BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Half Year Ended 30 June 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of BreadTalk Group Limited is pleased to announce the consolidated results of the Group for the half year ended 30 June 2008. The figures presented below have not been audited.

	Group Half Year Ended 30 June		
	2008 $000	**2007 (Restated)** $000	Increase/ (Decrease)
Revenue	92,860	69,674	33.3%
Cost of sales	(42,131)	(31,191)	35.1%
Gross profit	50,729	38,483	31.8%
Other operating income	3,699	2,795	32.3%
Distribution and selling expenses	(35,330)	(26,148)	35.1%
Administrative expenses	(13,533)	(10,941)	23.7%
Profit from operations	5,565	4,189	32.8%
Interest income	59	68	-13.2%
Interest expense	(411)	(455)	-9.7%
Profit before tax and and share of results of associates and joint ventures	5,213	3,802	37.1%
Share of results of associates	(273)	(127)	-115.0%
Share of results of joint ventures	3	188	-98.4%
Profit before tax	4,943	3,863	28.0%
Tax expense	(1,914)	(1,000)	91.4%
Profit after tax	3,029	2,863	5.8%
Attributable to:			
Shareholders of the Company	**2,643**	**2,445**	8.1%
Minority interests	386	418	-7.7%
	3,029	2,863	5.8%

1(a)(ii) Breakdown and Explanatory Notes to the income statement.

(A) Profit before tax is arrived at after charging / (crediting) the following:

	Group Half Year Ended 30 June		
	2008 $000	**2007 (Restated)** $000	Increase/ (Decrease)
Depreciation and amortisation	6,284	4,815	30.5%
Operating lease expenses	20,741	14,677	41.3%
Personnel expenses	25,172	19,540	28.8%
Plant and equipment written off	91	433	-79.0%
Loss on disposal of plant and equipment	29	10	190.0%
Gain on disposal of an associate	-	(83)	-100.0%
Allowance for doubtful receivables	-	236	-100.0%
Foreign exchange loss, net	171	4	4175.0%
Government grant	(747)	(235)	217.9%

N.A. - Not applicable N.M. - Not meaningful

(B) Tax Expense

The tax expense of $1.9 million for HY08 is net of an under-provision of $32,000 in respect of prior years (HY07: under-provision of $100,000)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.06.2008	**31.12.2007**	**30.06.2008**	**31.12.2007**
	$000	$000	$000	$000
Non-current assets				
Property, plant and equipment	46,895	44,893	49	15
Intangible assets	9,424	9,665	-	-
Investment securities	316	316	-	-
Investment in subsidiaries	-	-	23,739	23,139
Investment in associates	778	1,051	-	-
Investment in joint ventures	286	282	-	-
Deferred tax assets	436	394	-	-
	58,135	56,601	23,788	23,154
Current assets				
Inventories	3,239	2,506	-	-
Trade receivables	3,113	3,027	-	-
Other receivables and deposits	14,070	13,105	2	11
Prepayments	2,478	1,798	6	11
Amount due from subsidiaries (non-trade)	-	-	7,786	8,761
Amount due from associates (non-trade)	-	7	-	-
Amount due from joint ventures (trade)	-	64	-	-
Amount due from joint ventures (non-trade)	282	237	-	-
Fixed deposits	3,050	2,814	2,542	2,509
Cash on hand and at bank	37,780	35,531	1,142	2,586
	64,012	59,089	11,478	13,878
Current liabilities				
Trade payables	9,305	8,861	-	-
Other payables	25,664	25,074	110	159
Other liabilities	14,776	17,048	757	1,304
Provision for reinstatement cost	1,527	1,487	-	-
Amount due to subsidiaries (non-trade)	-	-	12	4
Amount due to associates (trade)	-	5	-	-
Amount due to associates (non-trade)	3	-	-	-
Amount due to joint ventures (non-trade)	5	11	-	-
Amount due to landlord (non-trade)	234	190	-	-
Finance lease obligations, secured	165	244	-	-
Loan from minority shareholders of subsidiaries	268	125	-	-
Short term loan, secured	6,307	3,283	-	-
Long-term loans, secured	3,724	3,701	-	-
Tax payable	2,808	2,967	49	43
	64,786	62,996	928	1,510
Net current (liabilities)/ assets	**(774)**	**(3,907)**	**10,550**	**12,368**
Non-current liabilities				
Long-term loans, secured	5,772	3,977	-	-
Finance lease obligations, secured	392	366	-	-
Amount due to landlord (non-trade)	213	240	-	-
Deferred tax liabilities	1,004	845	-	-
	7,381	5,428	-	-
Net assets	49,980	47,266	34,338	35,522
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Accumulated profits	11,745	10,394	1,035	2,219
Statutory reserve fund	612	612	-	-
Translation reserve	(86)	(213)	-	-
	45,574	44,096	34,338	35,522
Minority interests	4,406	3,170	-	-
Total equity	49,980	47,266	34,338	35,522

