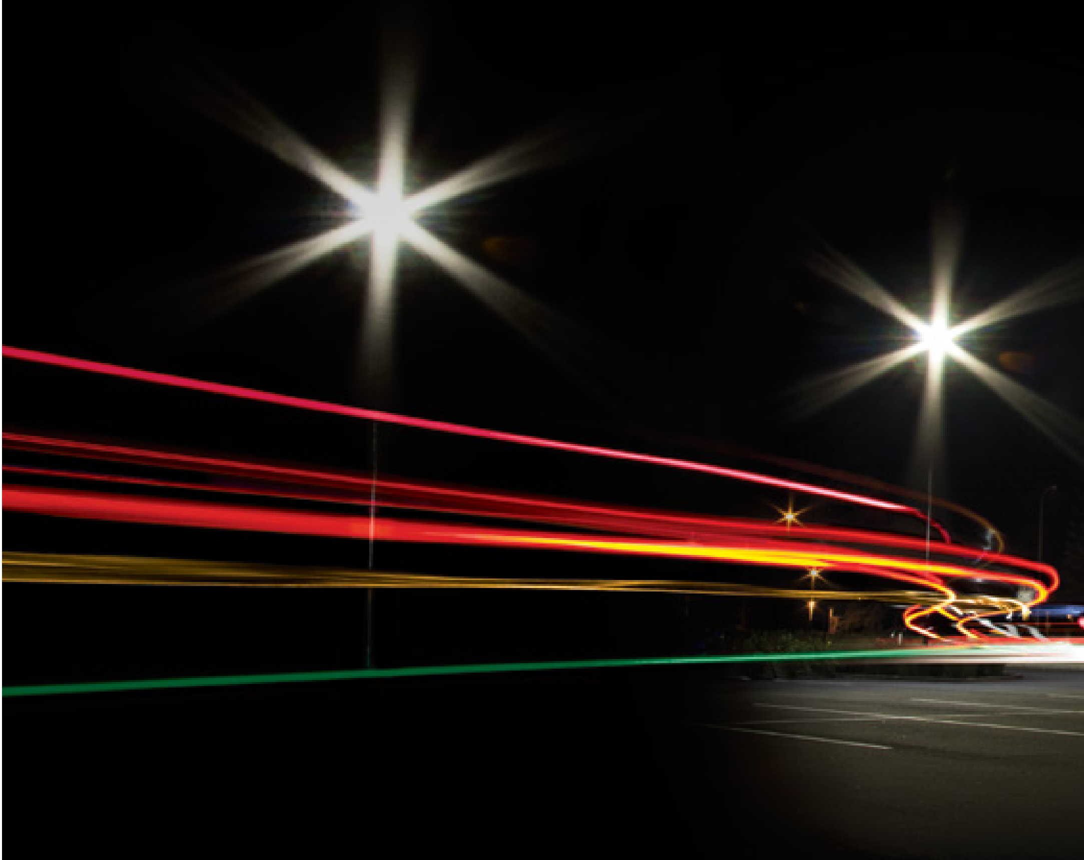
2016 Interim Report

RESTAURANT BRANDS MOVES FORWARD WITH PACE & PURPOSE

Performing beyond expectations and getting stronger every day. Applying knowledge and expertise across the business. Delivering the goods.



Restaurant Brands New Zealand Limited is a corporate franchisee that operates the New Zealand outlets of KFC, Pizza Hut, Starbucks Coffee and Carl's Jr. These brands – four of the world's most famous – are distinguished for their product, look, style and ambience, service and for the total experience they deliver to their customers in New Zealand and around the world.

KEY POINTS

- **Net Profit after Tax** for the 28 weeks ended 14 September 2015 (1H 2016) was $13.4 million (13.7 cents per share), up $1.9 million or 16.7% on the prior period (1H 2015). Net Profit (excluding non-trading items) was $13.1 million, up $1.6 million or 13.8% on the prior period.

- **Total Group Sales** were $210.0 million, up 13.1% on the previous half year, driven by a strong performance from KFC and increased volumes from the new Carl's Jr. brand. Same store sales were up 6.7% for the half year (+4.9% 1H 2015) with solid same store sales growth from KFC and Starbucks Coffee.

- **Combined brand EBITDA** was up $4.4 million to $36.0 million.

- **Directors have declared** an interim dividend of 8.5 cents per ordinary share, up 1.0 cent on last year. The dividend is fully imputed and payable on 27 November 2015.

