

**BREADTALK GROUP LIMITED**

**Financial Statement and Dividend Announcement For The Year Ended 31 December 2008**

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

**1(a)(i) 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 year ended 31 December 2008. The figures presented below have not been audited.

	Group		Increase/ (Decrease)
	FY2008 \$000	FY2007 \$000	
Revenue	212,249	156,610	35.5%
Cost of sales	<u>(96,803)</u>	<u>(69,863)</u>	38.6%
Gross profit	115,446	86,747	33.1%
Other operating income	7,784	6,319	23.2%
Distribution and selling expenses	(77,942)	(55,632)	40.1%
Administrative expenses	(32,061)	(25,284)	26.8%
Profit from operations	<u>13,227</u>	<u>12,150</u>	8.9%
Interest income	167	173	-3.5%
Interest expense	(851)	(908)	-6.3%
Profit before tax and and share of results of associates and joint ventures	<u>12,543</u>	<u>11,415</u>	9.9%
Share of results of associates	(496)	(454)	9.3%
Share of results of joint ventures	<u>(46)</u>	<u>267</u>	-117.2%
Profit before tax	12,001	11,228	6.9%
Tax expense	<u>(3,643)</u>	<u>(2,791)</u>	30.5%
Profit after tax	<u><u>8,358</u></u>	<u><u>8,437</u></u>	-0.9%
Attributable to:			
<b>Shareholders of the Company</b>	<b>7,770</b>	<b>7,319</b>	6.2%
Minority interests	<u>588</u>	<u>1,118</u>	-47.4%
	<u><u>8,358</u></u>	<u><u>8,437</u></u>	-0.9%

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

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

	Group		Increase/ (Decrease)
	FY2008 \$000	FY2007 \$000	
Depreciation and amortisation	13,729	10,348	32.7%
Operating lease expenses	46,078	32,047	43.8%
Personnel expenses	57,277	42,001	36.4%
Plant and equipment written off	799	593	34.7%
Intangible assets written off	7	-	N.A.
Loss on disposal of plant and equipment	19	130	-85.4%
Impairment loss on plant and equipment	465	-	N.A.
Impairment loss on investment in associate	385	-	N.A.
Bad trade debts written off	-	8	-100.0%
(Writeback of) Impairment of loans and receivables			
- trade receivables	(10)	10	-200.0%
- amount due from associates (non-trade)	(107)	275	-138.9%
Gain on disposal of an associate	-	(83)	-100.0%
Loss on liquidation of an associate	32	-	N.A.
Foreign exchange loss, net	26	89	-70.8%
Government grant	(775)	(1,153)	-32.8%

N.A. - Not applicable

N.M. - Not meaningful

**(B) Tax Expense**

The tax expense of \$3.6 million for FY08 included an over-provision of \$273,000 in respect of prior years (FY07: over-provision of \$306,000)

