

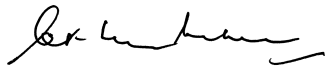
Restaurant Brands New Zealand Limited

2009 Financial Statements

The Directors are pleased to present the Financial Statements of Restaurant Brands New Zealand Limited for the year ended 28 February 2009 contained on pages 2 to 30.

For and on behalf of the Board of Directors:

E K van Arkel
Chairman



Date

8 April 2009

D A Pilkington
Director



Date

8 April 2009

RESTAURANT BRANDS NEW ZEALAND LIMITED
BALANCE SHEETS
AS AT 28 FEBRUARY 2009

	Note	Group 2009 \$'000	Restated Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Non-current assets					
Property, plant and equipment	10	71,794	78,104	-	-
Investments in subsidiaries	12	-	-	150,396	150,396
Intangible assets	11	24,689	29,431	-	-
Total non-current assets		96,483	107,535	150,396	150,396
Current assets					
Inventories	14	2,098	2,075	-	-
Other receivables	15, 26	1,689	569	40	-
Income tax receivable		-	764	-	-
Cash and cash equivalents	26	787	1,061	-	-
Assets classified as held for sale	7	-	22	-	-
Total current assets		4,574	4,491	40	-
Total assets		101,057	112,026	150,436	150,396
Equity					
Share capital	16, 18	25,622	25,622	25,622	25,622
Reserves	16	148	205	79	92
Retained earnings	16	11,292	9,350	(27,455)	(24,776)
Total equity	16	37,062	35,177	(1,754)	938
Non-current liabilities					
Provisions and deferred income	22	4,091	5,593	-	-
Loans and finance leases	20, 26	34,414	42,871	34,260	42,498
Deferred tax liability	13	359	355	-	-
Total non-current liabilities		38,864	48,819	34,260	42,498
Current liabilities					
Bank overdraft	26	-	-	198	267
Income tax payable		751	-	-	-
Loans and finance leases	20, 26	285	513	-	-
Creditors and accruals	21, 26	22,121	24,721	-	533
Provisions and deferred income	22	1,617	1,509	-	-
Amounts payable to subsidiary companies	28	-	-	117,732	106,160
Liabilities associated with assets classified as held for sale	7	357	1,287	-	-
Total current liabilities		25,131	28,030	117,930	106,960
Total liabilities		63,995	76,849	152,190	149,458
Total equity and liabilities		101,057	112,026	150,436	150,396

The accompanying accounting policies and notes form an integral part of the financial statements.

RESTAURANT BRANDS NEW ZEALAND LIMITED
INCOME STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	Group 2009 \$'000	Restated Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Continuing operations					
Store sales revenue	5	309,106	303,547	-	-
Other revenue	5	472	447	6,313	5,827
Total operating revenue		309,578	303,994	6,313	5,827
Cost of goods sold		(256,879)	(248,579)	-	-
Gross profit		52,699	55,415	6,313	5,827
Distribution expenses		(4,221)	(4,922)	-	-
Marketing expenses		(17,438)	(19,334)	-	-
General and administrative expenses		(10,572)	(10,962)	-	-
Results (EBIT) before non trading		20,468	20,197	6,313	5,827
Non-trading	8	(4,974)	(3,404)	-	-
Earnings before interest and taxation (EBIT)		15,494	16,793	6,313	5,827
Interest revenue		21	84	-	-
Interest expense		(3,943)	(5,037)	(3,874)	(4,924)
Net financing expenses	8	(3,922)	(4,953)	(3,874)	(4,924)
Profit before taxation		11,572	11,840	2,439	903
Taxation expense	9	(3,317)	(3,029)	1,195	1,625
Net profit after taxation from continuing operations		8,255	8,811	3,634	2,528
Discontinued operations					
Loss from discontinued operations (net of taxation)	6	-	(456)	-	-
Total net profit after taxation attributable to shareholders	5	8,255	8,355	3,634	2,528
Basic earnings per share from continuing operations (cents)	19	8.50	9.07	3.74	2.60
Basic earnings per share from discontinued operations (cents)	6, 19	-	(0.47)	-	-
Basic earnings per share from total operations (cents)	19	8.50	8.60	3.74	2.60

There was no difference between basic and diluted earnings per share (refer to Note 19).

RESTAURANT BRANDS NEW ZEALAND LIMITED
STATEMENTS OF RECOGNISED INCOME AND EXPENSES
FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	Group 2009 \$'000	Restated Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Profit after taxation		8,255	8,355	3,634	2,528
Movements in foreign currency translation reserve	16	(44)	11	-	-
Total recognised revenues and expenses		8,211	8,366	3,634	2,528

The accompanying accounting policies and notes form an integral part of the financial statements.

RESTAURANT BRANDS NEW ZEALAND LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	Group 2009 \$'000	Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Cash flows from operating activities					
Cash was provided by / (applied to):					
Receipts from customers		310,783	311,158	-	-
Payments to suppliers and employees		(281,552)	(275,716)	-	-
Dividends received		-	-	6,313	5,827
Interest paid		(4,515)	(4,871)	(4,446)	(4,703)
Interest received		21	84	-	-
(Payment) / receipt of income tax		(1,408)	667	1,670	2,063
Net cash from operating activities	25	23,329	31,322	3,537	3,187
Cash flows from investing activities					
Cash was provided by / (applied to):					
Payment of intangibles	11	(378)	(3,481)	-	-
Purchase of property, plant and equipment		(7,762)	(14,755)	-	-
Proceeds from disposal of property, plant and equipment		40	26	-	-
Sale of discontinued operations	6	(16)	(311)	-	-
Advances from subsidiary company		-	-	11,572	9,867
Net cash (used in) / from investing activities		(8,116)	(18,521)	11,572	9,867
Cash flows from financing activities					
Cash was (applied to):					
Decrease in loans	20	(8,288)	(6,188)	(8,238)	(6,082)
Decrease in finance leases	20	(397)	(394)	-	-
Dividends paid to shareholders	17	(6,313)	(5,827)	(6,313)	(5,827)
Supplementary dividends paid		(489)	(431)	(489)	(431)
Net cash (used in) financing activities		(15,487)	(12,840)	(15,040)	(12,340)
Net (decrease) / increase in cash and cash equivalents		(274)	(39)	69	714
Reconciliation of cash and cash equivalents					
Cash and cash equivalents at the beginning of the year:		1,061	1,100	(267)	(981)
Cash and cash equivalents at the end of the year:					
Cash on hand		324	340	-	-
Cash at bank		463	721	(198)	(267)
	26	787	1,061	(198)	(267)

The accompanying accounting policies and notes form an integral part of the financial statements.

**Notes to and forming part of the financial statements
for the year ended 28 February 2009**

1. Reporting entity

Restaurant Brands New Zealand Limited, a limited liability company incorporated and domiciled in New Zealand, is registered under the Companies Act 1993 and is listed on the New Zealand Stock Exchange (“NZX”). The company is an issuer in terms of the Financial Reporting Act 1993. The consolidated financial statements presented are those for Restaurant Brands New Zealand Limited (the Company) and the Restaurant Brands Group (the Group). The Group consists of the Company and its subsidiaries.