Group Operating Results

	1H 2016	1H 2015	Change ($)	Change (%)
Total Group Sales ($m)	**210.0**	185.7	+24.3	+13.1
Group Net Profit after Tax ($m)	**13.4**	11.5	+1.9	+16.7
Dividend (cps)	**8.5**	7.5	+1.0	+13.3

Directors are pleased to report that Restaurant Brands (RBD) has achieved a strong first half result with an unaudited net profit after tax for the 28 weeks ended 14 September 2015 (1H 2016) of $13.4 million. This amounts to 13.7 cents per share, up 16.7% on prior year (1H 2015). NPAT (excluding non-trading items) was $13.1 million, up 13.8% on prior year.

Total brand sales for the Group were $210.0 million, up $24.3 million or 13.1% on 1H 2015 with a strong performance from KFC (up $16.1 million) and the newly-acquired and built Carl's Jr. stores delivering another $9.5 million in sales. Total operating revenue was $218.4 million, up $26.4 million on prior year.

Same store sales were up 6.7% (compared with 4.9% last year) led by KFC and Starbucks Coffee.

Combined brand EBITDA at $36.0 million was $4.4 million (13.8%) up on prior year.

Across the networks of all four brands, store numbers in New Zealand at the end of the half year totalled 231, up from 218 in the prior year. Of these Restaurant Brands' stores comprised 180, six up from the prior year.

Total Group Sales up 13.1% to

$210 MILLION

KFC

	1H 2016	1H 2015	Change ($)	Change (%)
Network Sales ($m)	**162.7**	147.4	+15.3	+10.4
Network Store Numbers	**98**	97		
RBD Sales ($m)	**153.2**	137.1	+16.1	+11.7
RBD Store Numbers	**92**	90		
RBD EBITDA ($m)	**30.9**	26.2	+4.7	+17.8
EBITDA as a % of Sales	***20.1***	*19.1*		

For Restaurant Brands, KFC sales were $153.2 million, up 11.7% or $16.1 million on prior year with same store sales up 8.8% (+6.4% in 1H 2015). A continuing positive retail environment, higher levels of advertising activity and some successful new product promotions all contributed to a strong first half profit performance.

Margins continued to improve, commensurate with sales, with the benefits of higher sales leverage largely offsetting some input cost increases. As a result KFC finished the half year with an EBITDA margin of 20.1% of sales, at the upper end of its normal range. In dollar terms KFC produced an EBITDA of $30.9 million, up $4.7 million (17.8%) on last year's result.

Both RBD and total network store numbers increased by one over the half year to a total of 92 and 98 respectively with the opening of a new store at Albany.

No major transformations took place over the period, but four are scheduled for 2H 2016. This will bring the total number of transformed KFC stores to 87 out of the 92 Restaurant Brands stores in the network. However the brand is embarking on a further round of facility refreshment with 11 stores receiving minor upgrades and one other receiving another major upgrade.

PIZZA HUT

	1H 2016	1H 2015	Change ($)	Change (%)
Network Sales	**45.8**	42.9	+2.9	+6.8
Network Store Numbers	**89**	86		
RBD Sales ($m)	**24.5**	26.5	-1.9	-7.3
RBD Store Numbers	**44**	49		
RBD EBITDA ($m)	**2.8**	3.3	-0.4	-13.3
EBITDA as a % of Sales	***11.6***	*12.3*		

Total Pizza Hut network sales climbed to $45.8 million for the half year, up $2.9m (6.8%) on prior year. Whilst Restaurant Brands' own store sales were down slightly to $24.5 million, this was largely as a result of sales transfers to independent franchisees with the continuing disposal of Pizza Hut stores.

Restaurant Brands' earnings were also marginally down on prior year, in line with the reduction in the number of stores operated by RBD. There were also some operational areas needing improvement, all of which have been subsequently addressed. As a result EBITDA was $2.8 million for the half year.

The Pizza Hut network finished the half year with 89 stores, three up on the same period last year as independent franchisees opened three new stores over the year. Restaurant Brands sold five more stores to independent franchisees, bringing the total number sold to 39.

Restaurant Brands expects to continue with the refranchising programme and consolidate its holding of company owned stores at about 25 over the next two years.