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	
	31.12.2008 \$000	31.12.2007 \$000	31.12.2008 \$000	31.12.2007 \$000
<b>Non-current assets</b>				
Property, plant and equipment	58,156	44,893	69	15
Intangible assets	9,205	9,665	-	-
Investment securities	1,494	316	-	-
Investment in subsidiaries	-	-	23,739	23,139
Investment in associates	200	1,051	-	-
Investment in joint ventures	222	282	-	-
Deferred tax assets	532	394	-	-
	<u>69,809</u>	<u>56,601</u>	<u>23,808</u>	<u>23,154</u>
<b>Current assets</b>				
Inventories	3,925	2,506	-	-
Trade receivables	4,761	3,027	-	-
Other receivables and deposits	16,901	13,105	9	11
Prepayments	2,558	1,798	24	11
Amount due from subsidiaries (non-trade)	-	-	7,853	8,761
Amount due from associates (non-trade)	-	7	-	-
Amount due from joint ventures (trade)	12	64	-	-
Amount due from joint ventures (non-trade)	331	237	-	-
Fixed deposits	3,187	2,814	2,550	2,509
Cash on hand and at bank	44,690	35,531	3,909	2,586
	<u>76,365</u>	<u>59,089</u>	<u>14,345</u>	<u>13,878</u>
<b>Current liabilities</b>				
Trade payables	11,630	8,861	-	-
Other payables	33,915	25,074	149	159
Other liabilities	21,072	17,048	1,475	1,304
Provision for reinstatement cost	1,809	1,487	-	-
Amount due to subsidiaries (non-trade)	-	-	8	4
Amount due to associates (trade)	-	5	-	-
Amount due to joint ventures (non-trade)	99	11	-	-
Amount due to landlord (non-trade)	90	190	-	-
Finance lease obligations, secured	191	244	-	-
Loan from minority shareholders of subsidiaries	276	125	-	-
Short term loan, secured	4,855	3,283	-	-
Long-term loans, secured	4,844	3,701	-	-
Tax payable	3,102	2,967	45	43
	<u>81,883</u>	<u>62,996</u>	<u>1,677</u>	<u>1,510</u>
<b>Net current (liabilities)/ assets</b>	<b>(5,518)</b>	<b>(3,907)</b>	<b>12,668</b>	<b>12,368</b>
<b>Non-current liabilities</b>				
Long-term loans, secured	6,407	3,977	-	-
Finance lease obligations, secured	430	366	-	-
Amount due to landlord (non-trade)	197	240	-	-
Deferred tax liabilities	1,124	845	-	-
	<u>8,158</u>	<u>5,428</u>	<u>-</u>	<u>-</u>
Net assets	<u>56,133</u>	<u>47,266</u>	<u>36,476</u>	<u>35,522</u>
<b>Share capital and reserves</b>				
Share capital	33,303	33,303	33,303	33,303
Accumulated profits	16,408	10,394	3,173	2,219
Statutory reserve fund	1,076	612	-	-
Fair value adjustment reserve	1,178	-	-	-
Translation reserve	545	(213)	-	-
	<u>52,510</u>	<u>44,096</u>	<u>36,476</u>	<u>35,522</u>
Minority interests	3,623	3,170	-	-
Total equity	<u>56,133</u>	<u>47,266</u>	<u>36,476</u>	<u>35,522</u>

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

**Amount repayable in one year or less, or on demand**

As at 31.12.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
9,890	276	7,228	125

**Amount repayable after one year**

As at 31.12.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
6,837	-	4,343	-

**Details of any collateral**

- (1) As at 31 Dec 2008, the Group's term loans totalling approximately \$16.1 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 31 Dec 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	
	FY2008	FY2007
	\$000	\$000
<b>Cashflows from operating activities</b>		
Profit before tax	12,001	11,228
Adjustments for:		
Share of results of associates	496	454
Share of results of joint ventures	46	(267)
Depreciation of property, plant and equipment	13,147	9,793
Amortisation of intangible assets	582	555
Gain on disposal of an associated company	-	(83)
Loss on liquidation of an associated company	32	-
Loss on disposal of plant and equipment	19	130
Impairment loss on plant and equipment	465	-
Plant and equipment written off	799	593
Intangible assets written off	7	-
Impairment loss on investment in associate	385	-
Allowance for doubtful receivables	-	-
Interest expense	851	908
Interest income	(167)	(173)
(Write back of) Impairment for trade receivables	(10)	10
(Write back of) Impairment of amount due from associates (non-trade)	(107)	275
Bad debts written off	-	8
Dividend income from investment securities	-	(55)
Unrealised foreign exchange gain	(57)	-
Translation difference	(426)	17
Operating profit before working capital changes	28,063	23,393
(Increase)/ decrease in:		
Inventories	(1,419)	(354)
Trade receivables	(1,724)	(180)
Other receivables and deposits	(3,835)	(2,298)
Prepayments	(760)	(1,192)
Amount due from related parties	-	78
Amount due from associates (trade)	-	897
Amount due from associates (non-trade)	114	(140)
Amount due from joint ventures (trade)	52	50
Amount due from joint ventures (non-trade)	(94)	(258)
Amount due from minority shareholder (non-trade)	-	150
Increase/ (decrease) in:		
Trade payables	2,769	464
Other payables, other liabilities and provision for reinstatement costs	12,866	10,456
Amount due to associates (trade)	(5)	5
Amount due to associates (non-trade)	-	(360)
Amount due to joint ventures (non-trade)	88	25
Cash generated from operations	36,115	30,736
Tax paid	(3,372)	(2,040)
<b>Net cash flow from operating activities</b>	<b>32,743</b>	<b>28,696</b>

