BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 2010

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 second quarter and half year ended 30 June 2010. The figures presented below have not been audited.

	Group			Group		
	2Q 2010	**2Q 2009**	Increase/	**1H 2010**	**1H 2009**	Increase/
	$000	$000	(Decrease)	$000	$000	(Decrease)
Revenue	71,243	56,982	25.0%	138,293	114,183	21.1%
Cost of sales	(31,636)	(25,016)	26.5%	(63,142)	(51,056)	23.7%
Gross profit	39,607	31,966	23.9%	75,151	63,127	19.0%
Other operating income	3,370	2,910	15.8%	5,523	4,731	16.7%
Distribution and selling expenses	(29,301)	(21,701)	35.0%	(56,012)	(43,245)	29.5%
Administrative expenses	(9,810)	(8,624)	13.8%	(19,173)	(16,809)	14.1%
Profit from operations	3,866	4,551	-15.1%	5,489	7,804	-29.7%
Interest income	159	29	448.3%	259	59	339.0%
Interest expense	(172)	(154)	11.7%	(334)	(325)	2.8%
Profit before tax and share of results of associates and joint ventures	3,853	4,426	-12.9%	5,414	7,538	-28.2%
Share of results of associates	-	-	N.A.	-	(200)	100.0%
Share of results of joint ventures	111	115	-3.5%	199	223	-10.8%
Profit before tax	3,964	4,541	-12.7%	5,613	7,561	-25.8%
Tax expense	(1,474)	(1,194)	23.5%	(2,339)	(2,037)	14.8%
Profit after tax	2,490	3,347	-25.6%	3,274	5,524	-40.7%
Other comprehensive income/(loss):						
Share based compensation reserve	(36)	32	-212.5%	25	32	-21.9%
Net income/(loss) on available-for-sale financial assets	-	115	-100.0%	(460)	(460)	0.0%
Foreign currency translation	65	(578)	N.M.	14	12	16.7%
Other comprehensive income/(loss) for the period, net of tax	29	(431)	N.M.	(421)	(416)	1.2%
Total comprehensive income for the period	2,519	2,916	-13.6%	2,853	5,108	-44.1%
Profit attributable to:						
Shareholders of the Company	**2,322**	**3,045**	-23.7%	**3,077**	**5,124**	-39.9%
Non-controlling interest	168	302	-44.4%	197	400	-50.8%
	2,490	3,347	-25.6%	3,274	5,524	-40.7%
Total comprehensive income attributable to:						
Shareholders of the Company	**2,351**	**2,614**	-10.1%	**2,656**	**4,708**	-43.6%
Non-controlling interest	168	302	-44.4%	197	400	-50.8%
	2,519	2,916	-13.6%	2,853	5,108	-44.1%

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

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

	Group			Group		
	2Q 2010	**2Q 2009**	Increase/	**1H 2010**	**1H 2009**	Increase/
	$000	$000	(Decrease)	$000	$000	(Decrease)
Depreciation and amortisation	4,973	4,030	23.4%	9,850	7,898	24.7%
Operating lease expenses	15,185	11,845	28.2%	30,393	24,092	26.2%
Personnel expenses	21,192	16,648	27.3%	40,031	32,713	22.4%
Impairment loss of property, plant and equipment	-	-	N.A.	-	336	-100.0%
Property, plant and equipment written off	838	186	350.5%	1,434	297	382.8%
Gain on disposal of plant and equipment	(7)	(1)	600.0%	(1)	(11)	-90.9%
Impairment of amount due from an associate (non-trade)	30	-	N.A.	30	-	N.A.
Write-down of inventories	47	-	N.A.	47	-	N.A.
Write-off of inventories	-	-	N.A.	10	-	N.A.
Loss on disposal of a subsidiary	-	-	N.A.	-	61	-100.0%
Foreign exchange loss/(gain), net	4	361	-98.9%	(35)	(11)	218.2%
Government grant	(662)	(722)	-8.3%	(816)	(722)	13.0%

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

(B) Tax Expense

The tax expense for 2Q10 includes an under-provision of $12,000 in respect of prior years (2Q09: under-provision of $26,000)

In HY2010, there was an under-provision of tax in respect of prior years of $47,000 (HY2009: under-provision of $2,000).

