

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Third Quarter Ended 30 September 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 third quarter ended 30 September 2010. The figures presented below have not been audited.

	Group			Group		
	3Q 2010 \$000	3Q 2009 \$000	Increase/ (Decrease)	YTD Sep 2010 \$000	YTD Sep 2009 \$000	Increase/ (Decrease)
Revenue	81,304	64,105	26.8%	219,597	178,288	23.2%
Cost of sales	<u>(36,852)</u>	<u>(29,141)</u>	26.5%	<u>(99,994)</u>	<u>(80,197)</u>	24.7%
Gross profit	44,452	34,964	27.1%	119,603	98,091	21.9%
Other operating income	2,083	1,757	18.6%	7,606	6,488	17.2%
Distribution and selling expenses	(30,925)	(23,615)	31.0%	(86,937)	(66,860)	30.0%
Administrative expenses	(11,744)	(8,790)	33.6%	(30,917)	(25,599)	20.8%
Profit from operations	<u>3,866</u>	<u>4,316</u>	-10.4%	<u>9,355</u>	<u>12,120</u>	-22.8%
Interest income	141	30	370.0%	400	89	349.4%
Interest expense	(168)	(166)	1.2%	(502)	(491)	2.2%
Profit before tax and share of results of associates and joint ventures	<u>3,839</u>	<u>4,180</u>	-8.2%	<u>9,253</u>	<u>11,718</u>	-21.0%
Share of results of associates	-	-	N.A.	-	(200)	100.0%
Share of results of joint ventures	<u>(26)</u>	<u>-</u>	N.A.	<u>173</u>	<u>223</u>	-22.4%
Profit before tax	3,813	4,180	-8.8%	9,426	11,741	-19.7%
Tax expense	<u>(1,136)</u>	<u>(1,322)</u>	-14.1%	<u>(3,475)</u>	<u>(3,359)</u>	3.5%
Profit after tax	<u>2,677</u>	<u>2,858</u>	-6.3%	<u>5,951</u>	<u>8,382</u>	-29.0%
Other comprehensive income/(loss):						
Share based compensation reserve	67	49	36.7%	92	81	13.6%
Net income/(loss) on available-for-sale financial assets	-	747	-100.0%	(460)	287	-260.3%
Foreign currency translation	<u>(694)</u>	<u>(307)</u>	126.1%	<u>(680)</u>	<u>(295)</u>	130.5%
Other comprehensive (loss)/income for the period, net of tax	<u>(627)</u>	<u>489</u>	-228.2%	<u>(1,048)</u>	<u>73</u>	-1535.6%
Total comprehensive income for the period	<u>2,050</u>	<u>3,347</u>	-38.8%	<u>4,903</u>	<u>8,455</u>	-42.0%
Profit attributable to:						
Shareholders of the Company	<u>2,804</u>	<u>2,675</u>	4.8%	<u>5,881</u>	<u>7,799</u>	-24.6%
Non-controlling interest	<u>(127)</u>	<u>183</u>	-169.4%	<u>70</u>	<u>583</u>	-88.0%
	<u>2,677</u>	<u>2,858</u>	-6.3%	<u>5,951</u>	<u>8,382</u>	-29.0%
Total comprehensive income attributable to:						
Shareholders of the Company	<u>2,177</u>	<u>3,164</u>	-31.2%	<u>4,833</u>	<u>7,872</u>	-38.6%
Non-controlling interest	<u>(127)</u>	<u>183</u>	-169.4%	<u>70</u>	<u>583</u>	-88.0%
	<u>2,050</u>	<u>3,347</u>	-38.8%	<u>4,903</u>	<u>8,455</u>	-42.0%