STARBUCKS COFFEE

	1H 2016	1H 2015	Change ($)	Change (%)
Sales ($m)	**13.9**	13.2	+0.7	+5.2
Store Numbers	**26**	26		
EBITDA ($m)	**2.2**	2.1	+0.1	+6.9
EBITDA as a % of Sales	***15.8***	*15.5*		

Note: all Starbucks Coffee stores are RBD owned

Starbucks Coffee maintained its strong momentum, delivering same store sales growth over the period of 7.6%. Total sales were up $0.7 million (+5.2%).

Margins improved with continuing sales leverage and store efficiencies. The brand achieved an EBITDA of $2.2 million (15.8% of sales), up slightly on 1H 2015.

Store numbers remained constant at 26. A refurbishment programme is now under way for the Starbucks Coffee network with stores in Queenstown and Christchurch receiving major store upgrades.

CARL'S JR.

	1H 2016	1H 2015	Change ($)	Change (%)
Sales ($m)	**18.4**	8.8	+9.5	+107.9
Store Numbers	**18**	9		
EBITDA ($m)	**0.1**	0.1	–	+12.9
EBITDA as a % of Sales	***0.5***	*1.0*		

Note: all Carl's Jr. stores are RBD owned

The Carl's Jr. establishment phase is well under way as the brand makes steady progress towards building its network of stores, and improving sales growth and profitability.

The focus for the first half of this year was integrating the seven stores acquired in December 2014 from Forsgren NZ Ltd. The costs of this, together with an extended port strike in the US and significant increases in beef prices, impacted adversely on the results. The company is well advanced in an initiative to locally source the majority of its ingredients for the Carl's Jr. business.

The brand held its earnings at flat to prior year at $0.1 million and is starting to see margin improvement as the second half of the year unfolds.

Sales were up $9.5 million or 107.9% to $18.4 million on 1H 2015 assisted by the acquisition of the seven Forsgren stores and an additional two stores having been built over the past 12 months.

Store numbers now total 18, with two more new stores targeted to be built in Christchurch over the next few months.

Corporate and Other

General and administration (G&A) costs were $8.7 million, up $0.9 million (11.3%) on prior year. G&A staff numbers increased as a result of enhancing both HR (recruitment and employee relations) and marketing capabilities. $0.2 million of the increment arose from taking up a further liability for the Chief Executive's Long Term Incentive Scheme. The fair value of this liability is now recognised at $0.5 million of a potential total liability of $1.5 million. Even with these incremental costs G&A remains at the targeted 4.0% of total revenue (versus 4.1% last year).

Depreciation charges of $9.0 million for the half year were $1.2 million higher than for the prior year mainly because of the increased capital expenditure in Carl's Jr. (with an additional $0.8 million depreciation charge) and KFC (a $0.5 million charge).

Funding costs were up $0.2 million to $0.6 million with higher levels of borrowing, following the Carl's Jr. store acquisition in December 2014.

Tax expense was $0.8 million up on the prior year with higher reported profit levels. The effective tax rate of 27.0% is slightly higher than prior year's 26.6% with no significant movements in non-deductible items.

Non-Trading Items

Non-trading income was $0.3 million, with the bulk of this arising from gains on disposal of Pizza Hut stores.

Cash Flow and Balance Sheet

The company's balance sheet remains conservative with $73.3 million in total equity and gearing levels at just over 9%.

Total assets of $139.3 million were down slightly on the year end's $144.6 million, largely because of a reduction in receivables of $3.4 million mostly arising from receipts of landlord contributions for new and transformed stores.

Total liabilities of $66.0 million were down $7.4 million on the previous year end, mainly because of reduced levels of borrowings, although this was partially offset by higher payables with timing of creditor payments.

Bank debt reduced over the half year from $22.6 million to $8.5 million. Compared with 1H 2015 borrowings are now classified as non-current following renewal of the company's $35 million bank facility in October 2014.

Operating cash flows were up strongly by 27% to $30.4 million assisted by both improved profitability and a decrease in working capital.

Investing cash outflows were down on prior half year with lower levels of capital expenditure (down $5.6 million to $9.1 million). Investing receipts this year were from Pizza Hut store sales of $0.8 million and landlord contributions for new store developments of $2.8 million. Resultant net cash outflows from investing activities were $5.5 million, down $5.8 million on the prior period.

With $24.9 million in free cash flow for the half year, debt was reduced by $14.0 million on the year-end balance to $8.5 million.