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30.06.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
10,196	268	7,228	125

Amount repayable after one year

As at 30.06.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
6,164	-	4,343	-

Details of any collateral

(1) As at 30 June 2008, the Group's term loans totalling approximately $15.8 million are secured by corporate guarantees issued by the Company.

(2) Finance lease obligations are secured by the underlying assets acquired and in some cases, together with corporate guarantees issued by the Company.

(3) As at 30 June 2008, there were several deeds of guarantee executed by the Company to secure certain operating leases of a subsidiary company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group Half Year Ended 30 June	
	2008	**2007 (Restated)**
	$000	$000
Cashflows from operating activities		
Profit before tax	4,943	3,863
Adjustments for:		
Share of results of associates	273	127
Share of results of joint ventures	(3)	(188)
Depreciation of property, plant and equipment	5,990	4,542
Amortisation of intangible assets	294	273
Gain on disposal of an associated company	-	(83)
Loss on disposal of plant and equipment	29	10
Plant and equipment written off	91	433
Intangible assets written off	14	-
Allowance for doubtful receivables	-	236
Interest expense	411	455
Interest income	(59)	(68)
Translation difference	257	(74)
Operating profit before working capital changes	12,240	9,526
(Increase)/ decrease in:		
Inventories	(732)	(41)
Trade receivables	(87)	(1,356)
Other receivables and deposits	(963)	(2,084)
Prepayments	(680)	(244)
Amount due from related parties	-	78
Amount due from associates (trade)	-	699
Amount due from associates (non-trade)	7	213
Amount due from joint ventures (trade)	63	(62)
Amount due from joint ventures (non-trade)	(45)	132
Amount due from minority shareholder (non-trade)	-	150
Increase/ (decrease) in:		
Trade payables	444	932
Other payables and other liabilities	(1,681)	(1,283)
Amount due to associates (trade)	(5)	113
Amount due to associates (non-trade)	3	(360)
Amount due to joint ventures (non-trade)	(7)	(1)
Cash generated from operations	8,557	6,412
Tax paid	(1,955)	(953)
Net cash flow from operating activities	**6,602**	**5,459**

Cash flows from investing activities		
Interest income received	59	68
Purchase of property, plant and equipment	(8,440)	(5,918)
Proceeds from disposal of plant and equipment	76	109
Proceeds from disposal of an associated company	-	178
Acquisition of intangible assets	(75)	(67)
Investment in associates	-	(1,200)
Investment in joint ventures	-	(336)
Net cash flow used in investing activities	**(8,380)**	**(7,166)**
Cash flows from financing activities		
(Increase)/ decrease in fixed deposits and cash at bank pledged	(2)	107
Interest expense paid	(399)	(443)
Dividends paid to shareholders of the Company	(1,292)	(987)
Dividends paid to minority shareholders	-	(492)
Net repayment of finance lease obligations	(53)	(55)
Net proceeds of short-term loans	3,059	175
Net proceeds of long-term loans	1,948	979
Net proceeds from issue of new shares	-	11,787
Capital injection from minority shareholders of subsidiaries	850	-
Loan from a minority shareholder	150	44
Net cash flow from financing activities	**4,261**	**11,115**
Net increase in cash and cash equivalents	2,483	9,408
Cash and cash equivalents at beginning of year	38,238	18,455
Cash and cash equivalents at end of period	**40,721**	**27,863**
Note: Cash and cash equivalents		
Cash on hand and at bank	37,780	27,756
Fixed deposits	3,050	1,107
	40,830	28,863
Less: Fixed deposits pledged	(109)	(1,000)
Cash and cash equivalents	40,721	27,863