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		
	3Q 2010 \$000	3Q 2009 \$000	Increase/ (Decrease)	YTD Sep 2010 \$000	YTD Sep 2009 \$000	Increase/ (Decrease)
Depreciation and amortisation	5,845	3,938	48.4%	15,695	11,836	32.6%
Operating lease expenses	16,050	13,714	17.0%	46,443	37,806	22.8%
Personnel expenses	22,068	17,259	27.9%	62,099	49,972	24.3%
Impairment loss of property, plant and equipment	-	-	N.A.	-	336	-100.0%
Impairment loss of intangible assets	19	-	N.A.	19	-	N.A.
Property, plant and equipment written off	324	333	-2.7%	1,758	630	179.0%
Gain on disposal of property, plant and equipment	(212)	-	N.A.	(213)	(11)	1836.4%
Impairment of amount due from an associate (non-trade)	-	-	N.A.	30	-	N.A.
Reversal of write-down of inventories	(47)	-	N.A.	-	-	N.A.
Loss on disposal of a subsidiary	-	-	N.A.	-	61	-100.0%
Provision for loss from misappropriation of funds	622	-	N.A.	622	-	N.A.
Foreign exchange loss, net	288	252	14.3%	253	241	5.0%
Government grant	(172)	-	N.A.	(988)	(722)	36.8%

N.A. - Not applicable

(B) Tax Expense

The tax expense for 3Q10 includes an over-provision of \$35,000 in respect of prior years (3Q09: Nil)

In YTD September 2010, there was an under-provision of tax in respect of prior years of \$12,000 (YTD Sep 2009: 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	
	30.09.2010 \$000	31.12.2009 \$000	30.09.2010 \$000	31.12.2009 \$000
Non-current assets				
Property, plant and equipment	70,795	64,352	5,461	101
Intangible assets	9,180	9,097	-	-
Investment securities	11,784	1,494	-	-
Investment in subsidiaries	-	-	28,392	26,522
Investment in associates	-	-	-	-
Investment in joint ventures	469	284	-	-
Other receivables	712	839	-	-
Prepayments	38	685	-	685
Deferred tax assets	1,148	872	-	-
	<u>94,126</u>	<u>77,623</u>	<u>33,853</u>	<u>27,308</u>
Current assets				
Inventories	5,106	4,838	-	-
Trade receivables	5,682	3,868	-	-
Other receivables and deposits	19,799	24,526	28	321
Prepayments	3,190	2,323	40	23
Tax recoverable	35	12	-	-
Amount due from subsidiaries (non-trade)	-	-	13,883	10,738
Amount due from joint ventures (non-trade)	429	469	-	-
Cash and cash equivalents	55,088	58,426	2,427	3,020
	<u>89,329</u>	<u>94,462</u>	<u>16,378</u>	<u>14,102</u>
Current liabilities				
Trade payables	16,202	14,044	-	-
Other payables	34,304	37,919	255	224
Other liabilities	33,686	29,817	1,683	1,764
Provision for reinstatement costs	3,244	3,061	-	-
Amount due to subsidiaries (non-trade)	-	-	8,783	2,027
Amount due to joint ventures (non-trade)	92	105	-	-
Amount due to landlord (non-trade)	84	88	-	-
Finance lease obligations, secured	132	173	-	-
Loan from minority shareholders of subsidiaries	200	-	-	-
Short term loan, secured	4,291	4,959	-	-
Current portion of long-term loans, secured	4,884	3,815	-	-
Tax payable	3,416	3,216	73	32
	<u>100,535</u>	<u>97,197</u>	<u>10,794</u>	<u>4,047</u>
Net current (liabilities)/ assets	(11,206)	(2,735)	5,584	10,055
Non-current liabilities				
Long-term loans, secured	10,708	6,968	3,989	-
Finance lease obligations, secured	113	216	-	-
Amount due to landlord (non-trade)	74	127	-	-
Deferred tax liabilities	1,756	1,411	-	-
	<u>12,651</u>	<u>8,722</u>	<u>3,989</u>	<u>-</u>
Net assets	<u>70,269</u>	<u>66,166</u>	<u>35,448</u>	<u>37,363</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(199)	(283)	(199)	(283)
Accumulated profits	28,321	24,782	1,994	4,253
Translation reserve	(543)	137	-	-
Other reserves	2,523	2,723	350	90
	<u>63,405</u>	<u>60,662</u>	<u>35,448</u>	<u>37,363</u>
Non-controlling interest	6,864	5,504	-	-
Total equity	<u>70,269</u>	<u>66,166</u>	<u>35,448</u>	<u>37,363</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 30.09.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
9,307	200	8,947	-

