(505)	(2,220)	(2,530)
Non-trading items comprise:			
(Gain) / loss on sale of stores			
Net sale proceeds	(510)	(859)	(1,057)
Property, plant and equipment disposed of	97	271	385
Goodwill disposed of	264	441	699
	(149)	(147)	27
Gain on sale and leaseback of stores	(90)	(1,470)	(1,754)
Other store closure costs (including franchise fees written off)	269	187	372
Other store closure costs - insurance proceeds	-	(30)	(31)
Other store relocation and refurbishment costs	110	5	11
Other store relocation and refurbishment - insurance proceeds	(223)	-	(6)
Impairment on property, plant and equipment	287	325	(91)
Other	2	-	-
Total non-trading items	**206**	**(1,130)**	**(1,472)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 28 week period ended 8 September 2014 (2015 Half Year)

2. BUSINESS SEGMENTS

$NZ000's	KFC 2015	KFC 2014	Pizza Hut 2015	Pizza Hut 2014	Starbucks Coffee 2015	Starbucks Coffee 2014	Carl's Jr. 2015	Carl's Jr. 2014	All other segments * 2015	All other segments * 2014	Consolidated Half Year (28 weeks) Unaudited 2015	Consolidated Half Year (28 weeks) Unaudited 2014	Consolidated Full Year (52 weeks) Audited 2014
Store sales revenue	137,107	129,264	26,486	26,577	13,228	12,975	8,846	6,628	-	-	185,667	175,444	329,269
Other revenue	-	-	-	-	-	-	-	-	6,376	576	6,376	576	1,130
Total operating revenue **	**137,107**	**129,264**	**26,486**	**26,577**	**13,228**	**12,975**	**8,846**	**6,628**	**6,376**	**576**	**192,043**	**176,020**	**330,399**
Brand EBITDA (before general and administration expenses)	**26,198**	**22,826**	**3,271**	**3,129**	**2,052**	**1,410**	**85**	**(170)**	**-**	**-**	**31,606**	**27,195**	**53,527**
Depreciation	(5,517)	(5,699)	(682)	(849)	(480)	(524)	(807)	(301)	(314)	(219)	(7,800)	(7,592)	(14,114)
Loss on sale of property, plant and equipment (included in depreciation)	(4)	(34)	-	(1)	-	(8)	-	-	-	(2)	(4)	(45)	(51)
Amortisation (included in cost of sales)	(385)	(367)	(170)	(155)	(29)	(48)	(80)	(46)	(197)	(124)	(861)	(740)	(1,432)
G&A – area managers, general managers and support centre	(1,125)	(1,189)	(497)	(466)	(160)	(254)	(233)	(254)	(4,628)	(4,122)	(6,643)	(6,285)	(11,232)
EBIT before non-trading	**19,167**	**15,537**	**1,922**	**1,658**	**1,383**	**576**	**(1,035)**	**(771)**	**(5,139)**	**(4,467)**	**16,298**	**12,533**	**26,698**
Impairment on property, plant and equipment	15	(164)	-	(16)	(225)	(62)	(77)	-	-	(83)	(287)	(325)	(91)
Other non-trading	(290)	1,482	160	133	118	(127)	93	(14)	-	(19)	81	1,455	1,563
EBIT after non-trading items	**18,892**	**16,855**	**2,082**	**1,775**	**1,276**	**387**	**(1,019)**	**(785)**	**(5,139)**	**(4,569)**	**16,092**	**13,663**	**28,170**
EBIT after non-trading items											**16,092**	**13,663**	**28,170**
Net financing costs											(433)	(396)	(755)
Net profit before taxation											**15,659**	**13,267**	**27,415**
Income tax expense											(4,164)	(3,573)	(7,462)
Net profit after taxation											**11,495**	**9,694**	**19,953**
Add back / (deduct) non-trading items											206	(1,130)	(1,472)
Taxation (credit) / expense on non-trading items											(199)	273	382
Net profit after taxation excluding non-trading											**11,502**	**8,837**	**18,863**
Segment assets	68,511	64,493	14,040	16,516	3,669	4,368	15,785	13,366	8,836	2,789	110,841	101,532	100,124
Unallocated assets											10,879	9,347	8,214
Total assets											**121,720**	**110,879**	**108,338**