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	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
	$000	$000	$000	$000
Non-current assets				
Property, plant and equipment	71,529	64,352	5,436	101
Intangible assets	9,276	9,097	-	-
Investment securities	11,784	1,494	-	-
Investment in subsidiaries	-	-	28,368	26,522
Investment in associates	-	-	-	-
Investment in joint ventures	500	284	-	-
Other receivables	634	839	-	-
Prepayments	44	685	-	685
Deferred tax assets	1,076	872	-	-
	94,843	77,623	33,804	27,308
Current assets				
Inventories	5,378	4,838	-	-
Trade receivables	3,892	3,868	-	-
Other receivables and deposits	21,028	24,526	26	321
Prepayments	2,396	2,323	10	23
Tax recoverable	5	12	-	-
Amount due from subsidiaries (non-trade)	-	-	14,250	10,738
Amount due from joint ventures (non-trade)	358	469	-	-
Cash and cash equivalents	51,657	58,426	1,582	3,020
	84,714	94,462	15,868	14,102
Current liabilities				
Trade payables	15,573	14,044	-	-
Other payables	34,324	37,919	328	224
Other liabilities	29,980	29,817	1,120	1,764
Provision for reinstatement costs	3,217	3,061	-	-
Amount due to subsidiaries (non-trade)	-	-	8,799	2,027
Amount due to joint ventures (non-trade)	96	105	-	-
Amount due to landlord (non-trade)	88	88	-	-
Finance lease obligations, secured	158	173	-	-
Loan from minority shareholders of subsidiaries	-	-	-	-
Short term loan, secured	5,479	4,959	-	-
Current portion of long-term loans, secured	4,893	3,815	-	-
Tax payable	3,970	3,216	54	32
	97,778	97,197	10,301	4,047
Net current (liabilities)/ assets	**(13,064)**	**(2,735)**	**5,567**	**10,055**
Non-current liabilities				
Long-term loans, secured	11,893	6,968	3,989	-
Finance lease obligations, secured	146	216	-	-
Amount due to landlord (non-trade)	95	127	-	-
Deferred tax liabilities	1,516	1,411	-	-
	13,650	8,722	3,989	-
Net assets	68,129	66,166	35,382	37,363
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(199)	(283)	(199)	(283)
Accumulated profits	25,517	24,782	1,995	4,253
Translation reserve	151	137	-	-
Other reserves	2,456	2,723	283	90
	61,228	60,662	35,382	37,363
Non-controlling interest	6,901	5,504	-	-
Total equity	68,129	66,166	35,382	37,363

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

Amount repayable in one year or less, or on demand

As at 30.06.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
10,530	-	8,947	-

Amount repayable after one year

As at 30.06.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
12,039	-	7,184	-

Details of any collateral

(1) As at 30 June 2010, the Group's bank borrowings amounted to $18.3 million are secured by corporate guarantees issued by the Company while another bank loan of $4.0 million taken up by the Company is secured by a charge over the leasehold land the Company acquired which had a net book value of $5.1 million.