Operating cash flows up 27% to

$30.4 MILLION

Dividend

Directors have declared a fully imputed interim dividend of 8.5 cents per ordinary share (up 1.0 cent or 13.3% on the prior year). The dividend will be paid on 27 November to all shareholders on the register on 13 November 2015. A supplementary dividend of 1.5 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

All four of the company's brands now have sales and profit momentum that is expected to continue for the balance of this financial year.

KFC is expected to maintain positive same store sales growth, although not at the levels enjoyed in the first half year as it rolls over strong prior year results. Input prices are expected to remain stable for the balance of the year and margins are expected to be sustained.

Pizza Hut is expected to deliver modest same store sales growth; however RBD will see total earnings impacted by the continued sell down programme.

Starbucks Coffee sales growth is anticipated to continue, although there will be some margin pressure from the weaker exchange rate.

Carl's Jr. will see one further store (the first in Christchurch) opened in the second half of the year. Profitability will improve in the second half with improved operational efficiencies and higher sales volumes.

The strong sales trends enjoyed in the first two quarters of this year have continued into the third quarter, benefitting margins and efficiencies in our stores. The improved first half profit performance (absent any major changes to economic or market conditions) is expected to be sustained. This will result in a Net Profit after Tax for the 2016 financial year (excluding unusual items) in excess of $24 million.

CONSOLIDATED INCOME STATEMENT

For the 28 week period ended 14 September 2015 (2016 Half Year)

Group $NZ000's	1st Half 2016 (28 weeks) 14 Sep 2015 Unaudited	*vs Prior %*	1st Half 2015 (28 weeks) 8 Sep 2014 Unaudited
Sales			
KFC	153,171	*11.7*	137,107
Pizza Hut	24,543	*(7.3)*	26,486
Starbucks Coffee	13,910	*5.2*	13,228
Carl's Jr.	18,388	*107.9*	8,846
Total sales	**210,012**	*13.1*	**185,667**
Other revenue	8,392	*31.6*	6,376
Total operating revenue	**218,404**	*13.7*	**192,043**
Cost of goods sold	(178,862)	*(13.8)*	(157,148)
Gross margin	**39,542**	*13.3*	**34,895**
Distribution expenses	(1,287)	*4.5*	(1,347)
Marketing expenses	(10,830)	*(14.8)*	(9,436)
General and administration expenses	(8,696)	*(11.3)*	(7,814)
EBIT before non-trading	**18,729**	*14.9*	**16,298**
Non-trading	250	*221.4*	(206)
EBIT	**18,979**	*17.9*	**16,092**
Net financing expenses	(616)	*(42.3)*	(433)
Net profit before tax	**18,363**	*17.3*	**15,659**
Taxation expense	(4,953)	*(18.9)*	(4,164)
Total profit after tax (NPAT)	**13,410**	*16.7*	**11,495**
Total NPAT excluding non-trading	**13,093**	*13.8*	**11,502**

EBITDA before G&A		% sales			% sales
KFC	30,855	20.1	*17.8*	26,198	19.1
Pizza Hut	2,836	11.6	*(13.3)*	3,271	12.3
Starbucks Coffee	2,193	15.8	*6.9*	2,052	15.5
Carl's Jr.	96	0.5	*12.9*	85	1.0
Total	**35,980**	17.1	*13.8*	**31,606**	17.0

Ratios		
Net tangible assets per security (net tangible assets divided by number of shares) in cents	54.0c	48.6c

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 14 September 2015 (2016 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 **Concept EBITDA before G&A.**

   The term **Concept** 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 on a consistent basis.
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.

Non-GAAP financial measures (continued)

For the 28 week period ended 14 September 2015 (2016 Half Year)

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

$NZ000's	**Note***	**2016 Half Year**	**2015 Half Year**
EBITDA before G&A	1	**35,980**	**31,606**
Depreciation		(8,984)	(7,800)
Loss on sale of property, plant and equipment (included in depreciation)		-	(4)
Amortisation (included in cost of sales)		(932)	(861)
G&A – area managers, general managers and support centre		(7,335)	(6,643)
EBIT before non-trading	2	**18,729**	**16,298**
Non-trading items **	3	**250**	**(206)**
EBIT after non-trading items	4	**18,979**	**16,092**
Net financing costs		(616)	(433)
Net profit before taxation		**18,363**	**15,659**
Income tax expense		(4,953)	(4,164)
Net profit after taxation		**13,410**	**11,495**
(Deduct) / add back non-trading items		(250)	206
Taxation credit on non-trading items		(67)	(199)
Net profit after taxation excluding non-trading items	5	**13,093**	**11,502**