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to Shareholders of the Company						
	Share capital	**Translation reserve**	**Accumulated profits**	**Statutory reserve fund**	**Total**	**Minority interests**	**Total equity**
Group	$000	$000	$000	$000	$000	$000	$000
At 1 January 2007							
- As previously stated	21,516	(303)	6,258	123	27,594	3,221	30,815
- Effect of prior year adjustments	-	53	(1,707)	-	(1,654)	(163)	(1,817)
- As restated	21,516	(250)	4,551	123	25,940	3,058	28,998
Net effect of currency translation difference	-	239	-	-	239	-	239
Net profit for the period	-	-	2,445	-	2,445	418	2,863
Dividend paid	-	-	(987)	-	(987)	(492)	(1,479)
Issuance of new shares	12,240	-	-	-	12,240	-	12,240
Share issue expense	(453)	-	-	-	(453)	-	(453)
Issuance of new shares to minority shareholders	-	-	-	-	-	58	58
Balance at 30 June 2007	**33,303**	**(11)**	**6,009**	**123**	**39,424**	**3,042**	**42,466**
Balance at 1 January 2008	33,303	(213)	10,394	612	44,096	3,170	47,266
Translation difference	-	127	-	-	127	-	127
Net profit for the period	-	-	2,643	-	2,643	386	3,029
Dividend paid	-	-	(1,292)	-	(1,292)	-	(1,292)
Issuance of new shares to minority shareholders	-	-	-	-	-	850	850
Balance at 30 June 2008	**33,303**	**(86)**	**11,745**	**612**	**45,574**	**4,406**	**49,980**

Company	Share capital $000	Accumulated profits/ (losses) $000	Total $000
As at 1 January 2007	21,516	(263)	21,253
Issuance of new shares	12,240	-	12,240
Share issue expense	(453)	-	(453)
Dividend paid	-	(987)	(987)
Net profit for the period	-	1,644	1,644
Balance at 30 June 2007	**33,303**	**394**	**33,697**
As at 1 January 2008	33,303	2,219	35,522
Dividend paid	-	(1,292)	(1,292)
Net profit for the period	-	108	108
Balance at 30 June 2008	**33,303**	**1,035**	**34,338**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital during the half year ended 30 June 2008.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding years. As at these dates, the total number of issued shares was 234,911,034.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon.

Not Applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of new/ revised FRS effective 1 January 2008 has no material impact on the financial statements of the Group.

The comparative for the same period last year has been restated to recognise operating lease expenses in the income statement on a straight line basis over the lease terms in compliance with FRS 17 "Leases" instead of on an incurred basis. As a result, the net profit attributable to shareholders of the Company for HY2007 has been restated to $2.4 million and EPS to 1.12 cents per share.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	HY2008	HY2007 (Restated)
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	1.13 cents	1.12 cents
Weighted average number of ordinary shares	234,911,034	217,911,034
(b) On a fully diluted basis	1.13 cents	1.12 cents
Adjusted weighted average number of ordinary shares	234,911,034	217,911,034

As at 30 June 2008, there were no share options issued under the "BreadTalk Group Limited Employees' Share Option Scheme" and, hence, there were no potential dilutive ordinary shares.

7. Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Net asset value per ordinary share based on issued share capital as at the end of period reported on	19.4 cents	18.8 cents	14.6 cents	15.1 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Overview

The Group recorded strong revenue growth for the half year ended 30 June 2008 on the back of broad-based growth across all business and geographical segments. Group revenue rose 33.3% to $92.9 million in 1H08 while profit before tax rose 28.0% to $4.9 million.