The address of its registered office is Level 3, Westpac Building, Central Park, 666 Great South Road, Penrose, Auckland.

The Company and its subsidiaries (together the Group) operate quick service and takeaway restaurant concepts.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial derivatives which are stated at their fair value and are discussed further below.

The consolidated financial statements comply with the Financial Reporting Act 1993 and comprise statements of the following: income statements, statements of recognised income and expenses, balance sheets, cash flows, significant accounting policies, as well as the notes to these statements.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in New Zealand dollars, which is the Company’s functional and the Group’s presentation currency. The financial information has been rounded to the nearest thousand.

The Group divides its financial year into thirteen 4-week periods. The 2009 full year results are for 53 weeks. Because the Group normally uses a 52 week (364 day) year, a “leap year” of 53 weeks is occasionally required.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (“IFRS”). The financial statements were approved by the Board of Directors on 8 April 2009. The Board of Directors do not have the power to amend the financial statements after issue.

2.1 Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as outlined below.

The Group has early adopted the amendment to NZ IAS 38 Intangible Assets in accordance with the transitional provisions in that standard. The amendment requires that expenditure on advertising and promotional activities is recognised as an expense when the Group has the right to access the goods or has received the service. The Group incurs expenditure relating to the production of television commercials and has historically recognised the expense at the time the television commercial is aired to its customers or potential customers.

The Group has amended its accounting policy and has applied the changes retrospectively. The prior year financial information has therefore been restated.

Refer to Note 30 for the impact of the change in accounting policy.

**Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009****2.2 Summary of significant accounting policies****(a) Basis of consolidation**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra group balances and profits resulting from intra group transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions.

Exchange differences arising from the translation of the net investment in foreign operations are recognised in the foreign currency translation reserve and are released to the income statement upon disposal.

(c) Financial instruments*Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, which are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, cash and cash equivalents, loans and borrowings (initially recognised at fair value plus transaction costs and subsequently measured at amortised cost), and trade and other payables which are stated at fair value.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Derivative financial instruments

The Group has various derivative financial instruments to manage the exposures that arise due to movements in foreign currency exchange rates and interest rates arising from operational, financing and investment activities. The Group does not hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through the profit or loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

**Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009**

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(d) Revenue recognition

Goods sold and services rendered

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs of possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Other revenue represents sales of services and is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest revenue

Interest revenue is recognised on a time proportion basis using the effective interest method.

Grants

A grant is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant, and subsequently recognised in the income statement when the requirements under the grant have been met. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

(e) Net financing costs

Net financing costs comprise: interest payable on borrowings calculated using the effective interest rate method; interest received on funds invested calculated using the effective interest rate method; foreign exchange gains and losses; gains and losses on certain financial instruments that are recognised (ie unhedged derivatives) in the income statement; unwinding of the discount on provisions and impairment losses on financial assets.

(f) Lease payments

Finance leases

Minimum lease payments under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Operating leases

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(g) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Notes to and forming part of the financial statements (continued)

for the year ended 28 February 2009

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are set off only if there is a legal right of set off and they relate to income taxes levied by the same taxation authorities.

(h) Advertising and promotion costs

Expenditure on advertising and promotional activities is recognised as an expense when the Group has the right to access the goods or has received the service.

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'other receivables' and 'cash and cash equivalents' in the balance sheet.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(m) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and business combinations. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment.

Franchise costs

Franchise costs are those incurred in obtaining franchise rights or licences to operate quick service and take-away restaurant concepts. They include, for example, the initial fee paid to a system franchisor when a new store is opened. These are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the life of the applicable franchise or license agreement.

Concept development costs and fees

Concept development costs and fees include certain costs, other than the direct cost of obtaining the franchise, associated with the establishment of quick service and take-away restaurant concepts. These include, for example, professional fees and consulting costs associated with the establishment of a new brand or business acquisition.

These costs are capitalised where the concept is proven to be commercially feasible and the related future economic benefits are expected to exceed those costs with reasonable certainty. These are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the period which future economic benefits are reasonably expected to be derived.

**Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009**

Acquired software costs

Software costs have a finite useful life. Software costs are capitalised and amortised over the estimated economic life of three years.

(n) Property, plant and equipment

Owned assets

Property plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where appropriate, the cost of property, plant and equipment includes site preparation costs, installation costs and the cost of obtaining resource consents. Borrowing costs associated with property, plant and equipment are expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated initially at an amount equal to the lower of its fair value and present value of the future minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's balance sheet. The Group also leases certain plant and equipment and land and buildings by way of operating lease. The cost of improvements to leasehold assets is capitalised as buildings or leasehold improvements and then depreciated as outlined below.

Capital work in progress

All costs relating to an asset are first recorded in capital work in progress. Once all associated costs for an asset are established with relative certainty, the asset is then transferred from work in progress and capitalised into property, plant and equipment.

Store start up costs

Costs incurred in connection with assessing the feasibility of new sites are expensed as incurred with the exception of franchise costs and certain development costs and fees as discussed above.

Depreciation

Depreciation is recognised in the income statement and is calculated on a straight line basis to allocate the cost of an asset, less any residual value, over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives of fixed assets are as follows:

Leasehold improvements	5 - 20 years
Plant and equipment	3 - 12.5 years
Motor vehicles	4 years
Furniture and fittings	3 - 10 years
Computer equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(o) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of marketing, selling and distribution. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

(p) Dividends

Dividends are accrued in the period that they are authorised.

**Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009**

(q) Impairment on non financial assets

The carrying amounts of the Group's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset's Cash Generating Unit's or (CGU's) recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Except for impairment losses on goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

(r) Share capital

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(t) Employee benefits

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest. The fair value of the options granted is measured using an options pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's) and head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Business segments

The Group comprises the following business segments:

- KFC
- Pizza Hut
- Starbucks Coffee

**Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009**

Geographical segments

The KFC, Pizza Hut and Starbucks Coffee segments are managed and operated in New Zealand.

(v) Goods and services tax

The income statements and statements of cash flows have been prepared exclusive of Goods and Services Taxation (GST). All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(w) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(x) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of, or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

(y) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(z) Non-trading items

The Group seeks to present a measure of comparable underlying performance on a consistent basis. In order to do so, the Group separately discloses items considered to be unrelated to the day to day operational performance of the Group. Such items are classified as non-trading items and are separately disclosed in the income statement and notes to the financial statements.

3. Significant accounting policies, judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that has the most significant effect on the amount recognised in the financial statements is goodwill impairment in Note 11 in relation to Pizza Hut.

In relation to taxation, there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009****4. New standards and interpretations***Standards and amendments early adopted by the Group*

- NZ IAS 38 Intangible Assets (amendment) was early adopted by the Group in 2009 (refer to Note 2.1 for further details).