**Cash flows from investing activities**

Interest income received	167	173
Dividend income received	-	235
Purchase of property, plant and equipment	(25,879)	(17,987)
Proceeds from disposal of plant and equipment	135	367
Proceeds from disposal of an associated company	-	178
Acquisition of intangible assets	(129)	(157)
Investment in associates	-	(1,200)
Investment in joint ventures	-	(334)
Net cash outflow on acquisition of subsidiaries	-	1,874
<b>Net cash flow used in investing activities</b>	<b>(25,706)</b>	<b>(16,851)</b>

**Cash flows from financing activities**

(Increase)/ decrease in fixed deposits and cash at bank pledged	107	1,000
Interest expense paid	(826)	(884)
Dividends paid to shareholders of the Company	(1,292)	(987)
Dividends paid to minority shareholders	(985)	(1,148)
Net proceeds (repayment) of finance lease obligations	10	(146)
Proceeds from short-term loans	6,994	585
Repayment of short-term loans	(5,527)	(2,242)
Proceeds from long-term loans	7,531	4,062
Repayment of long-term loans	(4,214)	(4,219)
Proceeds from issue of new shares	-	12,240
Share issue expense	-	(453)
Capital injection from minority shareholders of subsidiaries	850	-
Loan from a minority shareholder of a subsidiary	150	130
Amount due to landlords	(196)	-
<b>Net cash flow from financing activities</b>	<b>2,602</b>	<b>7,938</b>

Net increase in cash and cash equivalents	9,639	19,783
Cash and cash equivalents at beginning of year	38,238	18,455
<b>Cash and cash equivalents at end of year</b>	<b>47,877</b>	<b>38,238</b>

**Note: Cash and cash equivalents**

Cash on hand and at bank	44,690	35,531
Fixed deposits	3,187	2,814
	47,877	38,345
Less: Fixed deposits pledged	-	(107)
Cash and cash equivalents	47,877	38,238

**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**

Group	Share capital \$000	Translation reserve \$000	Accumulated profits \$000	Statutory reserve fund \$000	Fair value adjustment reserve \$000	Total \$000	Minority interests \$000	Total equity \$000
<b>At 1 January 2007</b>								
- 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	-	37	-	-	-	37	-	37
Net profit for the year	-	-	7,319	-	-	7,319	1,118	8,437
Dividend paid	-	-	(987)	-	-	(987)	(1,148)	(2,135)
Transfer to statutory reserve	-	-	(489)	489	-	-	-	-
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
Acquisition of a subsidiary	-	-	-	-	-	-	84	84
<b>Balance at 31 December 2007</b>	<b>33,303</b>	<b>(213)</b>	<b>10,394</b>	<b>612</b>	<b>-</b>	<b>44,096</b>	<b>3,170</b>	<b>47,266</b>
Balance at 1 January 2008	33,303	(213)	10,394	612	-	44,096	3,170	47,266
Translation difference	-	758	-	-	-	758	-	758
Net profit for the year	-	-	7,770	-	-	7,770	588	8,358
Dividend paid	-	-	(1,292)	-	-	(1,292)	(985)	(2,277)
Transfer to statutory reserve	-	-	(464)	464	-	-	-	-
Fair value adjustment	-	-	-	-	1,178	1,178	-	1,178
Issuance of new shares to minority shareholders	-	-	-	-	-	-	850	850
<b>Balance at 31 December 2008</b>	<b>33,303</b>	<b>545</b>	<b>16,408</b>	<b>1,076</b>	<b>1,178</b>	<b>52,510</b>	<b>3,623</b>	<b>56,133</b>