Group operating profit rose 32.8% to $5.6 million, up from $4.2 million in 1H07 spurred by strong showings across all business segments and steady operating margin of 6% in spite of inflationary pressures. Double-digit operating profits increases were registered across the board - bakery (+26.3%), restaurant (+11.2%) and food court (+95.6%) segments.

Share of associates' loss was $273,000 in 1H08 compared to a loss of $127,000 in 1H07 mainly attributed to net loss incurred by Out of The Box Pte Ltd, a 30% owned associate.

Share of results of joint ventures was down from $188,000 in 1H07 to $3,000 in 1H08 as a result of consolidating profits from the MWA as subsidiary instead of equity accounting. Operating profit of MWA rose $0.1 million or 10.2% to $0.9 million in 1H08.

The Group's effective tax rate for 1H08 stood at 38.7% compared to 25.9% for 1H07 mainly due to losses incurred by certain subsidiaries where group tax relief could not be applied. The effective tax rate would have matched that for 1H07 had the tax benefits of these entities been utilised in the current period.

As a result, Group net profit attributable to the shareholders rose 8.1% to $2.6 million in 1H08 compared to $2.4 million in 1H07.

Earnings per share on a fully diluted basis grew from 1.12 cents to 1.13 cents in 1H08 whilst its net asset value per share increased from 18.8 cents to 19.4 cents as of 30 June 2008.

(A) Segmental Analysis

Group revenue rose 33.3% to $92.9 million fueled by successful expansion drive across all business divisions.

	HY2008		HY2007		Increase	
	$000	% Contribution	$000	% Contribution	$000	
Bakery sales	40,693	43.8%	29,516	42.4%	11,177	37.9%
Franchise income	6,947	7.5%	5,535	7.9%	1,412	25.5%
Restaurant sales	15,023	16.2%	13,378	19.2%	1,645	12.3%
Foodcourt income	30,197	32.5%	21,245	30.5%	8,952	42.1%
	92,860	100.0%	69,674	100.0%	23,186	33.3%

Bakery

The number of bakery outlets owned and operated by the Group:

	Number of Bakery Outlets		
	30-Jun-08	**31-Dec-07**	**30-Jun-07**
Singapore	41 *	34	33
Malaysia	7	5	4
Hong Kong	2	2	3
PRC	31	29	25
Thailand	3	3	3
	84	73	68

**Inclusive of 2 J Co outlets*

Sales from bakery business, the largest revenue contributor, increased 37.9% to $40.7 million in 1H08. Sales growth was driven by expansion in Singapore and the PRC as well as consolidation of revenue from Hong Kong and Malaysia units which became subsidiaries of the Group in August 2007 and September 2007 respectively.

Bakery sales in Singapore rose 26.3% or $4.6 million to $22.1 million in 1H08 boosted by contributions from 6 additional stores in 1H08 and the higher same store sales. Revenue growth was further boosted by maiden revenue contribution of $1.2 million from J Co. Donuts and Cafe business in Singapore ("J Co"). J Co opened its first outlet at Raffles City in February 08 and its second outlet at Bugis Junction in May 08, both to popular reception.

PRC bakery sales grew a strong 24.1% or $2.7 million to $13.9 million in 1H08 driven by addition of 6 new outlets as well as growth in same store sales.

The Group's franchised bakery network:

		As At	
	30-Jun-08	**31-Dec-07**	**30-Jun-07**
Indonesia	44	36	32
Philippines	12	11	8
Kuwait	7	6	4
UAE	4	3	3
Taiwan	-	1	1
India	4	4	2
Korea	1	-	-
PRC	48	36	23
	120	97	73

Franchise revenue grew 25.5% or $1.4 million to $6.9 million in 1H08, driven by higher franchise fee income, growth in royalty fees and raw materials sales as the total number of franchised outlets increased to 120 outlets as of June 08 compared to 73 outlets a year ago. The franchise network expanded wider with the addition of franchisees for Korea, Vietnam, Wenzhou, Kunming and Wuxi during 1H08.