Relevant standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- *NZ IFRS 3 Business Combinations (amendment) and NZ IAS 27 Consolidated and Separate Financial Statements (revised)* includes a number of amendments such as transaction costs incurred in connection with the business combination are expensed when incurred and are no longer included in the purchase price, an acquirer recognises contingent consideration at fair value at the acquisition date. Subsequent changes in the fair value of such contingent consideration will often affect the income statement. The acquirer recognises either the entire goodwill inherent in the acquiree, independent of whether a 100% interest is acquired (full goodwill method), or only the portion of the goodwill which corresponds to the proportionate interest acquired (as is currently the case under NZ IFRS 3). NZ IFRS 3 and NZ IAS 27 are effective for accounting periods beginning 1 July 2009. These standards are not expected to have any impact on the Group.
- NZ IFRS 8 *Operating Segments* requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet and would therefore require explanation of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet. NZ IFRS 8 is effective for accounting periods beginning 1 January 2009. The standard will give rise to additional disclosures.
- NZ IAS 1 (*Amendment*) *Presentation of Financial Statements* requires a number of changes to the presentation and disclosures in financial statements. NZ IAS 1 is effective for accounting periods beginning 1 January 2009. The standard will give rise to additional disclosures.
- NZ IAS 23 (*Amendment*) *Borrowing Costs* requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of that asset. The option of immediately expensing those borrowing costs will be removed. NZ IAS 23 is effective for accounting periods beginning 1 January 2009. The standard is not expected to have any impact on the Group.
- *NZ IFRS 2 Share Based Payment – Vesting Conditions and Cancellations* contains an amendment that restricts the definition of vesting conditions to include only service and performance conditions. The definition of performance conditions is amended to require completion of a service period in addition to specified service targets. It also clarifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment. NZ IFRS 2 is effective for accounting periods beginning 1 January 2009. This standard is not expected have any impact on the Group.

Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009

5. Segmental reporting

	KFC		Pizza Hut		Starbucks		Pizza Hut Victoria		Other*		Consolidated		Continuing	Discontinued	Continuing	Discontinued
	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008	2009	2009	Restated 2008	Restated 2008
\$NZ'000's	2009		2009		2009		2009		2009		2009					
Business Segments																
Store sales revenue	211,531	199,116	64,595	71,419	32,980	33,012	275	6,275	-	-	309,381	309,822	309,106	275	303,547	6,275
Other revenue	-	-	-	-	-	-	-	-	472	447	472	447	472	-	447	-
Total operating revenue	211,531	199,116	64,595	71,419	32,980	33,012	275	6,275	472	447	309,853	310,269	309,578	275	303,994	6,275
Concept EBITDA before general and administration expenses	37,993	35,918	2,771	4,422	2,941	3,847	-	-	-	-	43,705	44,187	43,705	-	44,187	-
Depreciation	(6,203)	(5,833)	(4,022)	(4,244)	(1,772)	(1,941)	-	-	(380)	(398)	(12,377)	(12,416)	(12,377)	-	(12,416)	-
Amortisation	(732)	(552)	(247)	(235)	(206)	(211)	-	-	(237)	(285)	(1,422)	(1,283)	(1,422)	-	(1,283)	-
Segment result (EBIT) before non-trading	29,361	27,609	(2,899)	(1,403)	37	671	-	-	(6,031)	(6,680)	20,468	20,197	20,468	-	20,197	-
Impairment on property, plant and equipment	(75)	(326)	(25)	(209)	-	-	-	-	-	-	(100)	(535)	(100)	-	(535)	-
Impairment on intangibles	-	-	(3,698)	(1,187)	-	-	-	-	-	-	(3,698)	(1,187)	(3,698)	-	(1,187)	-
Other non-trading	(411)	(507)	(371)	(686)	(394)	200	128	(681)	-	(689)	(1,048)	(2,363)	(1,176)	128	(1,682)	(681)
Segment result	28,875	26,776	(6,993)	(3,485)	(357)	871	128	(681)	(6,031)	(7,369)	15,622	16,112	15,494	128	16,793	(681)
Operating profit / (loss) (EBIT)											15,622	16,112	15,494	128	16,793	(681)
Net financing costs											(3,922)	(4,953)	(3,922)	-	(4,953)	-
Net profit / (loss) before taxation											11,700	11,159	11,572	128	11,840	(681)
Income tax (expense) / credit											(3,445)	(2,804)	(3,317)	(128)	(3,029)	225
Net profit / (loss) after taxation											8,255	8,355	8,255	-	8,811	(456)
Net profit after taxation excluding non-trading											11,736	10,384	11,736	-	10,384	-
Segment assets	52,723	53,184	36,684	43,058	11,819	12,702	-	22	986	1,298	102,212	110,264				
Unallocated assets**											(1,155)	1,762				
Total assets											101,057	112,026				
Segment liabilities	11,380	11,833	2,902	3,596	1,722	1,567	357	1,287	1,666	2,241	18,027	20,524				
Unallocated liabilities											45,968	56,325				
Total liabilities											63,995	76,849				
Capital expenditure including intangibles	5,325	12,024	556	2,421	670	616	-	-	943	335	7,494	15,396				

* Other is general and administration support centre expenses

** Unallocated assets includes bank overdraft for which right of set off exists

Geographical Segments

	New Zealand		Australia		Unallocated		Consolidated	
	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008
Total operating revenue	309,578	303,994	275	6,275	-	-	309,853	310,269
Segment assets	102,212	110,242	-	22	(1,155)	1,762	101,057	112,026
Capital expenditure including intangibles	7,494	15,396	-	-	-	-	7,494	15,396

Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009

6. Discontinued operations

With the exit from Pizza Hut Victoria, the business was classified as a disposal group held for sale and as a discontinued operation. Sale of the remaining stores comprising the disposal group was completed during the current financial year.

The results of the Pizza Hut Victoria business for the year were as follows:

	Group 2009 \$'000	Group 2008 \$'000
Note		
Results of discontinued operations		
Revenue	275	6,275
Cost of goods sold	(277)	(6,526)
Distribution expenses	(11)	(344)
Marketing expenses	-	(435)
General and administration expenses	(72)	(446)
Release of exit provision	85	1,476
Results from operating activities	-	-
Non-trading	128	(681)
Income tax on loss on sale of discontinued operations	9 (128)	225
Loss from discontinued operations (net of taxation)	-	(456)
Basic cents per share	-	(0.47)
Cash flows from discontinued operations		
Net cash (used in) operating activities	(119)	(2,306)
Net cash (used in) investing activities	(16)	(311)
Net cash (used in) discontinued operations	(135)	(2,617)

Because the franchise agreements with Yum in this market have created obligations that were onerous in nature, all remaining future financial obligations relating to the exit of all remaining stores have been estimated and accounted for as a provision for onerous contracts under NZ IAS 37. These are in the sum of \$0.3 million. (2008: \$0.5 million).