(2) Finance lease obligations are secured by the underlying assets acquired and in some cases, together with corporate guarantees issued by the 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		Group	
	2Q 2010	**2Q 2009**	**1H 2010**	**1H 2009**
	$000	$000	$000	$000
Cashflows from operating activities				
Profit before tax	3,964	4,541	5,613	7,561
Adjustments for:				
Share of results of associates	-	-	-	200
Share of results of joint ventures	(111)	(115)	(199)	(223)
Depreciation of property, plant and equipment	4,873	3,887	9,653	7,615
Amortisation of intangible assets	100	143	197	283
Loss on disposal of a subsidiary	-	-	-	61
Gain on disposal of property, plant and equipment	(7)	(1)	(1)	(11)
Impairment loss of property, plant and equipment	-	-	-	336
Property, plant and equipment written off	838	186	1,434	297
Interest expense	172	154	334	325
Interest income	(159)	(29)	(259)	(59)
Write-down of inventories	47	-	47	-
Write-off of inventories	-	-	10	-
Impairment of amount due from an associate (non-trade)	30	-	30	-
Share based payment expenses	476	32	537	32
Translation difference	(4)	670	19	(135)
Operating cash flow before working capital changes	10,219	9,468	17,415	16,282
(Increase)/decrease in:				
Inventories	(809)	62	(597)	132
Trade receivables	(192)	146	(24)	529
Other receivables and deposits	(514)	(1,884)	(1,092)	(2,535)
Prepayments	(360)	476	(73)	216
Amount due from an associate (non-trade)	(30)	-	(30)	-
Amount due from joint ventures (non-trade)	(71)	35	110	10
Increase/(decrease) in:				
Trade payables	1,254	207	1,529	227
Other payables and other liabilities	2,619	1,889	(3,434)	(3,553)
Amount due to joint ventures (non-trade)	1	(4)	(8)	1
Cash generated from operations	12,117	10,395	13,796	11,309
Tax paid	(1,330)	(2,123)	(1,680)	(2,078)
Net cash flow from operating activities	**10,787**	**8,272**	**12,116**	**9,231**
Cash flows from investing activities				
Interest income received	36	29	54	59
Purchase of property, plant and equipment	(7,635)	(3,634)	(17,783)	(5,973)
Proceeds from disposal of property, plant and equipment	5	7	264	23
Acquisition of intangible assets	(144)	(388)	(371)	(397)
Subscription of junior bonds	-	-	(5,750)	-
Net cash flow from disposal of a subsidiary	-	-	-	125
Net cash flow used in investing activities	**(7,738)**	**(3,986)**	**(23,586)**	**(6,163)**
Cash flows from financing activities				
Interest expense paid	(166)	(148)	(321)	(313)
Dividends paid to shareholders of the Company	(2,342)	(2,339)	(2,342)	(2,339)
Repayment of proceeds from finance lease obligations	(42)	(63)	(85)	(121)
Proceeds from short-term loans	3,588	2,139	5,577	2,529
Repayment of short-term loans	(3,053)	(1,447)	(5,042)	(3,214)
Proceeds of long-term loans	1,450	3	8,439	546
Repayment of long-term loans	(1,221)	(1,422)	(2,422)	(2,676)
Purchase of treasury shares	(259)	-	(259)	(283)
Amount owing to landlord	(22)	(23)	(44)	(47)
Increase in cash at bank pledged	-	-	(66)	-
Capital injection from minority shareholders of subsidiaries	1,200	1,080	1,200	1,080
Loan from minority shareholders of subsidiaries	-	-	-	44
Net cash flow (used in)/from financing activities	**(867)**	**(2,220)**	**4,635**	**(4,794)**

Net increase/(decrease) in cash and cash equivalents	2,182	2,066	(6,835)	(1,726)
Cash and cash equivalents at beginning of financial period	49,409	44,085	58,426	47,877
Cash and cash equivalents at end of financial period	**51,591**	**46,151**	**51,591**	**46,151**

Note A: Cash and cash equivalents comprise:	**Group**	
	30 Jun 2010	**30 Jun 2009**
	$000	$000
Cash on hand and at bank	51,100	40,977
Fixed deposits	557	5,174
	51,657	46,151
Less: Cash at bank pledged	(66)	-
Cash and cash equivalents	51,591	46,151