Overall bakery operating profit grew 26.3% to $1.5 million mainly driven by higher profit from PRC bakery operations. While hikes in raw material prices added pressure on gross margin, the impact was relieved by higher sales achieved. Operating margin decreased marginally to 3.0% from 3.3% in 1H07. PRC bakery segment recorded strong profit growth on the back of rising sales, while profit from Singapore bakery operations was flat compared to 1H07 after consolidating an operating loss of $0.5 million incurred by J Co. Donuts which is at its initial start-up stage.

Restaurants

Revenue from the restaurant business increased 12.3% to $15.0 million in 1H08. This was mainly attributable to higher Din Tai Fung restaurant same store sales as well as consolidation of revenue from Cosmopolitan Cafe at Wisma Atria in Singapore after it became a subsidiary of the Group in December 2007.

Restaurant business registered operating profit growth of 11.2% to $2.1 million in 1H08 lifted by rising revenue from the Din Tai Fung restaurants. Operating margin was stable at 13.8% boosted by Din Tai Fung's higher operating margin of 18% but the positive impact was partially offset by operating loss at Cosmopolitan Cafe and Station Kitchen.

Food Courts

Number of food courts owned and operated by the Group:

		As At	
	30-Jun-08	**31-Dec-07**	**30-Jun-07**
PRC	20	18	18
Hong Kong	3	2	1
Singapore	3	3	3
Malaysia	1	1	-
	27	24	22

Food court business registered revenue growth of $9.0 million or 42.1% from $21.2 million in 1H07 to $30.2 million in 1H08 with higher revenue contribution recorded by Singapore, PRC and Hong Kong food court operations.

Revenue from Singapore food courts rose $5.6 million or 116.7% to $10.4 million in 1H08 mainly due to consolidation of revenue from MWA Pte Ltd ("MWA") as well as full six month revenue contribution from Suntec City outlet which opened in May 2007. MWA was a 50% joint venture for the food court at Wisma Atria in Singapore which became a wholly owned subsidiary after the Group acquired the remaining 50% equity stake in December 2007.

Revenue from PRC food courts was up $1.5 million or 11.4% to $14.7 million in 1H08, due to additional two food courts in 1H08 as well as full six months revenue contribution from Shanghai Metro City food court which was temporarily closed for two months in 1H07 for upgrading.

Revenue from Hong Kong food courts grew $2.3 million or 71.4% to $5.6 million in 1H08 mainly attributable to revenue contribution from its 2nd outlet at Citigate and 3rd outlet at Silvercord opened in September 07 and May 08 respectively.

Food court operating profit grew 95.6% to $2.0 million in 1H08. Profit growth was driven mainly by expansion and higher revenue from both PRC and Singapore despite an operating loss of $1.2m incurred by Hong Kong operations. The Hong Kong food court performance was affected by delay in the opening of new food courts where operating leases had already commenced. Operating margin improved to 6.4% from 4.7% in 1H07.

(B) Geographical Analysis

Breakdown of the Group's revenue by geographical segment is summarised below:

	HY2008		HY2007		Increase	
	$000	% Contribution	$000	% Contribution	$000	
Singapore	47,286	50.9%	35,718	51.3%	11,568	32.4%
PRC	32,405	34.9%	27,181	39.0%	5,224	19.2%
Hong Kong	6,759	7.3%	3,392	4.9%	3,367	99.3%
Rest of the world	6,410	6.9%	3,383	4.8%	3,027	89.5%
	92,860	100.0%	69,674	100.0%	23,186	33.3%

The Group achieved broad-based revenue growth across all geographical segments in 1H08. Revenue from Singapore jumped $11.6 million or 32.4% to $47.3 million in 1H08 driven by revenue growth across the three business segments, namely bakery, restaurant and food court operations.