7. Non-current assets held for sale

Sale of the remaining Pizza Hut Victoria stores comprising the disposal group was completed during the current financial year. All remaining associated liabilities have been classified as held for sale as shown below:

	2009 Group \$'000	2008 Group \$'000
Assets classified as held for sale		
Inventories	-	17
Trade and other receivables	-	5
	-	22
Liabilities associated with assets classified as held for sale		
Trade and other payables	19	776
Provisions	338	511
	357	1,287

All other assets held by the disposal group have been impaired to nil (2008: nil).

Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009

8. Analysis of expenses

The surplus before taxation is calculated after charging the following items:

	Note	Group 2009 \$'000	Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Auditors' remuneration:					
To PwC for statutory audit services		64	67	-	-
To PwC for other assurance services		24	-	-	-
To KPMG for statutory audit services		-	10	-	-
To KPMG for other assurance services		-	28	-	-
To KPMG for financial advisory services		-	42	-	-
To KPMG for taxation services		-	26	-	-
Government training grants (included in general and administration expenses)		(137)	(178)	-	-
Amortisation of intangibles (included in cost of sales)	11	1,422	1,283	-	-
Royalties paid		18,396	18,401	-	-
Depreciation expense	10	12,377	12,416	-	-
Operating rental expenses		19,024	19,269	-	-
Net loss on disposal of property, plant and equipment		909	1,855	-	-
Directors' fees		220	220	-	-
Interest expense (net)		3,855	4,848	3,874	4,924
Finance lease interest		67	105	-	-

Non-trading items

Pizza Hut Victoria:

Other store closure costs		(128)	681	-	-
		(128)	681	-	-

New Zealand:

Impairment of Pizza Hut goodwill		3,698	1,187	-	-
Other store closure costs		1,212	573	-	-
Other store relocation and refurbishment costs		87	660	-	-
Impairment of property, plant and equipment	10	100	535	-	-
Organisation restructuring		-	573	-	-
Other revenue		(123)	(124)	-	-
		4,974	3,404	-	-

	Group 2009 \$'000	Group 2008 \$'000
Personnel expenses		
Wages and salaries	76,696	78,774
Organisation restructuring	-	573
Increase in liability for long service leave	18	38
Equity settled share based payment transactions	(13)	7
	76,701	79,392

The parent company has no personnel expense (2008: nil).

Notes to and forming part of the financial statements (continued)
for the year ended 28 February 2009

9. Income tax expense in the income statement

Reconciliation of effective tax rate		Group		Group	Company	Company
		2009	2008	Restated	2009	2008
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Total profit before income tax for the period	5	11,700	11,159	11,159	2,439	903
Total income tax (expense) / credit	5	(3,445)	(2,804)	(2,804)	1,195	1,625
Net profit after income tax		8,255	8,355	8,355	3,634	2,528
Income tax using the Company's domestic tax rate	(30.0%)	(3,510)	(33.0%)	(3,682)	(732)	(298)
Non deductible expenses and non assessable income	1.3%	157	3.8%	422	1,927	1,923
Change in tax rate to 30%	0.0%	-	0.3%	35	-	-
Change in recognition of deferred tax asset	(1.1%)	(128)	0.0%	-	-	-
Prior period adjustment	0.3%	36	3.8%	421	-	-
	(29.4%)	(3,445)	(25.1%)	(2,804)	1,195	1,625
Income tax (expense) / credit comprises:						
Current tax (expense) / credit		(3,409)		(1,473)	1,195	1,625
Deferred tax (expense)	13	(36)		(1,331)	-	-
Net tax (expense) / credit		(3,445)		(2,804)	1,195	1,625
Income statement taxation expense						
Income tax (expense) from continuing operations		(3,317)		(3,029)		
Income tax (expense) / credit on loss on sale from discontinued	6	(128)		225		
Total income tax (expense)	5	(3,445)		(2,804)		

Imputation credits	Group	Group
	2009	2008
	\$'000	\$'000
Imputation credits at beginning of year	565	3,678
New Zealand tax payments, net of refunds	1,409	(676)
Imputation credits attached to dividends paid	(2,321)	(2,437)
Other	59	-
Imputation credits at end of year	(288)	565

Notes to and forming part of the financial statements (continued)
 for the year ended 28 February 2009

10. Property, plant and equipment

\$NZ000's	Leasehold Improvements	Plant, Equipment and Fittings	Motor Vehicle	Leased Plant and Equipment	Capital Work in Progress	Total
Cost						
Balance as at 28 February 2007	71,601	53,219	1,149	2,012	9,542	137,523
Additions for year ended February 2008	-	2,533	115	472	8,795	11,915
Transfer from work in progress for year ended February 2008	11,575	1,804	-	-	(13,379)	-
Disposals for year ended February 2008	(7,041)	(6,076)	(309)	(1,362)	-	(14,788)
Movement in exchange rates for year ended February 2008	87	61	4	-	-	152
Balance as at 29 February 2008	76,222	51,541	959	1,122	4,958	134,802
Additions for year ended February 2009	-	261	131	62	6,662	7,116
Transfer from work in progress for year ended February 2009	8,743	2,305	-	-	(11,048)	-
Disposals for year ended February 2009	(4,929)	(3,537)	(90)	(96)	-	(8,652)
Movement in exchange rates for year ended February 2009	89	44	2	-	-	135
Balance as at 28 February 2009	80,125	50,614	1,002	1,088	572	133,401
Accumulated Depreciation						
Balance as at 28 February 2007	(18,219)	(29,769)	(670)	(1,000)	-	(49,658)
Charge for year ended February 2008	(6,210)	(5,460)	(187)	(559)	-	(12,416)
Disposals for year ended February 2008	2,245	4,103	206	1,064	-	7,618
Movement in exchange rates for year ended February 2008	(22)	(23)	(1)	-	-	(46)
Balance as at 29 February 2008	(22,206)	(31,149)	(652)	(495)	-	(54,502)
Charge for year ended February 2009	(6,719)	(5,060)	(165)	(433)	-	(12,377)
Disposals for year ended February 2009	2,604	2,846	49	73	-	5,572
Movement in exchange rates for year ended February 2009	(30)	(18)	-	-	-	(48)
Balance as at 28 February 2009	(26,351)	(33,381)	(768)	(855)	-	(61,355)
Impairment Provision						
Balance as at 28 February 2007	(4,366)	(1,885)	(128)	(14)	-	(6,393)
Charge for year ended February 2008	(441)	(94)	-	-	-	(535)
Utilised/disposed for the year ended February 2008	3,200	1,519	102	12	-	4,833
Movement in exchange rates for year ended February 2008	(62)	(36)	(3)	-	-	(101)
Balance as at 29 February 2008	(1,669)	(496)	(29)	(2)	-	(2,196)
Charge for year ended February 2009	(90)	(10)	-	-	-	(100)
Utilised/disposed for year ended February 2009	1,591	507	31	2	-	2,131
Movement in exchange rates for year ended February 2009	(59)	(26)	(2)	-	-	(87)
Balance as at 28 February 2009	(227)	(25)	-	-	-	(252)
The impairment charge recognised during the year relates to accelerated depreciation on leasehold improvements and plant, equipment and fittings on stores expected to be transformed or closed. Impairment charges incurred and utilised/disposed are recognised in non trading in the income statement (refer Note 8).						
Carrying Amounts						
Balance as at 28 February 2007	49,016	21,565	351	998	9,542	81,472
Balance as at 29 February 2008	52,347	19,896	278	625	4,958	78,104
Balance as at 28 February 2009	53,547	17,208	234	233	572	71,794