<b>Company</b>	<b>Share capital</b>	<b>Accumulated (losses) profits</b>	<b>Total</b>
	\$000	\$000	\$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 year	-	3,469	3,469
<b>Balance at 31 December 2007</b>	<b>33,303</b>	<b>2,219</b>	<b>35,522</b>
<hr/>			
As at 1 January 2008	33,303	2,219	35,522
Dividend paid	-	(1,292)	(1,292)
Net profit for the year	-	2,246	2,246
<b>Balance at 31 December 2008</b>	<b>33,303</b>	<b>3,173</b>	<b>36,476</b>

**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 year ended 31 December 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**

Not applicable.

**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	
	FY2008	FY2007
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	3.31 cents	3.23 cents
Weighted average number of ordinary shares	234,911,034	226,411,034
(b) On a fully diluted basis	3.31 cents	3.23 cents
Adjusted weighted average number of ordinary shares	234,911,034	226,411,034

As at 31 December 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	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Net asset value per ordinary share based on issued share capital as at the end of period reported on	<u>22.3 cents</u>	<u>18.8 cents</u>	<u>15.5 cents</u>	<u>15.1 cents</u>

**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 year ended 31 December 2008 on the back of broad-based growth across all business and geographical segments. Group revenue rose 35.5% to \$212.2 million in FY08.

Group operating profit rose 8.9% to \$13.2 million, up from \$12.1 million in FY07 mainly contributed by strong showings of food court and bakery segments which registered operating profit growth of 65.5% and 11.3% respectively. The profit growth was, however, moderated by a total impairment charge of \$0.9 million on investment in Out of The Box Pte Ltd and fixed assets of a restaurant as well as start up losses of \$1.6 million of J Co. Donuts and Carl's Jnr business.

Excluding the impairment charge and start up losses, the operating profit would have been \$15.7 million, representing a growth of 29.3% from last year.

Share of results of joint ventures was down from \$267,000 in FY07 to a net loss of \$46,000 in FY08 as the Group began consolidating the profits from MWA Pte Ltd in FY2008 after it became a wholly-owned subsidiary, as compared to equity accounting in FY2007.

The Group's effective tax rate for FY08 stood at 30.4% compared to 24.9% in FY07 mainly due to higher losses incurred by certain subsidiaries. As a result, Group net profit attributable to the shareholders grew 6.1% to \$7.8 million in FY08 compared to \$7.3 million in FY07.

Group earnings per share on a fully diluted basis grew from 3.23 cents in FY07 to 3.31 cents in FY08 whilst its net asset value per share increased from 18.8 cents as at 31 December 2007 to 22.3 cents as of 31 December 2008.

**(A) Segmental Analysis**

Group revenue rose 35.5% to \$212.2 million fueled by expansion drive across all business divisions.

	FY2008		FY2007		Increase	
	\$000	% Contribution	\$000	% Contribution	\$000	
Bakery sales	94,872	44.7%	68,841	44.0%	26,031	37.8%
Franchise income	15,992	7.5%	10,982	7.0%	5,010	45.6%
Restaurant sales	32,173	15.2%	28,345	18.1%	3,828	13.5%
Foodcourt income	69,212	32.6%	48,442	30.9%	20,770	42.9%
	<u>212,249</u>	<u>100.0%</u>	<u>156,610</u>	<u>100.0%</u>	<u>55,639</u>	35.5%

## Bakery

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

	Number of Bakery Outlets		
	31-Dec-08	30-Jun-08	31-Dec-07
Singapore	44 *	41 *	34
Malaysia	12	7	5
Hong Kong	5	2	2
PRC	36	31	29
Thailand	3	3	3
	<u>100</u>	<u>84</u>	<u>73</u>

\*Inclusive of 2 J Co outlets

Sales from bakery business, the largest revenue contributor, increased 37.8% to \$94.9 million in FY08, up from \$68.8 million in FY07. 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 and September 2007 respectively.