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	**Treasury shares**	**Translation reserve**	**Accumulated profits**	**Other reserves (Note B)**	**Total**	**Non-controlling interests**	**Total equity**
Group	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2009	33,303	-	545	16,408	2,254	52,510	3,623	56,133
Profit after tax	-	-	-	2,079	-	2,079	98	2,177
Other comprehensive income/(loss) for the period	-	-	590	-	(575)	15	-	15
Total comprehensive income/(loss) for the period	-	-	590	2,079	(575)	2,094	98	2,192
Purchase of treasury shares	-	(283)	-	-	-	(283)	-	(283)
Issuance of new shares to a minority shareholder	-	-	-	-	-	-	177	177
Disposal of a subsidiary	-	-	-	-	-	-	(193)	(193)
Balance at 31 March 2009	**33,303**	**(283)**	**1,135**	**18,487**	**1,679**	**54,321**	**3,705**	**58,026**
Profit after tax	-	-	-	3,045	-	3,045	302	3,347
Other comprehsive (loss)/income for the period	-	-	(578)	-	147	(431)	-	(431)
Total comprehsive (loss)/income for the period	-	-	(578)	3,045	147	2,614	302	2,916
Dividend paid	-	-	-	(2,339)	-	(2,339)	-	(2,339)
Issuance of new shares to a minority shareholder	-	-	-	-	-	-	1,080	1,080
Balance at 30 June 2009	**33,303**	**(283)**	**557**	**19,193**	**1,826**	**54,596**	**5,087**	**59,683**
Balance at 1 January 2010	33,303	(283)	137	24,782	2,723	60,662	5,504	66,166
Profit after tax	-	-	-	755	-	755	29	784
Other comprehensive loss for the period	-	-	(51)	-	(399)	(450)	-	(450)
Total comprehensive (loss)/income for the period	-	-	(51)	755	(399)	305	29	334
Balance at 31 March 2010	**33,303**	**(283)**	**86**	**25,537**	**2,324**	**60,967**	**5,533**	**66,500**
Profit after tax	-	-	-	2,322	-	2,322	168	2,490
Other comprehensive income/(loss) for the period	-	-	65	-	(36)	29	-	29
Total comprehensive income/(loss) for the period	-	-	65	2,322	(36)	2,351	168	2,519
Dividend paid	-	-	-	(2,342)	-	(2,342)	-	(2,342)
Treasury shares transferred on vesting of restricted share grant	-	343	-	-	168	511	-	511
Purchase of treasury shares	-	(259)	-	-	-	(259)	-	(259)
Issuance of new shares to a minority shareholder	-	-	-	-	-	-	1,200	1,200
Balance at 30 June 2010	**33,303**	**(199)**	**151**	**25,517**	**2,456**	**61,228**	**6,901**	**68,129**

Company	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)	Total
	$000	$000	$000	$000	$000
As at 1 January 2009	33,303	-	3,173	-	36,476
Profit after tax	-	-	199	-	199
Total comprehensive income for the period	-	-	199	-	199
Purchase of treasury shares	-	(283)	-	-	(283)
Balance at 31 March 2009	**33,303**	**(283)**	**3,372**	**-**	**36,392**
Loss after tax	-	-	(29)	-	(29)
Other comprehensive income for the period	-	-	-	32	32
Total comprehensive (loss)/income for the period	-	-	(29)	32	3
Dividend paid	-	-	(2,339)	-	(2,339)
Balance at 30 June 2009	**33,303**	**(283)**	**1,004**	**32**	**34,056**
As at 1 January 2010	33,303	(283)	4,253	90	37,363
Profit after tax	-	-	2	-	2
Other comprehensive income for the period	-	-	-	61	61
Total comprehensive income for the period	-	-	2	61	63
Balance at 31 March 2010	**33,303**	**(283)**	**4,255**	**151**	**37,426**
Profit after tax	-	-	82	-	82
Other comprehensive loss for the period	-	-	-	(36)	(36)
Total comprehensive income/(loss) for the period	-	-	82	(36)	46
Dividend paid	-	-	(2,342)	-	(2,342)
Treasury shares transferred on vesting of restricted share grant	-	343	-	168	511
Purchase of treasury shares	-	(259)	-	-	(259)
Balance at 30 June 2010	**33,303**	**(199)**	**1,995**	**283**	**35,382**

Note B: Other reserves

	Group		Company	
	30 Jun 2010	**30 Jun 2009**	**30 Jun 2010**	**30 Jun 2009**
	$000	$000	$000	$000
Statutory reserve fund	1,455	1,076	-	-
Fair value adjustment reserve	718	718	-	-
Capital reserve	168	-	168	-
Share based compensation reserve	115	32	115	32
	2,456	**1,826**	**283**	32

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

During 2Q 2010, the Company acquired 500,000 of its ordinary shares which are held as treasury shares.