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

** All operating revenue is from external customers.

3. BASIS OF PREPARATION

These unaudited financial statements for the 28 week period ended 8 September 2014 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 52 week period ended 24 February 2014 (referred to in these statements as "2014 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 2014 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 ended on 8 September 2014 (2014:28 weeks ended on 9 September 2013). The second half will be for 6 periods (25 weeks). The prior full year comparative represents the 52 week period ended 24 February 2014 (2014 Full Year).

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.

New Standards and Amendments

NZ IFRS 15: Revenue from contracts with customers, (effective for annual periods beginning on or after 1 January 2017). NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 March 2017.

NZ IFRS 9: Financial Instruments (effective from annual periods beginning on or after 1 January 2018). This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

All financial assets are required to be classified into two measurement categories: at fair value and at amortised cost. The determination is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For financial liabilities, the standard retains most of the NZ IAS 39 requirements. An additional presentational requirement has been added for liabilities designated at fair value through profit and loss. Where the fair value option is taken, the part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income.

NZ IFRS 9 (2013) is a revised version of NZ IFRS 9. The revised standard incorporates new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

NZ IFRS 9 (2014) Financial Instruments requires the use of the expected credit losses model when calculating impairment of financial instruments.

This standard is not expected to significantly impact the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 28 week period ended 8 September 2014 (2015 Half Year)

4. EARNINGS PER SHARE

The difference between weighted average number of shares used to calculate basic and diluted earnings per share represents share options.

Group	**2015 Half Year Unaudited**	2014 Half Year Unaudited	2014 Full Year Audited
Basic earnings per share			
Profit after taxation attributable to shareholders ($NZ000's)	11,495	9,694	19,953
Weighted average number of ordinary shares on issue (thousands)	97,871	97,859	97,859
Basic earnings per share (cents)	11.75	9.91	20.39
Diluted earnings per share			
Profit after taxation attributable to shareholders ($NZ000's)	11,495	9,694	19,953
Weighted average number of ordinary shares on issue (thousands)	97,871	97,882	97,859
Diluted earnings per share (cents)	11.75	9.90	20.39

Shares on issue

As at 8 September 2014, the total number of ordinary shares on issue was 97,871,090 (2014: 97,871,090).

5. ASSETS HELD FOR SALE

Sale and leaseback

The directors approved the sale and leaseback of the KFC Mt Maunganui property during the period. The assets relating to the sale have been presented as held for sale as set out below.

Group $NZ000's	**2014 Half Year Unaudited**	2014 Half Year Unaudited	2014 Full Year Audited
Assets classified as held for sale:			
Property, plant and equipment	2,490	2,504	2,353

The sale is expected to be completed by the end of October 2014.

6. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the half year ended 8 September 2014, the Group acquired assets with a total cost of $15.5 million (2014: $11.5 million), disposed of assets with a total cost of $3.8 million (2014: $9.5 million) and transferred $2.5 million (2014: $2.5 million) to assets classified as held for sale (refer note 5).

7. INVENTORY OWNERSHIP

In March 2014 the Group took ownership of bulk warehouse stock for its stores previously owned and managed by a third party.

The statement of financial position now includes this bulk inventory holding, with a similar increase in trade accounts payable.

This warehouse stock is also sold to independent franchisees, increasing other revenue and cost of goods sold. These sales are conducted on credit terms resulting in trade accounts receivable.

