

**KFC HOLDINGS (MALAYSIA) BHD** (65787-T)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		1/4/2010 - 30/6/2010 RM'000	1/4/2009 - 30/6/2009 RM'000	1/1/2010 - 30/6/2010 RM'000	1/1/2009 - 30/6/2009 RM'000
Revenue	A8	606,207	561,412	1,206,883	1,088,051
Operating expenses		(553,755)	(515,854)	(1,104,205)	(1,001,146)
Other operating income		618	817	1,346	2,309
Profit from operations		53,070	46,375	104,024	89,214
Finance costs		(984)	(1,472)	(1,820)	(3,378)
Profit before tax	A8	52,086	44,903	102,204	85,836
Tax expense		(15,600)	(12,600)	(30,700)	(24,100)
Profit for the period		36,486	32,303	71,504	61,736
Profit attributable to :					
Owners of the Company		35,727	31,680	69,970	60,377
Minority interests		759	623	1,534	1,359
		36,486	32,303	71,504	61,736
Earnings per share (sen) :					
(a) Basic		18.02	15.98	35.29	30.45
(b) Fully diluted		-	-	-	-

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

KFC HOLDINGS (MALAYSIA) BHD (65787-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/6/2010  RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 (AUDITED) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	814,899	773,241
Goodwill on consolidation	48,739	43,399
Intangible assets	24,611	25,275
Investment properties	898	898
Quoted investments	10,524	-
	<u>899,671</u>	<u>842,813</u>
<b>Current assets</b>		
Inventories	176,798	172,339
Receivables and deposits	160,477	151,869
Cash and cash equivalents	88,517	123,449
	<u>425,792</u>	<u>447,657</u>
<b>TOTAL ASSETS</b>	<u>1,325,463</u>	<u>1,290,470</u>
<b>EQUITY</b>		
Share capital	198,275	198,275
Reserves		
<i>Share premium</i>	18,736	18,736
<i>Exchange fluctuation reserve</i>	1,257	2,072
<i>Asset revaluation reserve</i>	25,041	25,169
Retained earnings	593,810	547,505
<b>Total equity attributable to shareholders of the Company</b>	<u>837,119</u>	<u>791,757</u>
<b>Minority interests</b>	<u>14,065</u>	<u>12,491</u>
<b>Total equity</b>	<u>851,184</u>	<u>804,248</u>
<b>Non-current liabilities</b>		
Loans and borrowings	79,832	84,387
Deferred tax liabilities	32,695	32,940
Employee benefits	3,247	3,099
	<u>115,774</u>	<u>120,426</u>
<b>Current liabilities</b>		
Payables and accruals	293,008	321,187
Current tax liabilities	19,588	12,159
Loans and borrowings	45,508	32,049
Employee benefits	401	401
	<u>358,505</u>	<u>365,796</u>
<b>Total liabilities</b>	<u>474,279</u>	<u>486,222</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,325,463</u>	<u>1,290,470</u>
Net assets per share (RM)	4.22	3.99

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

KFC HOLDINGS (MALAYSIA) BHD <sup>(65787-T)</sup>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Attributable to owners of the Company----->				<-----Non-Distributable-----> Distributable			
	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserve RM'000	Asset revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2010	198,275	18,736	2,072	25,169	547,505	791,757	12,491	804,248
Profit for the period	-	-	-	-	69,970	69,970	1,534	71,504
Dividend - 2009 Final	-	-	-	-	(23,793)	(23,793)	-	(23,793)
Transfer from revaluation reserve	-	-	-	(128)	128	-	-	-
Increase in minority interests	-	-	-	-	-	-	40	40
Translation differences	-	-	(815)	-	-	(815)	-	(815)
At 30 June 2010	<u>198,275</u>	<u>18,736</u>	<u>1,257</u>	<u>25,041</u>	<u>593,810</u>	<u>837,119</u>	<u>14,065</u>	<u>851,184</u>
At 1 January 2009	198,275	18,736	1,128	27,841	446,178	692,158	10,232	702,390
Profit for the period	-	-	-	-	60,377	60,377	1,359	61,736
Dividend - 2008 Final	-	-	-	-	(20,819)	(20,819)	-	(20,819)
Translation differences	-	-	2	-	-	2	-	2
At 30 June 2009	<u>198,275</u>	<u>18,736</u>	<u>1,130</u>	<u>27,841</u>	<u>485,736</u>	<u>731,718</u>	<u>11,591</u>	<u>743,309</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

**KFC HOLDINGS (MALAYSIA) BHD** (65787-T)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	CUMULATIVE QUARTERS AS AT 30/6/2010 RM'000	CUMULATIVE QUARTERS AS AT 30/6/2009 RM'000
<b>Operating activities</b>		
Profit before tax	102,204	85,836
Adjustments for :		
Interest expense	1,820	3,378
Interest income	(263)	(185)
Non-cash items	43,900	37,191
Operating profit before working capital changes	<u>147,661</u>	<u>126,220</u>
Changes in working capital :		
Net change in current assets	(15,570)	(19,839)
Net change in current liabilities	(29,600)	(30,024)
Cash generated from operations	<u>102,491</u>	<u>76,357</u>
Interest paid	(1,820)	(3,378)
Taxes paid	(20,840)	(22,949)
Retirement benefits paid	-	(378)
Net cash generated from operating activities	<u>79,831</u>	<u>49,652</u>
<b>Investing activities</b>		
Equity investments	(6,081)	-
Other investments	(92,717)	(45,326)
Net cash used in investing activities	<u>(98,798)</u>	<u>(45,326)</u>
<b>Financing activities</b>		
Payment of dividends	(23,793)	(20,819)
Bank borrowings	7,828	(3,169)
Net cash used in financing activities	<u>(15,965)</u>	<u>(23,988)</u>
Net change in cash and cash equivalents	(34,932)	(19,662)
Cash and cash equivalents at beginning of period	123,449	97,985
Cash and cash equivalents at end of period	<u>88,517</u>	<u>78,323</u>
The cash and cash equivalents consist of the following:-		
<i>Deposits with financial institutions</i>	43,848	21,943
<i>Cash and bank balances</i>	44,669	56,380
	<u>88,517</u>	<u>78,323</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)