There were a total of 580,582 treasury shares held as at 30 June 2010 (30 June 2009: 970,000).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 June 2010 was 1,187,521 (31 December 2009: 899,000).

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.

As at 30 June 2010, the Company's issued and paid up capital, excluding 580,582 (31 December 2009: 970,000) treasury shares held, comprises 281,312,656 (31 December 2009: 233,941,034) ordinary shares.

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.

	Number of Treasury Shares			
	2Q 2010	**2Q2009**	**HY 2010**	**HY2009**
Balance at beginning of financial period	1,164,000	970,000	970,000	-
Allotment of bonus shares	-	-	194,000	-
Purchase of treasury shares	500,000	-	500,000	970,000
Treasury shares transferred on vesting of restricted share grant	(1,083,418)	-	(1,083,418)	-
Balance at end of financial period	580,582	970,000	580,582	970,000

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 2009.

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 Group and the Company have adopted the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2010. The adoption of the new and revised FRS did not result in any material impact on the Group's and the Company's financial statements.

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		Group	
	2Q 2010	**2Q 2009**	**1H 2010**	**1H 2009**
Earnings per ordinary share for the period:		**Restated**		**Restated**
(a) Based on weighted average number of ordinary shares in issue	0.83 cent	1.08 cent	1.10 cent	1.82 cent
Weighted average number of ordinary shares	280,854,460	280,729,238	280,791,849	281,117,238
(b) On a fully diluted basis	0.82 cent	1.08 cent	1.09 cent	1.82 cent
Adjusted weighted average number of ordinary shares	281,929,606	281,448,438	281,868,822	281,476,838

On 30 March 2010, the Company issued a total of 46,982,204 bonus shares on the basis of one bonus share for every five existing ordinary shares. Accordingly, the weighted average number of ordinary shares and the adjusted weighted average number of ordinary shares have been computed taking into account the bonus share issue. The earnings per share (basic and fully diluted basis) for 2Q 2009 and 1H 2009 have also been restated.

As at 30 June 2010, a total of 1,187,521 (30 June 2009: 1,078,800 [after restated for bonus shares]) restricted shares have been granted conditionally under the "BreadTalk Restricted Share Grant Plan" while no share options have been issued under the "BreadTalk Group Limited Employees' Share Option Scheme" .

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

	Group		Company	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
		Restated		**Restated**
Net asset value per ordinary share based on issued share capital as at the end of period reported on	21.8 cents	21.6 cents	12.6 cents	13.3 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2010 is computed based on the total number of issued shares (excluding 580,582 treasury shares) of 281,312,656. The comparative figures as at 31 December 2009 has been restated taking into account the Company's bonus share issue on 30 March 2010.

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 registered a 25.0% growth in revenue to $71.2 million in 2Q 2010 compared to $57.0 million in 2Q 2009 underpinned by growth across all business segments. In 1H 2010, group revenue rose 21.1% to $138.3 million compared to $114.2 million in 1H 2009.

In 2Q 2010, group operating profit improved 138.2% to $3.9 million compared to 1Q 2010 but was 15.1% lower than 2Q 2009 mainly due to lower profit from the bakery segment as well as start up losses from the restaurant segment. This was cushioned by higher profits from Din Tai Fung restaurants and the Hong Kong food court operations. The PRC food court operations also recorded higher profit in 2Q 2010 mainly due to a one-off reversal of rental amortisation following the relocation of the food court at Metro City Shopping Mall in Shanghai.