Bakery sales in Singapore rose 27.9% or \$10.9 million to \$50.0 million in FY08 boosted by contributions from 8 additional stores in FY08 and the higher same store sales. Revenue growth was further boosted by maiden revenue contribution of \$3.1 million from J Co. Donuts and Cafe ("J Co") business in Singapore.

PRC bakery sales grew a strong 32.8% or \$9.6 million to \$38.9 million in FY08 driven by addition of 7 new outlets as well as growth in same store sales.

The Group's franchised bakery network:

	As At		
	31-Dec-08	30-Jun-08	31-Dec-07
Indonesia	48	44	36
Philippines	15	12	11
Kuwait	7	7	6
UAE	4	4	3
Oman	1	-	-
Taiwan	-	-	1
India	7	4	4
Korea	1	1	-
PRC	58	48	36
	<u>141</u>	<u>120</u>	<u>97</u>

Franchise revenue grew 45.6% or \$5.0 million to \$16.0 million in FY08, driven by higher franchise fee income and growth in royalty fees and raw materials sales as the total number of franchised outlets increased to 141 outlets as of 31 December 08 compared to 97 outlets a year ago. The franchise network expanded wider with the addition of franchisees for Korea, Vietnam, Bahrain, Saudi Arabia and 7 PRC cities in FY08.

Overall bakery operating profit grew 11.3% to \$4.3 million mainly driven by higher profits from PRC and Singapore operations, partially offset by higher loss of \$1.1 million from bakery operation in Hong Kong and start-up loss of \$0.9 million incurred by J Co. As a result, operating margin of the bakery business decreased to 3.9% in FY08 from 4.8% in FY07.

Operating profit from PRC bakery segment grew 71.5% to \$3.5 million in FY2008 while Singapore bakery segment registered a 50.2% growth in operating profit to \$3.1 million mainly resulting from higher franchise revenue as well as bakery sales achieved.

## Restaurants

Revenue from the restaurant business grew 13.5% to \$32.2 million in FY08 compared to \$28.3 million. 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.

Operating profit from the restaurant business decreased \$1.6 million or 34.8%, from \$4.6m in FY07 to \$3.0 million in FY08 mainly due to higher operating loss from Cosmopolitan Cafe and Station Kitchen (partly due to an impairment loss on fixed assets of \$0.4 million) as well as start-up cost relating to Carl's Jr restaurant business. Operating profit from Din Tai Fung grew marginally by 2.0% on the back of higher revenue, partially offset by higher personnel and food cost.

## Food Courts

Number of food courts owned and operated by the Group:

	As At		
	31-Dec-08	30-Jun-08	31-Dec-07
PRC	20	20	18
Hong Kong	5	3	2
Singapore	3	3	3
Malaysia	1	1	1
	<u>29</u>	<u>27</u>	<u>24</u>

Food court business registered revenue growth of \$20.8 million or 42.9% from \$48.4 million in FY07 to \$69.2 million in FY08 with higher revenue contribution recorded by Singapore, PRC and Hong Kong food court operations.

Revenue from Singapore food courts rose \$8.5 million or 68.0% to \$21.0 million in FY08 mainly due to consolidation of revenue from MWA Pte Ltd ("MWA") as well as full year 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 \$4.7 million or 16.9% to \$32.5 million in FY08 with a net addition of two food courts in FY08.

Revenue from Hong Kong food courts grew \$7.2 million or 87.8% to \$15.4 million in FY08 mainly attributable to revenue contribution from new food courts added in FY08 as well as full year revenue contribution from its 2nd outlet at Citigate opened in September 07.

Food court operating profit grew \$2.6 million or 74.3% to \$6.1 million in FY08 compared to \$3.5 million in FY07 while operating margin improved to 8.7% in FY08 from 7.0% in FY07. Profit growth was driven mainly by expansion and higher revenue from both PRC and Singapore despite an operating loss of \$1.3m incurred by Hong Kong operations. The Hong Kong food court performance was affected by project cost overrun and delay in the opening of new food courts where operating leases had already commenced.