* 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 14 September 2015 (2016 Half Year)

Group **$NZ000's**	**Note**	**2016 Half Year (28 weeks) Unaudited**	**2015 Half Year (28 Weeks) Unaudited**	**2015 Full Year (53 weeks) Audited**
Store sales revenue		210,012	185,667	359,528
Other revenue		8,392	6,376	13,075
Total operating revenue		**218,404**	**192,043**	**372,603**
Cost of goods sold		(178,862)	(157,148)	(304,190)
Gross profit		**39,542**	**34,895**	**68,413**
Distribution expenses		(1,287)	(1,347)	(2,321)
Marketing expenses		(10,830)	(9,436)	(18,892)
General and administration expenses		(8,696)	(7,814)	(15,105)
EBIT before non-trading		**18,729**	**16,298**	**32,095**
Non-trading	1	250	(206)	1,328
Earnings before interest and taxation (EBIT)		**18,979**	**16,092**	**33,423**
Interest revenue		-	1	2
Interest expense		(616)	(434)	(963)
Net financing expenses		**(616)**	**(433)**	**(961)**
Profit before taxation		**18,363**	**15,659**	**32,462**
Taxation expense		(4,953)	(4,164)	(8,632)
Total profit after taxation attributable to shareholders		**13,410**	**11,495**	**23,830**
Items that may be reclassified subsequently to the Statement of Comprehensive Income				
Derivative hedging reserve		(97)	(63)	(207)
Income tax relating to components of other comprehensive income		27	18	58
Other comprehensive loss for the half year, net of tax		**(70)**	**(45)**	**(149)**
Total comprehensive income for the half year attributable to shareholders		**13,340**	**11,450**	**23,681**
Basic and diluted earnings per share (cents)	4	**13.70**	**11.75**	**24.35**

For and on behalf of the Board:

E K van Arkel
Chairman

H W Stevens
Director

Statement of changes in equity

For the 28 week period ended 14 September 2015 (2016 Half Year)

Group $NZ000's	Share Capital	Foreign Currency Translation Reserve	Derivative Hedging Reserve	Retained Earnings	Total
For the 53 week period ended 2 March 2015					
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 as at 8 September 2014	**26,756**	**53**	**(45)**	**39,555**	**66,319**
Comprehensive income					
Profit after taxation attributable to shareholders	-	-	-	12,335	12,335
Other comprehensive income					
Movement in derivative hedging reserve	-	-	(104)	-	(104)
Total comprehensive income	**-**	**-**	**(104)**	**12,335**	**12,231**
Transactions with owners					
Net dividends distributed	-	-	-	(7,340)	(7,340)
Total transactions with owners	**-**	**-**	**-**	**(7,340)**	**(7,340)**
Audited balance at the end of the period	**26,756**	**53**	**(149)**	**44,550**	**71,210**
For the 28 week period ended 14 September 2015					
Balance at the beginning of the period	**26,756**	**53**	**(149)**	**44,550**	**71,210**
Comprehensive income					
Profit after taxation attributable to shareholders	-	-	-	13,410	13,410
Other comprehensive income					
Movement in derivative hedging reserve	-	-	(70)	-	(70)
Total comprehensive income	**-**	**-**	**(70)**	**13,410**	**13,340**
Transactions with owners					
Net dividends distributed	-	-	-	(11,255)	(11,255)
Total transactions with owners	**-**	**-**	**-**	**(11,255)**	**(11,255)**
Unaudited balance at the end of the period	**26,756**	**53**	**(219)**	**46,705**	**73,295**

Statement of financial position
As at 14 September 2015 (2016 Half Year)