Revenue contribution from PRC grew $5.2 million or 19.2% to $32.4 million in 1H08, with growth coming from both the bakery and food court segments. Revenue contribution from Hong Kong rose $3.4 million or 99.3% to $6.8 million due to consolidation of revenue from the Hong Kong bakery operations and contribution from additional two new food courts.

Revenue from rest of the world rose $3.0 million or 89.5% to $6.4 million mainly due to consolidation of revenue of a Malaysian bakery unit which became a 90% owned subsidiary in September 2007 as well as higher franchise revenue recorded.

(C) Balance Sheet

The Group's property, plant and equipment rose $2.0 million in 1H08 to $46.9 million as at 30 June 2008 compared to $44.9 million as at 31 December 2007. A total cost of $8.4 million of plants and equipments were added in 1H08 mainly attributable to the opening of new bakery outlets and food courts in Singapore, Hong Kong and the PRC. The increase in plant and equipments was offset by depreciation charge for 1H08 amounting to $6.0 million and disposal and write off of certain assets.

Investment in associates decreased from $1.1 million as at 31 December 2007 to $0.8 million as at 30 June 2008 due to share of associates' losses incurred during 1H08.

Prepayment increased by $0.7 million to $2.5 million as at 30 June 2008 compared to $1.8 million as at 31 December 2007 mainly due to advance payments made to certain suppliers as well as advance rental paid to landlord to secure new lease of premises.

Other liabilities decreased by $2.5 million or 14.8% from $17.0 million as at 31 December 2007 to $14.5 million as at 30 June 2008 mainly due to bonus payout for FY2007 as well as payment of certain accrued expenses.

The Group's total borrowings was up $4.9 million to $16.6 million as at 30 June 2008 compared to $11.7 million as at 31 December 2007. New bank loans of $8.1 million were taken up to finance the Group's business expansion while there was repayment of bank loans of about $3.1 million during the period.

As at 30 June 2008, the Group's net current liabilities position narrowed to $0.8 million from $3.9 million as at 31 December 2007 as a result of net operating cash inflow generated in 1H08. The net current liabilities position arose mainly from the use of cash and short-term borrowings to finance the purchase of plant and equipments as part of the Group's business expansion. Included in current liabilities are food court tenants' deposits and stored value card deposits of S$6.4 million and deferred revenue of S$3.9 million. Deferred revenue as at 30 June 2008 comprises mainly unutilised value on the food court stored value cards and unredeemed cash vouchers sold. These current liabilities, because of their nature, are not expected to result in significant cash outflow from the Group within the next 12 months. In addition, the Group has unutilised banking facilities available for future use.

(D) Cash Flow Statement

A net cash inflow from operations of $6.6 million was generated in 1H08, up $1.1 million compared to $5.5 million in 1H07 as a result of higher operating profit achieved in 1H08.

As at 30 June 2008, the Group's cash and cash equivalents rose $2.5 million to $40.7 million, up from $38.2 million as at 31 December 2007. The increase was mainly contributed by the strong operating cash flow of $6.6 million and a net cash inflow from financing activities of $4.3 million, offset by a total sum of $8.4 millon used for investing activities. The major capital expenditure comprises mainly investment in new food courts and bakery outlets.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results
Not Applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group's performance is subject to fluctuations in material costs, rental, labour, utilities and foreign exchange.

The Group will continue to implement its growth strategies for the rest of the year. To deal with rising costs, the Group is keeping a tight grip on its expenses through operational efficiencies, diversifying its sources of raw materials and on-going business rationalization exercise to focus on expanding profitable stores while closing up the non-performing ones.

The Group will continue to focus on its strength in branding, innovation and prudent operational controls to position itself for further growth in all business segments over a diversified geographical footprint.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?
None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

(c) Date payable
Not applicable

(d) Books closure date
Not applicable

12. If no dividend has been declared/recommended, a statement to that effect
No interim dividend for the half year ended 30 June 2008 has been recommended.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments
Not applicable

15. Breakdown of revenue and profit after tax
Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year
Not applicable

17. Negative Assurance on Interim Financial Statements

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the financial results for the half year ended 30 June 2008 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
13 August 2008