#### **(B) Geographical Analysis**

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

	FY2008		FY2007		Increase	
	\$000	% Contribution	\$000	% Contribution	\$000	
Singapore	103,946	49.0%	80,107	51.2%	23,839	29.8%
PRC	75,260	35.5%	59,242	37.8%	16,018	27.0%
Hong Kong	18,981	8.9%	8,740	5.6%	10,241	117.2%
Rest of the world	14,062	6.6%	8,521	5.4%	5,541	65.0%
	<u>212,249</u>	<u>100.0%</u>	<u>156,610</u>	<u>100.0%</u>	<u>55,639</u>	<u>35.5%</u>

The Group recorded double-digit revenue growth across all geographical segments in FY2008.

Singapore remained the largest revenue contributor, constituting 49.0% of group revenue in FY2008 (FY2007:51.2%) where revenue grew \$23.8 million or 29.8% to \$103.9 million in FY2008. The growth was mainly spurred by continued outlet expansion in Singapore, higher same store sales achieved in FY2008 as well as consolidation of revenue from MWA Pte Ltd.

Revenue from the PRC grew \$16.0 million or 27.0% to \$75.3 million in FY2008, contributing 35.5% of group revenue, with double-digit revenue growth in both the bakery and food court business in the PRC.

Revenue from Hong Kong rose \$10.2 million or 117.2% to approximately \$19.0 million, contributing 8.9% of group revenue in FY2008, up from 5.6% in FY2007 following aggressive expansion drive embarked in 2008 with the additions of 3 food courts and 3 bakery outlets.

Revenue from the rest of the world grew \$5.5 million or 65.0% to \$14.1 million in FY2008, contributing 6.6% of group revenue compared to 5.4% in FY2007 mainly resulting from: (1) consolidation of revenue from bakery operations in Malaysia after ML Breadworks Sdn Bhd became a subsidiary of the Group in Oct 2007 as well as outlet expansion in the Malaysian territory in FY2008; and (2) expansion of the group's franchise network overseas with the number of franchised outlets grew to 141 outlets at end of FY2008 compared to 97 outlets a year ago.

#### **(C) Balance Sheet**

The Group's property, plant and equipment rose \$13.3 million or 29.6% to \$58.2 million as at 31 December 2008 compared to \$44.9 million as at 31 December 2007. A total cost of \$26.3 million of plants and equipments were added in FY08 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 FY08 amounting to \$13.1 million and disposal and write off of certain assets.

Investment in associates decreased from \$1.1 million as at 31 December 2007 to \$0.2 million as at 31 December 2008 due to share of associates' losses incurred as well as impairment loss on investment in Out of The Box Pte Ltd taken up in FY08.

Increases in inventories, trade receivables, other receivables and deposits, and prepayments, as well as trade payables, other payables and other liabilities were mainly due to business expansion.

The Group's total borrowings was up \$5.3 million to \$17.0 million as at 31 December 2008 compared to \$11.7 million as at 31 December 2007. New bank loans of \$14.5 million were taken up to finance the Group's business expansion while there was repayment of bank loans of about \$9.7 million during the year. The Group's gearing stood at 0.30 as at 31 December 2008 compared to 0.25 as at 31 December 2007.

As at 31 December 2008, the Group's net current liabilities position stood at \$5.5 million compared to \$3.9 million as at 31 December 2007. The net current liabilities position arose mainly from the use of cash and 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 \$7.1 million and deferred revenue of \$3.6 million. Deferred revenue as at 31 December 2008 comprises mainly unutilised value on the food court stored value cards, deferred franchise income 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 \$32.7 million was generated in FY08, up \$4.0 million compared to \$28.7 million in FY07 mainly attributable to higher operating profit achieved in FY08.