11. Intangibles

\$NZ000's	Goodwill	Franchise Fees	Concept Development Costs	Software Costs	Total
<u>Cost</u>					
Balance as at 28 February 2007	39,060	7,457	2,139	1,601	50,257
Additions for year ended February 2008	-	3,331	-	150	3,481
Disposals for year ended February 2008	-	-	-	(28)	(28)
Movement in exchange rates February 2008	76	16	10	-	102
Balance as at 29 February 2008	39,136	10,804	2,149	1,723	53,812
Additions for year ended February 2009	-	276	-	102	378
Disposals for year ended February 2009	-	-	-	(1)	(1)
Movement in exchange rates February 2009	510	102	18	-	630
Balance as at 28 February 2009	39,646	11,182	2,167	1,824	54,819
<u>Accumulated Amortisation</u>					
Balance as at 28 February 2007	(12,193)	(2,359)	(948)	(1,067)	(16,567)
Charge for the year ended February 2008	-	(874)	(109)	(300)	(1,283)
Disposals for year ended February 2008	-	-	-	28	28
Effective movement in exchange rates February 2008	(14)	(3)	(3)	-	(20)
Balance as at 29 February 2008	(12,207)	(3,236)	(1,060)	(1,339)	(17,842)
Charge for the year ended February 2009	-	(1,070)	(97)	(255)	(1,422)
Disposals for year ended February 2009	-	-	-	1	1
Effective movement in exchange rates February 2009	(86)	(21)	(17)	-	(124)
Balance as at 28 February 2009	(12,293)	(4,327)	(1,174)	(1,593)	(19,387)
<u>Impairment Provision</u>					
Balance as at 28 February 2007	(4,189)	(664)	(417)	-	(5,270)
Charge for the year ended February 2008	(1,187)	-	-	-	(1,187)
Movement in exchange rates February 2008	(62)	(13)	(7)	-	(82)
Balance as at 29 February 2008	(5,438)	(677)	(424)	-	(6,539)
Charge for the year ended February 2009	(3,698)	-	-	-	(3,698)
Disposals for the year ended February 2009	-	-	-	-	-
Effective movement in exchange rates February 2009	(424)	(81)	(1)	-	(506)
Balance as at 28 February 2009	(9,560)	(758)	(425)	-	(10,743)

Impairment charges are recognised in non-trading in the income statement (refer Note 8).

Carrying Amounts

Balance as at 28 February 2007	22,678	4,434	774	534	28,420
Balance as at 29 February 2008	21,491	6,891	665	384	29,431
Balance as at 28 February 2009	17,793	6,097	568	231	24,689

The parent company has no intangible assets (2008: nil).

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Amortisation

Amortisation charge is recognised in cost of sales in the income statement (refer Note 8).

11. Intangibles (continued)

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group 2009 \$'000	Group 2008 \$'000
KFC	1,348	1,348
Pizza Hut	16,445	20,143

The recoverable amount of each cash-generating unit was based on its value in use. There was an impairment loss identified for the Pizza Hut segment.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

KFC

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Cashflows were projected based on a 3 year strategic business plan as approved by the Board of Directors. The cash flows were based on sales growth of 1.0 – 3.5% pa over 2010 – 2012. Adjustments were made for margin improvements through reduced operating expenses and also capital expenditure and taxation. A terminal year was calculated based on the 2012 year and assumes a continuous growth of a minimum of projected inflation estimates of 2.5%.

The discount rate, applied to future cashflows is based on an 11% weighted average cost of capital applicable to Restaurant Brands.

Pizza Hut

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Cashflows were projected based on a 3 year strategic business plan as approved by the Board of Directors. The cash flows were based on sales growth of 2.8 – 4.0% pa over 2010 – 2012. Adjustments were made for margin improvements through reduced operating expenses and also capital expenditure and taxation. A terminal year was calculated based on the 2012 year and assumes a continuous growth of a minimum of projected inflation estimates of 2.5%.

A review was conducted in the current financial year of Pizza Hut's future operating activities. The Board of Directors has consequently decided to impair Pizza Hut goodwill by a further \$1.2 million after impairing goodwill by \$2.5 million at the half year.

The discount rate, applied to future cashflows is based on an 11% weighted average cost of capital applicable to Restaurant Brands.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in the following areas, as noted in the table below.

Key Assumptions	Variation %	Impairment Charge Increase / (Decrease) \$m
Terminal year sales growth	1.0	No impairment necessary
	(1.0)	3.1
Discount rate	1.0	3.6
	(1.0)	No impairment necessary
EBITDA ratio as a % of sales per annum	0.2	(1.0)
	(0.2)	1.0

12. Investment in subsidiaries

The following subsidiary companies, are all wholly owned and incorporated in New Zealand (except as outlined below), have a 28 February balance date and have been owned for the full financial year:

Restaurant operating companies

Restaurant Brands Limited
Restaurant Brands Australia Pty Limited
(incorporated in Victoria, Australia)

Investment holding companies

RB Holdings Limited
RBP Holdings Limited
RBDNZ Holdings Limited
RBN Holdings Limited

Property holding company

Restaurant Brands Properties Limited

Non trading subsidiary company

Restaurant Brands Pizza Limited

Employee share option plan trust company

Restaurant Brands Nominees Limited

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	Restated		Restated		Restated	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	76	573	(831)	(1,070)	(755)	(497)
Inventory	13	2	-	-	13	2
Debtors	4	5	-	-	4	5
Provisions	1,746	2,590	-	-	1,746	2,590
Intangibles	-	-	(1,365)	(2,452)	(1,365)	(2,452)
Other	-	-	(2)	(3)	(2)	(3)
	1,839	3,170	(2,198)	(3,525)	(359)	(355)

At balance date deferred taxation assets of \$0.3 million and deferred tax liabilities of \$0.2 million are expected to be settled within 12 months (2008: deferred tax assets of \$0.3 million and deferred tax liabilities of \$0.2 million). The parent company has no deferred tax assets or liabilities (2008: nil).