Group $NZ000's	2016 Half Year Unaudited	2015 Half Year Unaudited	2015 Full Year Audited
Non-current assets			
Property, plant and equipment	98,772	84,456	100,300
Intangible assets	20,446	18,738	21,060
Deferred tax asset	5,455	4,044	4,933
Total non-current assets	**124,673**	**107,238**	**126,293**
Current assets			
Inventories	9,493	7,647	9,475
Trade receivables	441	311	373
Other receivables	3,539	3,159	6,889
Cash and cash equivalents	1,132	875	1,575
Assets classified as held for sale	-	2,490	-
Total current assets	**14,605**	**14,482**	**18,312**
Total assets	**139,278**	**121,720**	**144,605**
Equity attributable to shareholders			
Share capital	26,756	26,756	26,756
Reserves	(166)	8	(96)
Retained earnings	46,705	39,555	44,550
Total equity attributable to shareholders	**73,295**	**66,319**	**71,210**
Non-current liabilities			
Provisions and deferred income	6,445	3,941	6,033
Loans and finance leases	8,535	63	22,556
Total non-current liabilities	**14,980**	**4,004**	**28,589**
Current liabilities			
Income tax payable	1,729	1,721	3,422
Loans and finance leases	40	5,580	112
Creditors and accruals	47,548	42,688	39,556
Provisions and deferred income	1,381	1,345	1,509
Derivative financial instruments	305	63	207
Total current liabilities	**51,003**	**51,397**	**44,806**
Total liabilities	**65,983**	**55,401**	**73,395**
Total equity and liabilities	**139,278**	**121,720**	**144,605**

Statement of cash flows
For the 28 week period ended 14 September 2015 (2016 Half Year)

Group **$NZ000's**	**2016 Half Year (28 weeks) Unaudited**	**2015 Half Year (28 Weeks) Unaudited**	**2015 Full Year (53 weeks) Audited**
Cash flows from operating activities			
Cash was provided by / (applied to):			
Receipts from customers	218,336	191,732	372,230
Payments to suppliers and employees	(180,327)	(161,428)	(325,402)
Interest paid (net)	(503)	(480)	(1,044)
Payment of income tax	(7,140)	(5,972)	(9,159)
Net cash from operating activities	**30,366**	**23,852**	**36,625**
Cash flows from investing activities			
Cash was (applied to) / provided by:			
Acquisition of business	-	-	(10,388)
Payment for intangibles	(481)	(1,494)	(2,836)
Purchase of property, plant and equipment	(8,588)	(13,212)	(28,184)
Proceeds from disposal of property, plant and equipment	800	3,440	8,384
Landlord contributions received	2,808	-	-
Net cash used in investing activities	**(5,461)**	**(11,266)**	**(33,024)**
Cash flows from financing activities			
Cash was provided by / (applied to):			
(Decrease) / increase in loans	(14,015)	(2,610)	14,490
Decrease in finance leases	(78)	(84)	(159)
Dividends paid to shareholders	(11,255)	(9,787)	(17,127)
Net cash used in financing activities	**(25,348)**	**(12,481)**	**(2,796)**
Net (decrease) / increase in cash and cash equivalents	**(443)**	**105**	**805**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period:	**1,575**	**770**	**770**
Cash and cash equivalents at the end of the period:			
Cash on hand	221	209	222
Cash at bank	911	666	1,353
	1,132	**875**	**1,575**
Net (decrease) / increase in cash and cash equivalents	**(443)**	**105**	**805**

Statement of cash flows (continued)

For the 28 week period ended 14 September 2015 (2016 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**	**2016 Half Year (28 weeks) Unaudited**	**2015 Half Year (28 Weeks) Unaudited**	**2015 Full Year (53 weeks) Audited**
Total profit after taxation attributable to shareholders	**13,410**	**11,495**	**23,830**
Less items classified as investing / financing activities:			
Gain on disposal of property, plant and equipment	(715)	(505)	(2,598)
	(715)	**(505)**	**(2,598)**
Add / (less) non-cash items:			
Depreciation	8,984	7,800	15,008
Disposal of goodwill	137	264	283
(Decrease) / increase in provisions	(272)	(46)	225
Amortisation of intangible assets	932	861	1,628
Write-off of franchise fees	26	5	23
Impairment on property, plant and equipment	2	287	94
Net increase in deferred tax asset	(522)	(821)	(1,223)
Change in fair value of derivative financial instruments	98	57	(6)
Decrease in derivative hedging reserve	(97)	(63)	-
Tax effect of derivative financial instruments	27	18	-
	9,315	**8,362**	**16,032**
Add / (less) movement in working capital:			
Increase in inventories	(18)	(6,060)	(7,888)
Increase in trade receivables	(68)	(311)	(373)
Decrease / (increase) in other debtors and prepayments	1,050	(1,409)	(4,992)
Increase in trade creditors and other payables	9,085	13,285	11,918
(Decrease) / increase in income tax payable	(1,693)	(1,005)	696
	8,356	**4,500**	**(639)**
Net cash from operating activities	**30,366**	**23,852**	**36,625**