As at 31 December 2008, the Group's cash and cash equivalents rose \$9.6 million to \$47.8 million, up from \$38.2 million as at 31 December 2007. The increase was mainly contributed by the strong operating cash flow of \$32.7 million and a net cash inflow from financing activities of \$2.6 million, offset by a total sum of \$25.7 million used for investing activities. The major capital expenditure comprises mainly investment in new food courts and bakery outlets as well as addition of one Din Tai Fung restaurant.

#### **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 focused business strategies, strong brand and sound fundamentals had lent some resilience to its business in FY2008. Despite the challenging business outlook in the near to medium term, the Group is well-positioned for long term growth as it takes active steps to rise up to the economic challenges.

The Group's key markets in Singapore and China continue to deliver stable earning stream. The Group intends to widen and deepen its shares in existing geographical markets as opportunity arises and inflationary pressure eases. The recently announced economic stimulus including corporate tax cut and Jobs Credit scheme in Singapore will also benefit the Group.

As an integral part of its growth strategy, the Group will reinvest part of its profits into building new platforms and business infrastructure to fuel long term growth. In China, the Group plans to launch Carl's Junior in 2009. New Ramen concept is also in the pipeline for introduction in both Singapore and China. After aggressive expansion drive embarked in 2008, the Group's Hong Kong operations will focus on enhancing returns from these investments.

With prudent cost management and cautious investment, the Group expects to emerge from the current economic slowdown even stronger and more efficient.

#### **11. Dividend**

##### **(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

Yes. The Board of Directors have proposed a first and final one-tier dividend of 1.0 cents per ordinary share, subject to shareholders' approval at the AGM.

##### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

##### **(c) Date payable**

Dividend payout date will be announced in due course.

##### **(d) Books closure date**

Books closure date will be announced in due course.

#### **12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable

#### **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**

##### **(a) By Business Segments**

<b>FY2008</b>	<b>Bakery<sup>(1)</sup></b>	<b>Restaurant</b>	<b>Food court</b>	<b>Others<sup>(2)</sup></b>	<b>Elimination</b>	<b>Group</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Segment Revenue</b>						
External sales	110,864	32,173	69,212	-	-	212,249
Inter-segment sales	225	-	1,361	-	(1,586)	-
Total revenue	111,089	32,173	70,573	-	(1,586)	212,249
Profit from operations	4,313	3,011	6,106	(201)	(2)	13,227
Financial expenses, net						(684)
						12,543
Share of associates' results						(496)
Share of joint ventures' results						(46)
Profit before tax						12,001
Tax expense						(3,643)
Profit after tax						8,358

Segment assets	54,590	19,544	72,448	14,324	(15,686)	145,220
Investment in associates						200
Investment in joint ventures						222
Deferred tax assets						532
Total Assets						<u>146,174</u>
Segment liabilities	31,593	8,731	42,249	1,638	(15,686)	68,525
Unallocated liabilities						21,516
Total liabilities						<u>90,041</u>
Capital expenditure						
Plant and equipments	13,607	1,629	10,890	75	-	26,201
Intangible assets	67	29	33	-	-	129
	<u>13,674</u>	<u>1,658</u>	<u>10,923</u>	<u>75</u>	<u>-</u>	<u>26,330</u>
Depreciation & Amortisation	4,966	2,115	6,627	21	-	13,729

<b>FY2007</b>	<b>Bakery<sup>(1)</sup></b>	<b>Restaurant</b>	<b>Food court</b>	<b>Others<sup>(2)</sup></b>	<b>Elimination</b>	<b>Group</b>
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Segment Revenue</b>						
External sales	79,823	28,345	48,442	-	-	156,610
Inter-segment sales	201	-	774	-	(975)	-
Total revenue	<u>80,024</u>	<u>28,345</u>	<u>49,216</u>	<u>-</u>	<u>(975)</u>	<u>156,610</u>
Profit from operations	3,873	4,571	3,457	250	(1)	12,150
Financial expenses, net						(735)
						11,415
Share of associates' results						(454)
Share of joint ventures' results						267
Profit before tax						11,228
Tax expense						(2,791)
Profit after tax						<u>8,437</u>