Movement in temporary differences during the year:

Group \$'000	Balance 1 March 2007	Restated Recognised in income statement	Restated Recognised in equity	Restated Balance 29 February 2008	Recognised in income statement	Recognised in equity	Balance 28 February 2009
Property, plant and equipment	821	(1,370)	52	(497)	(296)	38	(755)
Inventory	42	(40)	-	2	11	-	13
Debtors	7	(2)	-	5	(1)	-	4
Provisions	3,307	(773)	56	2,590	(829)	(15)	1,746
Intangibles	(3,307)	854	1	(2,452)	1,079	8	(1,365)
Other	(3)	-	-	(3)	-	1	(2)
Tax losses	1,231	(1,231)	-	-	-	-	-
	2,098	(2,562)	109	(355)	(36)	32	(359)

14. Inventories

	Group 2009 \$'000	Group 2008 \$'000
Raw materials and consumables	2,098	2,075

All inventories are valued at cost. The cost of inventories is recognised as an expense and included in cost of goods sold in the income statement.

15. Other receivables

	Group 2009 \$'000	Restated Group 2008 \$'000	Company 2009 \$'000
Prepayments	1,424	276	40
Other debtors	265	293	-
	1,689	569	40

There were no foreign currency debtors included in other debtors (2008: nil).

The Group's exposure to credit risk is minimal as the Group's primary source of revenue is from sales made on a cash basis.

16. Capital and reserves

Reconciliation of movement in capital and reserves

	Note	Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Group \$'000s Restated						
Balance as at 1 March 2007		(25,622)	(85)	(102)	(6,822)	(32,631)
Total recognised income and expense		-	-	(11)	(9,015)	(9,026)
Share based payments		-	(7)	-	-	(7)
Net dividends distributed		-	-	-	5,827	5,827
Balance as at 29 February 2008 as reported previously		(25,622)	(92)	(113)	(10,010)	(35,837)
Effect of change in accounting policy	2.1, 30	-	-	-	660	660
Balance as at 29 February 2008 restated		(25,622)	(92)	(113)	(9,350)	(35,177)
Balance as at 1 March 2008 restated		(25,622)	(92)	(113)	(9,350)	(35,177)
Total recognised income and expense		-	-	44	(8,255)	(8,211)
Share based payments		-	13	-	-	13
Net dividends distributed		-	-	-	6,313	6,313
Balance as at 28 February 2009		(25,622)	(79)	(69)	(11,292)	(37,062)
Company \$'000s						
Balance as at 1 March 2007		(25,622)	(85)	-	21,477	(4,230)
Total recognised income and expense		-	-	-	(2,528)	(2,528)
Share based payments		-	(7)	-	-	(7)
Net dividends distributed		-	-	-	5,827	5,827
Balance as at 28 February 2008		(25,622)	(92)	-	24,776	(938)
Balance as at 1 March 2008		(25,622)	(92)	-	24,776	(938)
Total recognised income and expense		-	-	-	(3,634)	(3,634)
Share based payments		-	13	-	-	13
Net dividends distributed		-	-	-	6,313	6,313
Balance as at 28 February 2009		(25,622)	(79)	-	27,455	1,754

Share option reserve

The share option reserve comprises the net change in options exercised during the year and the cumulative net change of share based payments incurred.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from transactions of the financial statements of the foreign currency operation.

17. Dividend distributions

	Group 2009 \$'000	Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Interim dividend of 3.0 cents per share paid (2008:3.0 cents per share)	2,913	2,913	2,913	2,913
Final dividend of 3.5 cents per share paid for the year ended 29 February 2008 (2008:3.0 cents per share)	3,400	2,914	3,400	2,914
	6,313	5,827	6,313	5,827

Note 18 – Equity

The issued capital of the Company is 97,128,956 (2008: 97,128,956) ordinary fully paid up shares. The par value is nil (2008: nil). All issued shares carry equal rights in respect of voting and the receipt of dividends, and upon winding up rank equally with regard to the Company's residual assets.

Shares	Group & Company 2009 number	Group & Company 2009 \$'000	Group & Company 2008 number	Group & Company 2008 \$'000
Balance at end of year	97,128,956	25,622	97,128,956	25,622

There were no changes in the number of ordinary shares during the year.

19. Earnings per share

The calculation of basic earnings per share for the year ended 28 February 2009 was based on the net profit from continuing operations attributable to ordinary shareholders of \$8.3 million and the actual number of ordinary shares outstanding during the year of 97,128,956 shares (the weighted average number of ordinary shares equals the actual number of shares at year end).

	Group 2009 (cents) Earnings per share	Group 2009 \$'000	Restated Group 2008 (cents) Earnings per share	Restated Group 2008 \$'000
Basic and Diluted				
Profit attributable to ordinary shareholders continuing operations	8.50	8,255	9.07	8,811
(Loss) attributable to ordinary shareholders discontinued operations	-	-	(0.47)	(456)
Profit attributable to ordinary shareholders total operations	8.50	8,255	8.60	8,355

20. Loans and finance leases

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. All existing bank loans, loans and finance leases are denominated in New Zealand dollars, (2008 all denominated in New Zealand dollars). For more information about the Company's exposure to interest rate and foreign currency risk see Note 23.

	Note	Group 2009 \$'000	Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Non current liabilities					
Finance leases	24d	154	373	-	-
Secured bank loan	23c	34,260	42,498	34,260	42,498
		34,414	42,871	34,260	42,498
Current liabilities					
Finance leases	24d	251	429	-	-
Other loans	23c	34	84	-	-
		285	513	-	-

Secured bank loans were renewed in 2008 and expire in October 2010.

The secured bank loan of \$34.3 million is unhedged for interest rate rises (2008: \$42.5 million). The loan is floating at an interest rate of 4.7% (2008: 9.2%) at balance date. The bank loan is structured as a revolving wholesale advance facility with portions of the facility renewing on a regular basis.

As security over the loan and bank overdraft, the bank holds a negative pledge deed between Restaurant Brands New Zealand Limited and all its subsidiary companies. The negative pledge deed includes all obligations and cross guarantees between the guaranteeing subsidiaries.

The other loan is at a fixed interest rate of 8.75 % (2008: 7.17%) and is repayable within a year.

The carrying value equates to fair value.

21. Current creditors and accruals

	Group 2009 \$'000	Group 2008 \$'000	Company 2009 \$'000	Company 2008 \$'000
Trade creditors	9,731	11,314	-	-
Other creditors and accruals	5,375	5,114	-	533
Employee entitlements	5,839	5,590	-	-
Indirect and other taxes	1,176	2,703	-	-
	22,121	24,721	-	533

Included in trade creditors are foreign currency creditors of NZ\$104,000 (\$AU29,000; \$US30,000), (2008: \$NZ245,000, \$AU27,000 \$US174,000) which are not hedged. The trade creditors included in liabilities held for sale as per Note 7 are nil (2008: \$NZ546,000 unhedged, (\$AU479,000)).