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 the following:

- Stock purchases of $0.2 million (2014: $0.2 million) from Barker Fruit Processors Limited, a company of which Company director Sue Helen Suckling is chair. There was $24,000 owing at balance date (2014: nil).
- Stock purchases of $2.1 million (2014: $1.4 million) from Hellers Limited, a company of which Company director David Alan Pilkington is chair. There was $0.4 million owing at balance date (2014: nil).
- Acquired services totalling $7,500 (2014: nil) from AsureQuality Limited, a company of which Company director Hamish William Stevens is a director. There was $2,800 owing at balance date (2014:nil).

These transactions were performed on normal commercial terms.

Key management and director compensation

Key management personnel comprises members of the Senior Leadership Team.
Key management personnel compensation comprised short-term benefits for the period of $1.3 million (2014: $1.2 million) and other long-term benefits of $11,000 (2014: $11,000).

Fees paid to directors for the period were $0.2 million (2014: $0.1 million).

Long term incentive scheme

On 28 July 2014 the Group entered into a long term incentive scheme with the Chief Executive Officer ("CEO"). The scheme provides that if in the two year period starting 25 July 2015:

1. the Group's share price is at $4 or above for a continuous period of 40 days or
2. the Group is subject to a successful takeover at or above $4 share price

Then the CEO will be paid a one-off $1 million bonus net of tax. A condition of the payment is that the CEO must remain employed for a period of a least 6 months immediately following the above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 28 week period ended 8 September 2014 (2015 Half Year)

9. CAPITAL COMMITMENTS

The Group had capital commitments totalling $10.6 million (2014: $5.9 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 7.5 cents per share (2014: 6.5 cents) or $7.3 million (2014: $6.4 million). A supplementary dividend of 1.32 cents per share will be paid to overseas shareholders when the dividend is paid.

Secured bank loan facility

On 21 October 2014 the Group renewed its existing $35 million bank loan facility on similar terms for a period of three years.

INDEPENDENT REVIEW REPORT

pwc

REPORT ON THE INTERIM FINANCIAL STATEMENTS

We have reviewed the accompanying financial statements of Restaurant Brands New Zealand Limited, which comprise the statement of financial position as at 8 September 2014, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Directors Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting ('NZ IAS 34') and for such internal controls as the directors determine are necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditor of Restaurant Brands New Zealand Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

We have no relationship with, or interests in, Restaurant Brands New Zealand Limited other than in our capacities as auditors and providers of accounting, taxation and other assurance services. These services have not impaired our independence as auditors of the Company.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of Restaurant Brands New Zealand Limited do not present fairly, in all material respects, the financial position of the Company as at 8 September 2014, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34.

Restriction on Distribution or Use

This report is made solely to the Restaurant Brand New Zealand's directors, as a body. Our review work has been undertaken so that we might state to the Company's directors those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors for our review procedures, for this report, or for the conclusion we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers
Auckland, New Zealand, 23 October 2014

CORPORATE DIRECTORY

DIRECTORS

E K (Ted) van Arkel (Chairman)
Sue Helen Suckling
Danny Diab
David Alan Pilkington
Hamish William Stevens

REGISTERED OFFICE

Level 3
Building 7
Central Park
666 Great South Road
Penrose
Auckland 1061
New Zealand

SHARE REGISTRAR

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna

Private Bag 92 119
Auckland 1142
New Zealand

Telephone: 64 9 488 8700

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bell Gully
Harmos Horton Lusk
Meredith Connell

BANKERS

Westpac Banking Corporation

CONTACT DETAILS

Postal Address:
P O Box 22 749
Otahuhu
Auckland 1640
New Zealand

Telephone: 64 9 525 8700
Fax: 64 9 525 8711
Email: investor@rbd.co.nz

FINANCIAL CALENDAR

INTERIM DIVIDEND PAID

21 November 2014

FINANCIAL YEAR END

2 March 2015

ANNUAL PROFIT ANNOUNCEMENT

April 2015

www.restaurantbrands.co.nz