Notes to the financial statements
For the 28 week period ended 14 September 2015 (2016 Half Year)

1. PROFIT BEFORE TAXATION

Group $NZ000's	2016 Half Year (28 weeks) Unaudited	2015 Half Year (28 Weeks) Unaudited	2015 Full Year (53 weeks) Audited
Profit before taxation			
The profit before taxation is calculated after charging / (crediting) the following items:			
Royalties paid	12,292	10,941	21,156
Operating lease expenses	11,202	10,064	19,476
Gain on disposal of property, plant and equipment	(715)	(505)	(2,598)
Non-trading items comprise:			
Gain on sale of stores			
Net sale proceeds	442	510	1,155
Property, plant and equipment disposed of	(70)	(97)	(156)
Goodwill disposed of	(137)	(264)	(283)
	235	149	716
Gain on sale and leaseback of stores	-	90	916
Other store closure costs (including franchise fees written off)	(31)	(269)	(329)
Other store relocation and refurbishment costs	14	(110)	(332)
Other store relocation and refurbishment - insurance proceeds	34	223	563
Impairment on property, plant and equipment	(2)	(287)	(94)
Other	-	(2)	(112)
Total non-trading items	**250**	**(206)**	**1,328**

2. BUSINESS SEGMENTS

	KFC		Pizza Hut		Starbucks Coffee	
$NZ000's	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Store sales revenue	153,171	137,107	24,543	26,486	13,910	13,228
Other revenue	-	-	-	-	-	-
Total operating revenue **	**153,171**	**137,107**	**24,543**	**26,486**	**13,910**	**13,228**
Concept EBITDA before general and administration expenses	**30,855**	**26,198**	**2,836**	**3,271**	**2,193**	**2,052**
Depreciation	(6,036)	(5,517)	(566)	(682)	(451)	(480)
Loss on sale of property, plant and equipment (included in depreciation)	-	(4)	-	-	-	-
Amortisation (included in cost of sales)	(395)	(385)	(148)	(170)	(56)	(29)
G&A - area managers, general managers and support centre	(867)	(1,125)	(394)	(497)	(198)	(160)
EBIT before non-trading	**23,557**	**19,167**	**1,728**	**1,922**	**1,488**	**1,383**
Impairment on property, plant and equipment	(23)	15	43	-	(22)	(225)
Other non-trading	38	(290)	237	160	-	118
EBIT after non-trading	**23,572**	**18,892**	**2,008**	**2,082**	**1,466**	**1,276**
EBIT after non-trading						
Net financing costs						
Net profit before taxation						
Income tax expense						
Net profit after taxation						
(Deduct) / add back non-trading items						
Taxation (credit) / expense on non-trading items						
Net profit after taxation excluding non-trading						
Segment assets	74,799	68,511	15,744	14,040	4,796	3,669
Unallocated assets						
Total assets						

* All other segments are general and administration support centre expenses (G&A).
** All operating revenue is from external customers.

Carl's Jr.		All Other Segments*		Consolidated Half Year (28 weeks) Unaudited	Consolidated Half Year (28 Weeks) Unaudited	Consolidated Full Year (53 weeks) Audited
2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2015**
18,388	8,846	-	-	210,012	185,667	359,528
-	-	8,392	6,376	8,392	6,376	13,075
18,388	**8,846**	**8,392**	**6,376**	**218,404**	**192,043**	**372,603**
96	**85**	**-**	**-**	**35,980**	**31,606**	**61,548**
(1,596)	(807)	(335)	(314)	(8,984)	(7,800)	(15,008)
-	-	-	-	-	(4)	-
(101)	(80)	(232)	(197)	(932)	(861)	(1,628)
(290)	(233)	(5,586)	(4,628)	(7,335)	(6,643)	(12,817)
(1,891)	**(1,035)**	**(6,153)**	**(5,139)**	**18,729**	**16,298**	**32,095**
-	(77)	-	-	(2)	(287)	(94)
(23)	93	-	-	252	81	1,422
(1,914)	**(1,019)**	**(6,153)**	**(5,139)**	**18,979**	**16,092**	**33,423**
				18,979	**16,092**	**33,423**
				(616)	(433)	(961)
				18,363	**15,659**	**32,462**
				(4,953)	(4,164)	(8,632)
				13,410	**11,495**	**23,830**
				(250)	206	(1,328)
				(67)	(199)	21
				13,093	**11,502**	**22,523**
27,888	15,785	5,484	8,836	128,711	110,841	130,835
				10,567	10,879	13,770
				139,278	**121,720**	**144,605**