Interest income rose 448.3% to $159,000 in 2Q 2010 mainly attributable to amortised interest income on the investment in junior bonds.

With the higher profit in 2Q 2010 compared to 1Q 2010, group effective tax rate improved to 37.2% but was higher compared to 26.3% in 2Q 2009 mainly to due losses incurred by certain subsidiaries where group tax relief could not be applied as well as expiry of the tax concession enjoyed by a subsidiary in the PRC.

As a result, group net profit attributable to shareholders fell 23.7% to $2.3 million in 2Q 2010 but was nonetheless significantly higher compared to 1Q 2010 net profit of $0.8 million. Meanwhile, group net profit attributable to shareholders decreased by 39.9% to $3.1 million in 1H 2010 compared to $5.1 million in 1H 2009.

Earnings per share (EPS) on a fully diluted basis fell 24.1% to 0.82 cents in 2Q 2010 compared to 1.08 cents in 2Q 2009 while EPS on a fully diluted basis for 1H 2010 decreased by 40.1% to 1.09 cents compared to 1.82 cents in 1H 2009. Net asset value per share rose marginally to 21.8 cents as at 30 June 2010 compared to 21.6 cents as of 31 December 2009. The earnings per share and net asset value per share figures are computed based on the Company's enlarged share capital following the issue of 46,982,204 new bonus shares on 30 March 2010.

(A) Segmental Analysis

Group revenue rose 25.0% to $71.2 million in 2Q 2010 underpinned by continued expansion across all business divisions.

	2Q 2010		2Q 2009		Increase	
	$000	% Contribution	$000	% Contribution	$000	
Bakery sales	32,174	45.2%	25,240	44.3%	6,934	27.5%
Franchise income	5,095	7.2%	5,182	9.1%	(87)	-1.7%
Restaurant sales	13,153	18.5%	8,793	15.4%	4,360	49.6%
Foodcourt income	20,821	29.2%	17,767	31.2%	3,054	17.2%
	71,243	100.0%	56,982	100.0%	14,261	25.0%

	1H 2010		1H 2009		Increase	
	$000	% Contribution	$000	% Contribution	$000	
Bakery sales	61,555	44.5%	50,599	44.3%	10,956	21.7%
Franchise income	10,016	7.2%	9,381	8.2%	635	6.8%
Restaurant sales	24,473	17.7%	17,544	15.4%	6,929	39.5%
Foodcourt income	42,249	30.6%	36,659	32.1%	5,590	15.2%
	138,293	100.0%	114,183	100.0%	24,110	21.1%

Bakery

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

		As At	
	30-Jun-10	31-Dec-09	30-Jun-09
Singapore	59	52	43
Malaysia	13	12	12
Hong Kong	10	9	7
PRC	49	42	40
Thailand	6	4	3
	137	119	105

Bakery sales, the largest revenue contributor, rose 27.5% to $32.2 million in 2Q 2010, driven by strong sales growth from Singapore, Hong Kong and the PRC. Sales growth in these markets had largely been driven by outlet expansion and partly contributed by higher same store sales.

The Group's franchised bakery network:

		As At	
	30-Jun-10	31-Dec-09	30-Jun-09
Indonesia	59	56	51
Philippines	17	16	15
Kuwait	6	6	7
Oman	1	1	1
India	5	6	6
Korea	4	3	2
PRC	101	92	71
Vietnam	1	-	-
Bahrain	3	2	1
	197	182	154

Franchise revenue was marginally down by 1.7% to $5.1 million in 2Q 2010 mainly due to lower franchise fee which tends to be lumpy. Nonetheless, this was cushioned by continued growth in royalty fee income as the total number of franchised outlets increased by 43 to 197 outlets as of 30 June 2010 compared to a year ago.

Overall bakery segment registered 48.4% decline in operating profit to $1.0 million in 2Q 2010 compared to 2Q 2009 mainly due to underperformance of Hong Kong and PRC bakery units.