22. Provisions and deferred income

Group \$'000	Surplus lease space	Store closure costs	Employee entitlements	Deferred income	Total
Balance at 1 March 2008	58	94	470	6,480	7,102
Provisions created during the year	130	262	198	-	590
Provisions used during the year	(104)	(220)	(87)	(1,405)	(1,816)
Provisions released during the year	(25)	(49)	(94)	-	(168)
Balance at 28 February 2009	59	87	487	5,075	5,708
2009					
Non-current	-	-	308	3,783	4,091
Current	59	87	179	1,292	1,617
	59	87	487	5,075	5,708

The provision for surplus lease space reflects lease commitments that the Group has on properties leased that are surplus to its current operating requirements. The Group is currently seeking tenants to sub-lease the excess space that it has. The provision has been used in the period to off-set payments made to lessors.

The provision for store closure costs reflects the estimated costs of make good and disposal of fixed assets for stores committed for closure.

The provision for deferred income relates to non routine revenue from suppliers and landlords and is recognised in the income statement on a systematic basis over the life of the associated contract.

The provision for employee entitlements is long service leave. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

23. Financial instruments

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the New Zealand dollar. The currencies giving rise to this risk are primarily U.S. dollars and Australian dollars.

The direct exposure to foreign currency risk is small and is primarily confined to raw material purchases, some items of capital equipment and some franchise fee payments. Where any one item is significant, the Group will specifically hedge its exposure.

The Group has an indirect exposure to foreign currency risk on some of its locally sourced ingredients, where those ingredients in turn have a high imported component. Where this is significant the Group contracts to a known purchase price with its domestic supplier based on a forward cover position taken by that supplier on its imported components.

The Group has a residual foreign currency risk on its assets and liabilities that are denominated in Australian dollars as part of its remaining Australian investment.

(b) Interest rate risk

The Group's main interest rate risk arises from long term bank loans. The Group analyses its interest rate exposure on a dynamic basis. Based on a number of scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. Based on these scenarios the maximum loss potential is assessed by management as to whether it is within acceptable limits.

Where necessary the Group hedges its exposure to changes in interest rates primarily through the use of interest rate swaps. There are no minimum prescribed guidelines as to the level of hedging.

The Group classifies interest rate swaps as cash flow hedges and states them at fair value. The fair value of swaps are adjusted against the opening balance of the hedging reserve at that date.

23. Financial instruments (continued)

No interest hedge exists at 28 February 2009 (2008: nil). Subsequent to balance date the Group entered into an interest rate swap to fix the interest rate on \$10 million of bank term loans for five years. The Group will continue to monitor interest rate movements to ensure it maintains an appropriate mix of fixed and floating rate exposure within the Group's policy.

(c) Liquidity risk

In respect of the Group's income earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rate at balance date and the periods in which they reprice.

Group 2009	Effective interest rate	Total \$'000	12 months or less \$'000	12 months or more \$'000
Cash		324	324	-
Bank balance	4.64%	463	463	-
Other loans	8.75%*	(34)	(34)	-
Bank term loan - principal	8.33%	(34,260)	-	(34,260)
Bank term loan - expected interest	4.20%	(2,398)	(1,439)	(959)
Finance leases	11.0%	(405)	(251)	(154)
		(36,310)	(937)	(35,373)

Group 2008	Effective interest rate	Total \$'000	12 months or less \$'000	12 months or more \$'000
Cash	-	340	340	-
Bank balance	4.81%	721	721	-
Other loans	7.17%*	(84)	(84)	-
Bank term loans - principal	8.62%	(42,498)	-	(42,498)
Bank term loans - expected interest	8.62%	(4,274)	(3,663)	(611)
Finance leases	11.0%	(802)	(429)	(373)
		(46,597)	(3,115)	(43,482)

*Other loans are a fixed interest rate.

Prudent liquidity risk management implies the availability of funding through adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group has bank funding facilities, excluding overdraft facilities, of \$55 million (2008: \$70 million) available at variable rates. The amount undrawn at balance date was \$20.7 million (2008: \$27.5 million).

The bank term loan is at floating interest rate and the other loan is at a fixed interest and is repayable within a year. The bank term loan is not due for payment within 12 months, however it is structured as a revolving wholesale advance facility with portions of the facility renewing on a regular basis. This leads to the loans being sensitive to interest rate movement in 12 months or less.

Subsequent to balance date the Group fixed the interest rate on \$10 million of bank term loans for a term of 5 years.

The company position for both 2009 and 2008 reflects the group position in the case of the bank term loans and the overdraft.

(d) Credit risk

Credit risk arises from cash deposits with banks and financial institutions and outstanding receivables.

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The nature of the business results in most sales being conducted on a cash basis that significantly reduces the risk that the Group is exposed to. Reputable financial institutions are used for investing and cash handling purposes.

At balance date there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

23. Financial instruments (continued)

(e) Fair values

The carrying values of bank loans and finance leases are the fair value of these liabilities. A Group set-off arrangement is in place between certain bank accounts operated by the Group.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates on a weighted average balance will have an impact on profit.

At 28 February 2009 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax and equity by approximately \$0.4 million (2008: \$0.4 million). A one percentage point decrease in interest rates would increase the Group's profit before income tax and equity by approximately \$0.4 million (2008: \$0.4 million).

A general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have minimal impact on the cost of the Group's directly imported ingredients denominated in foreign currencies.

Capital risk management

The Group's capital comprises share capital, reserves and retained earnings.

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern and to maintain an optimal capital structure commensurate with risk and return and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or draw down more debt.

The Group is subject to a number of externally imposed bank covenants as part of the terms of its secured bank loan facility.

The most significant covenants relating directly to capital management is the ratio of total debt to earnings before interest, tax and depreciation (EBITDA) and restrictions relating to acquiring its own shares.

The covenants are monitored and reported to the bank on a quarterly basis. In addition, the Group monitors these requirements which are reviewed by the Board on a regular basis.

There have been no breaches of the covenants during the period.

24. Commitments

(a) Capital commitments

The Group has capital commitments which are not provided for in these financial statements, as follows:

	Group 2009 \$'000	Group 2008 \$'000
Store development	1,385	2,621

(b) Operating lease commitments

Non cancellable operating lease rentals are payable as follows:

	Group 2009 \$'000	Group 2008 \$'000
Not later than one year	16,786	17,478
Later than one year but not later than two years	14,537	15,420
Later than two years but not later than five years	30,935	33,552
Later than five years	14,222	18,656
	76,480	85,106

(c) Renewal rights of operating leases

The Group has entered into a number of operating lease agreements for retail premises. The lease periods vary and many have an option to renew. Lease payments are increased as per the lease contracts to reflect market rentals. The table below summarises the Group's lease portfolio.

Number of leases with:	Rights of renewal		No right of renewal	
	2009	2008	2009	2008
Leases expiring in:				
Not later than one year	12	14	20	19
Later than one year but not later than two years	40	15	8	18
Later than two years but not later than five years	73	71	19	16
Later than five years	58	80	7	9

(d) Finance lease commitments

The carrying amount of finance leases in relation to computer and related equipment for the Group as at 28 February 2009 is \$0.4 million (2008: \$0.8 million).