3. BASIS OF PREPARATION

These unaudited financial statements for the 28 week period ended 14 September 2015 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 53 week period ended 2 March 2015 (referred to in these statements as "2015 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 2015 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 14 September 2015 (2015:28 weeks ended on 8 September 2014). The second half will be for 6 periods (24 weeks). The prior full year comparative represents the 53 week period ended 2 March 2015 (2015 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 periods beginning on or after 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The Group intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact.

NZ IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2018) addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets; amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

There are various other standards, amendments and interpretations which were assessed as having an immaterial impact on the Group.

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	2016 Half Year Unaudited	2015 Half Year Unaudited	2015 Full Year Audited
Basic and diluted earnings per share			
Profit after taxation attributable to shareholders ($NZ000's)	13,410	11,495	23,830
Weighted average number of ordinary shares on issue (thousands)	97,871	97,871	97,871
Basic and diluted earnings per share (cents)	13.70	11.75	24.35

Shares on issue

As at 14 September 2015, the total number of ordinary shares on issue was 97,871,090 (2015: 97,871,090).

5. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the half year ended 14 September 2015, the Group acquired assets with a total cost of $7.5 million (2015: $15.5 million) and disposed of assets with a total cost of $3.2 million (2015: $3.8 million).

6. 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 $0.3 million (2015: $0.2 million) from Barker Fruit Processors Limited, a company of which Company director Suzanne Helen Suckling was chairman. There was $59,000 owing at balance date (2015: $24,000 owing). Suzanne retired as chairman and director of Barker Fruit Processors Limited on 2 September 2015.
- Acquired services totalling $10,000 (2015: $7,500) from AsureQuality Limited, a company of which Company director Hamish William Stevens is a director. There was $3,400 owing at balance date (2015: $2,800 owing).
- On 11 December 2014 David Alan Pilkington resigned as director of Restaurant Brands Group. David is a director of Hellers Limited. For the 28 week period ended 8 September 2014 the Group purchased $2.1 million in stock and $0.4 million was owed as at that date.

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 $1.8 million (2015: $1.3 million) and other long-term benefits of $14,000 (2015: $11,000).

Fees paid to directors for the period were $0.2 million (2015: $0.2 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 trading 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 at least 6 months immediately following the eligibility criteria being met.

The directors believe it remains likely that the conditions will be met during the eligibility period. The fair value of the liability at balance date was assessed at $0.5 million (2015: nil). A $0.2 million charge (2015: nil) has been taken up in general and administration expenses in the statement of comprehensive income.

7. CAPITAL COMMITMENTS

The Group had capital commitments totalling $6.7 million (2015: $10.6 million) which are not provided for in these financial statements.

8. 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.

9. POST BALANCE DATE EVENTS

Dividends

The directors have declared an interim dividend of 8.5 cents per share (2015: 7.5 cents) or $8.3 million (2015: $7.3 million). A supplementary dividend of 1.5 cents per share will be paid to overseas shareholders when the dividend is paid.

Independent Review Report

To the directors of Restaurant Brands New Zealand Limited

Report on the Financial Statements

We have reviewed the accompanying interim consolidated financial statements of Restaurant Brands New Zealand Limited ("the Company") on pages 10 to 21, which comprise the condensed statement of financial position as at 14 September 2015, the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes for the Group. The Group comprises the Company and the entities it controlled at 14 September 2015 or from time to time during the period.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and 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 of 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 auditors of the Company, 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 auditors perform 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 these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the area of other assurance services. The provision of these other services has not impaired our independence.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

Restriction on Use of Our Report

This report is made solely to the Company'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, as a body, for our review procedures, for this report, or for the conclusion we have formed.

PricewaterhouseCoopers

Chartered Accountants — Auckland

29 October 2015

CORPORATE DIRECTORY

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E K (Ted) van Arkel (Chairman)
Suzanne Helen Suckling
Danny Diab
Hamish William Stevens

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FINANCIAL CALENDAR

Interim dividend paid:

27 November 2015

Financial year end:

29 February 2016

Annual profit announcement:

April 2016