In 1H 2010, total revenue from the bakery segment grew 19.3% to $71.6 million while operating profit fell 21.6% to $2.3 million compared to 1H 2009.

Restaurants

The number of restaurants owned and operated by the Group:

		As At	
	30-Jun-10	31-Dec-09	30-Jun-09
Din Tai Fung	8	7	6
Carl's Junior	1	1	-
Ramen Play	4	1	-
	13	9	6

Revenue from the restaurant business grew 49.6% to $13.2 million in 2Q 2010, up from $8.8 million in 2Q 2009. The growth was mainly attributable to revenue contribution from new Din Tai Fung and Ramen Play outlets added as well as higher same store sales achieved for the existing Din Tai Fung restaurants.

Restaurant business registered a lower operating profit $0.9 million in 2Q 2010 compared to $1.1 million in 2Q 2009 mainly due to start-up loss of Carl's Junior and Ramen Play brands, cushioned by higher profit contribution from Din Tai Fung restaurants.

In 1H 2010, revenue from the restaurant segment rose $6.9 million or 39.5% to $24.5 million while operating profit fell 25.4% to $1.3 million compared to 1H 2009.

Food Courts

Number of food courts owned and operated by the Group:

	As At		
	30-Jun-10	**31-Dec-09**	**30-Jun-09**
PRC	20	22	22
Hong Kong	5	5	5
Singapore	5	5	3
Malaysia	1	1	1
	31	33	31

Food court revenue grew $3.1 million or 17.2% to $20.8 million in 2Q 2010 mainly attributable to revenue contribution from food courts at ION Orchard and Somerset 313 in Singapore which were opened in July 2009 and December 2009 respectively. Hong Kong and the PRC food court operations recorded marginal growth in revenue but was offset by strengthening of the Singapore dollars against the Hong Kong dollar and Renminbi respectively.

Operating profit from the food court business rose 21.0% to $1.8 million in 2Q 2010 compared to $1.5 million in 2Q 2009 mainly due to higher profit contribution from Hong Kong food court operations as well as one-off reversal of rental amortisation following the relocation of the food court at Metro City Shopping Mall in Shanghai. With the on-going streamlining of the PRC food court operation, operating metrics are gradually improving.

In 1H 2010, revenue from the food court segment rose $5.6 million or 15.2% to $42.2 million while operating profit declined by 39.1% to $1.7 million.

(B) Geographical Analysis

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

	2Q 2010		2Q 2009		Increase/(decrease)	
	$000	% Contribution	$000	% Contribution	$000	
Singapore	38,471	54.0%	26,898	47.2%	11,573	43.0%
PRC	21,706	30.5%	19,187	33.7%	2,519	13.1%
Hong Kong	7,861	11.0%	7,191	12.6%	670	9.3%
Rest of the world	3,205	4.5%	3,706	6.5%	(501)	-13.5%
	71,243	100.0%	56,982	100.0%	14,261	25.0%

	1H 2010		1H 2009		Increase/(decrease)	
	$000	% Contribution	$000	% Contribution	$000	
Singapore	72,043	52.1%	52,404	45.9%	19,639	37.5%
PRC	44,071	31.9%	41,037	35.9%	3,034	7.4%
Hong Kong	15,675	11.3%	13,652	12.0%	2,023	14.8%
Rest of the world	6,504	4.7%	7,090	6.2%	(586)	-8.3%
	138,293	100.0%	114,183	100.0%	24,110	21.1%

The Group achieved broad-based revenue growth across all geographical segments in 2Q 2010 except for rest of the world segment where revenue dipped by 13.5% mainly due to lower franchise fee and sales of raw materials to franchisees. Revenue contribution from Singapore grew $11.6 million or 43.0% to $38.5 million in 2Q 2010 supported by revenue growth across all business segments.