Segment assets	39,814	17,374	60,110	13,165	(16,500)	113,963
Investment in associates						1,051
Investment in joint ventures						282
Deferred tax assets						394
Total Assets						<u>115,690</u>
Segment liabilities	22,182	6,629	38,700	1,475	(16,500)	52,486
Unallocated liabilities						15,938
Total liabilities						<u>68,424</u>
Capital expenditure						
Plant and equipments	4,312	1,588	12,823	15	-	18,738
Intangible assets	49	57	51	-	-	157
	<u>4,361</u>	<u>1,645</u>	<u>12,874</u>	<u>15</u>	<u>-</u>	<u>18,895</u>
Depreciation & Amortisation	4,291	1,763	4,290	4	-	10,348

**Note:**

(1) The Group's Bakery segment comprises bakery operations directly owned and operated by the Group, as well as that through franchising.

(2) The "Others" segment pertains to investment holding activities and Out Of The Box Pte Ltd, a 30.0% owned associated company which is engaged in the business of marketing and distribution of canned drinks under the "Anything" and "Whatever" trademarks.

**(b) By Geographical Segments**

<b>FY2008</b>	<b>Singapore</b>	<b>PRC</b>	<b>Hong Kong</b>	<b>Rest of World</b>	<b>Elimination</b>	<b>Group</b>
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Segment Revenue</b>						
External sales	103,946	75,260	18,981	14,062	-	212,249
Segment assets	64,881	58,745	18,047	3,547	-	145,220
Investment in associates						200
Investment in joint ventures						222
Deferred tax assets						532
Total Assets						<u>146,174</u>
Capital expenditure						
Plant and equipments	8,341	7,234	9,630	996	-	26,201
Intangible assets	129	-	-	-	-	129
	<u>8,470</u>	<u>7,234</u>	<u>9,630</u>	<u>996</u>	<u>-</u>	<u>26,330</u>
Depreciation & Amortisation	6,257	4,682	2,253	537	-	13,729

<b>FY2007</b>	<b>Singapore</b>	<b>PRC</b>	<b>Hong Kong</b>	<b>Rest of World</b>	<b>Elimination</b>	<b>Group</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Segment Revenue</b>						
External sales	80,107	59,242	8,740	8,521	-	156,610
Segment assets	55,250	47,250	8,216	3,247	-	113,963
Investment in associates						1,051
Investment in joint ventures						282
Deferred tax assets						394
<b>Total Assets</b>						<b>115,690</b>
Capital expenditure						
Plant and equipments	6,618	8,020	3,561	539	-	18,738
Intangible assets	157	-	-	-	-	157
	<b>6,775</b>	<b>8,020</b>	<b>3,561</b>	<b>539</b>	<b>-</b>	<b>18,895</b>
Depreciation & Amortisation	4,970	4,194	951	233	-	10,348

**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**

**(a) Business Segments**

Please refer to item 8.

**(a) Geographical Segments**

Please refer to item 8.

**15. Breakdown of revenue and profit after tax**

	<b>Group</b>		<b>Increase/ (decrease)</b>
	<b>2008</b>	<b>2007</b>	
	<b>\$000</b>	<b>\$000</b>	
(a) Sales reported for first half year	92,860	69,674	33.3%
(b) Operating profit after tax before deducting minority interests reported for first half year	5,565	4,189	32.8%
(c) Sales reported for second half year	119,389	86,936	37.3%
(d) Operating profit after tax before deducting minority interests reported for second half year	7,662	7,961	-3.8%

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	<b>FY2008</b>	<b>FY2007</b>
Name of Dividend	First & Final (One-tier)	First & Final (One-tier)
Type of Dividend	Cash	Cash
Dividend per share	1.00 cents	0.55 cents
<b>Total annual dividend (\$'000)</b>	<b>2,349</b>	<b>1,292</b>

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Company Secretary  
26 February 2009