The non cancellable finance lease rentals are payable as follows:

	Group 2009 \$'000	Group 2008 \$'000
Minimum lease payments of:		
Not later than one year	280	538
Later than one year but not later than two years	134	217
Later than two years but not later than five years	32	137
	446	892
Future lease finance charges	(41)	(90)
Net finance lease liability	405	802
Current	251	429
Non-current	154	373

The fair value of finance leases equals their carrying amount as the impact of discounting is not significant.

25. Net cash flow from operating activities

The following are definitions of the terms used in the statements of cash flows:

Cash and cash equivalents

Cash and cash equivalents are comprised of cash at bank, cash on hand and overdraft balances.

Investing activities

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangibles and investments. Investments can include securities not falling within the definition of cash.

Financing activities

Financing activities are those activities which result in changes in the size and composition of the capital structure of the Company.

Operating activities

Operating activities include all transactions and other events that are not investing or financing activities.

The following is a reconciliation between the surplus after taxation for the year shown in the income statement and the net cash flow from operating activities.

	Group	Restated Group	Company	Company
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Profit after taxation	8,255	8,355	3,634	2,528
Add items classified as investing / financing activities:				
Loss on disposal of property, plant and equipment	909	1,855	-	-
Other non-operating costs of exiting Pizza Hut Victoria	16	311	-	-
	925	2,166	-	-
Add / (less) non-cash items:				
Depreciation	12,377	12,416	-	-
(Decrease) / increase in provision for exit costs	(128)	415	-	-
(Decrease) in provisions	(163)	(560)	-	-
Amortisation of intangible assets	1,422	1,283	-	-
Impairment of property, plant and equipment	100	535	-	-
Impairment of Pizza Hut goodwill	3,698	1,187	-	-
Increase in deferred tax liability	4	2,453	-	-
Share based payments	(13)	7	(13)	7
	17,297	17,736	(13)	7
Add / (less) movement in working capital:				
(Increase) / decrease in inventories	(6)	35	-	-
(Increase) / decrease in other debtors and prepayments	(1,115)	650	(40)	-
(Decrease) / increase in trade creditors and other payables	(4,031)	1,419	(533)	221
Decrease in income tax receivable	1,515	530	-	-
Decrease in income tax	489	431	489	431
	(3,148)	3,065	(84)	652
Net cash from operating activities	23,329	31,322	3,537	3,187

26. Financial assets and financial liabilities by category

	Group	Restated Group	Company	Company
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Other receivables	1,689	569	40	-
Cash and cash equivalents	787	1,061	-	-
	2,476	1,630	40	-
Financial liabilities at amortised cost				
Loans and finance leases - non current	34,414	42,871	34,260	42,498
Loans and finance leases - current	285	513	-	-
Bank overdraft	-	-	198	267
Creditors and accruals	22,121	24,721	-	533
	56,820	68,105	34,458	43,298

27. Contingent liabilities

There are no contingent liabilities that the directors consider will have a significant impact on the financial position of the Company and Group (2008: nil).

28. Related party disclosures

Parent and ultimate controlling party

The immediate parent and controlling party of the Group is Restaurant Brands New Zealand Limited.

Identity of related parties with whom material transactions have occurred

Note 12 identifies all entities within the Group. All of these entities are related parties of the Company.

In addition, the directors and key management personnel of the Group are also related parties.

Transactions with related parties

Key management personnel comprises members of the senior leadership team. Key management personnel compensation comprised short term benefits for the year ended 28 February 2009 of \$1.9 million (2008: \$2.3 million). Directors fees were \$0.2 million (2008: \$0.2 million). Refer to Note 29 for details of employee options outstanding.

During the year the Group made stock purchases of \$0.1 million from Charlie's Group Limited (2008: \$0.1 million), a company of which Restaurant Brands director, Ted van Arkel is chairman. There was nil owing as at 28 February 2009 (2008: nil).

Material transactions within the Group are loans and advances to and from Group companies and dividend payments. All inter company group loans in the parent company are non interest bearing, repayable on demand and disclosed as a current liability.

Refer to Note 20 for details regarding the guarantees between group companies.

29. Employee share growth share option plan

The Company had established an employee share option plan ('the Plan') for certain employees, under which it issued options at no cost for shares in the Company to the employees. The holder of an option is entitled to subscribe for one fully paid share for each option held (adjusted for bonus share issues), at an exercise price that is determined by reference to the market price at the time of issue of the options.

On the anniversary date of issue in each subsequent year 20% of the options issued become exercisable. Options only remain exercisable (subject to certain conditions and legislative provisions) whilst holders remain employed by the Company. The options terminate 10 years from the date they are issued and are equity settled. Principal officers and employees of the Company that participated in the Plan received an annual issue of options in respect of the number of shares equal to approximately 10% of their eligible earnings divided by the exercise price per share.

29. Employee share growth share option plan (continued)

Options issued and outstanding under the Plan:

Date of issue	Exercise Price	Issued	Exercised to 29 February 2008	Exercised in Year	Forfeited Options	Outstanding Options at 28 February 2009
5-Jun-97	\$2.20	546,213	-	-	(546,213)	-
31-Aug-98	\$0.94	1,318,062	(494,228)	-	(823,834)	-
15-Sep-99	\$1.32	1,078,467	(203,228)	-	(657,136)	218,103
11-Sep-00	\$1.05	1,494,368	(433,283)	-	(817,124)	243,961
12-Sep-01	\$1.50	1,010,122	(76,018)	-	(647,558)	286,546
13-Sep-02	\$1.85	905,128	-	-	(624,319)	280,809
23-Sep-03	\$1.39	1,228,423	(34,486)	-	(739,227)	454,710
Total		7,580,783	(1,241,243)	-	(4,855,411)	1,484,129

In April 2003 the Plan was terminated and the final allocation of options was the September 2003 allocation. All existing rights with respect to options which have already been granted will be maintained.

The percentage of total shares on issue was 1.5% (2008: 1.9%).

In March 2000 there was a 1:12 taxable bonus share issue. Therefore options issued prior to and exercised after this date will have a corresponding adjustment to the number of shares issued.

Note 30 – Impact on change in accounting policy

As a result of adoption of the amendment to NZ IAS 38, the following adjustments were made to the 2008 financial information:

	Group \$'000
As of 29 February 2008	
Balance sheet	
Net (decrease) in other receivables	(943)
Net decrease in deferred tax liability	<u>283</u>
Net (decrease) in retained earnings	(660)
Income statement - continuing operations	
Net (increase) in marketing expenses	(943)
Net decrease in taxation expense	<u>283</u>
Net (decrease) in profit after taxation	(660)

The effect on basic and diluted earnings per share related to the restatement of 2008 was as follows:

	Group \$'000
(Decrease) in basic earnings per share from continuing operations (cents)	(0.68)
(Decrease) in basic earnings per share from total operations (cents)	(0.68)

The updated policy is in Note 2.2(h).

Note 31 – Subsequent event

Subsequent to balance date, the directors have declared a fully imputed final dividend of 4.0 cents per share for the year ended 28 February 2009 (2008: 3.5 cents).