The PRC segment registered 13.1% growth in revenue mainly contributed by bakery segment as well as Carl's Junior and Ramen Play businesses. Revenue contribution from Hong Kong rose 9.3% to $7.9 million in 2Q 2010 contributed by both the bakery and food court operations, offset by impact of a weaker Hong Kong dollar against the Singapore dollar in 2Q 2010.

(C) Balance Sheet

Non-current assets rose $17.2 million or 22.2% to $94.8 million as at 30 June 2010. The increase was mainly attributable to: (i) increase in property, plant and equipments of $7.2 million arising from acquisition of the leasehold land from Jurong Town Corporation to be used for development of manufacturing facilities and office space in Singapore as well as outlet expansion/upgrading; and (ii) increase in investment securities by $10.3 million comprising mainly investment in a retail property trust through the subscription of junior bonds amounted to $10.8 million.

As at 30 June 2010, current assets decreased by $9.7 million to $84.7 million mainly due to: (i) reduction in cash and cash equivalents by $6.8 million mainly resulting from cash utilised for investments and expansion; and (ii) reclassification of deposits of $5.0 million paid for the subscription of junior bonds to investment securities; while offset by increase in other receivables and deposits in line with business expansion.

Trade payables increased some 10.9% to $15.6 million as at 30 June 2010 compared to $14.0 million as at 31 December 2009 in tandem with business growth. Meanwhile, other payables decreased by $3.6 million to $34.3 million as at 30 June 2010 mainly due to lower payables relating to capital expenditure as at 30 June 2010.

As at 30 June 2010, the Group's net current liabilities increased to $13.1 million compared to $2.7 million as at 31 December 2009. The increase was due to the use of cash to finance a $10.8 million retail property trust investment as well as outlet expansion. Included in current liabilities are food court tenants' deposits and stored value card deposits of $8.6 million and deferred revenue of $7.8 million. Deferred revenue comprises mainly unutilised value on stored value cards, unredeemed cash vouchers sold and unearned deferred franchise fees received. 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.

The Group's total borrowings increased by $6.5 million to $22.6 million as at 30 June 2010 compared to $16.1 million as at 31 December 2009. The increase was mainly due to bank loans taken up to finance the acquisition of the leasehold land as well as the Group's business expansion. The Group's gearing stood at 0.33 as at 30 June 2010 compared to 0.24 as at 31 December 2009.

(D) Cash Flow Statement

Despite lower operating profit, the Group recorded higher operating cash flow of $10.8 million in 2Q 2010 compared to $8.3 million in 2Q 2009 after adding back non-cash items such as depreciation and asset write-off. Net cash flow used in investing activities amounted to $7.7 million in 2Q 2010 mainly for outlet additions and upgrading. Meanwhile, net cash flow used in financing activities in 2Q 2010 amounted to $0.9 million compared to $2.2 million in 2Q 2009.

Consequently, the Group's cash and cash equivalents increased by $2.2 million in 2Q10 to $51.6 million as at 30 June 2010.

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

Recent reports indicated possible gaps in the supply of wheat in certain parts of producing countries. The Group is keeping a close watch on the raw material price fluctuations and has been securing forward price contracts with our key suppliers where possible to minimise the impact.

The restructuring exercise of our PRC operations, initiated in the preceding quarters will better position the Group on a stronger growth platform. We will continue to calibrate performance, fine tune and adjust accordingly. The Group remains strongly committed to and confident of our initiatives in the key PRC market.

Group wide efforts to improve operational efficiencies and business metrics are on-going. Non-performing outlets will be identified and deficiencies rectified. Outlets where sub-performance is not addressable will be closed and resources redeployed to optimise utilisation and return. Process integration across back office covering finance, procurement, HR and IT will continue to provide better business support.

The initial acceptance of our fresh brands Ramen Play and Carl's Junior is encouraging and roll out is gathering momentum. Strong economic growth and visitor arrivals in Singapore have brought cheer and would benefit our newly opened outlets at the integrated resorts in Sentosa and Marina Bay.

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 second quarter ended 30 June 2010 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 second quarter and half year ended 30 June 2010 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
10 August 2010