Amount repayable after one year

As at 30.09.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
10,821	-	7,184	-

Details of any collateral

(1) As at 30 September 2010, a total amount of \$15.9 million of the Group's bank borrowings 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	
	3Q 2010 \$000	3Q 2009 \$000	YTD Sep 2010 \$000	YTD Sep 2009 \$000
Cashflows from operating activities				
Profit before tax	3,813	4,180	9,426	11,741
Adjustments for:				
Share of results of associates	-	-	-	200
Share of results of joint ventures	26	-	(173)	(223)
Depreciation of property, plant and equipment	5,744	3,797	15,397	11,412
Amortisation of intangible assets	101	141	298	424
Loss on disposal of a subsidiary	-	-	-	61
Gain on disposal of property, plant and equipment	(212)	-	(213)	(11)
Impairment loss of property, plant and equipment	-	-	-	336
Impairment loss of intangible assets	19	-	19	-
Property, plant and equipment written off	324	333	1,758	630
Interest expense	168	166	502	491
Interest income	(141)	(30)	(400)	(89)
Reversal of write-down of inventories	(47)	-	-	-
Impairment of amount due from an associate (non-trade)	-	-	30	-
Share based payment expenses	67	49	604	81
Translation difference	554	354	573	219
Operating cash flow before working capital changes	10,416	8,990	27,821	25,272
(Increase)/decrease in:				
Inventories	319	(416)	(268)	(284)
Trade receivables	(1,790)	(682)	(1,814)	(153)
Other receivables and deposits	1,149	2,842	57	307
Prepayments	(794)	(1,148)	(867)	(932)
Amount due from an associate (non-trade)	-	-	(30)	-
Amount due from joint ventures (non-trade)	(70)	(83)	40	(73)
Increase/(decrease) in:				
Trade payables	629	1,157	2,158	1,384
Other payables and other liabilities	3,688	7,292	254	3,739
Amount due to joint ventures (non-trade)	(5)	(3)	(13)	(2)
Cash generated from operations	13,542	17,949	27,338	29,258
Tax paid	(1,570)	(1,416)	(3,250)	(3,494)
Net cash flow from operating activities	11,972	16,533	24,088	25,764
Cash flows from investing activities				
Interest income received	141	30	195	89
Purchase of property, plant and equipment	(7,107)	(8,713)	(24,890)	(14,686)
Proceeds from disposal of property, plant and equipment	273	11	537	34
Acquisition of intangible assets	(53)	(28)	(424)	(425)
Subscription of junior bonds	-	-	(5,750)	-
Net cash flow from disposal of a subsidiary	-	-	-	125
Net cash flow used in investing activities	(6,746)	(8,700)	(30,332)	(14,863)
Cash flows from financing activities				
Interest expense paid	(163)	(160)	(484)	(473)
Dividends paid to shareholders of the Company	-	-	(2,342)	(2,339)
Repayment of proceeds from finance lease obligations	(59)	(40)	(144)	(161)
Proceeds from short-term loans	835	1,950	6,412	4,479
Repayment of short-term loans	(1,802)	(1,685)	(6,844)	(4,899)
Proceeds from long-term loans	291	3,162	8,730	3,708
Repayment of long-term loans	(1,165)	(2,423)	(3,587)	(5,099)
Purchase of treasury shares	-	-	(259)	(283)
Repayment of amount owing to landlord	(22)	(22)	(66)	(69)
Increase in cash at bank pledged	2	-	(64)	-
Capital injection from minority shareholders of subsidiaries	90	861	1,290	1,941
Loan from minority shareholders of subsidiaries	200	-	200	44
Net cash flow (used in)/from financing activities	(1,793)	1,643	2,842	(3,151)

Net increase/(decrease) in cash and cash equivalents	3,433	9,476	(3,402)	7,750
Cash and cash equivalents at beginning of financial period	51,591	46,151	58,426	47,877
Cash and cash equivalents at end of financial period	55,024	55,627	55,024	55,627

Note A: Cash and cash equivalents comprise:

	Group	
	30 Sep 2010	30 Sep 2009
	\$000	\$000
Cash on hand and at bank	54,582	50,464
Fixed deposits	506	5,163
	55,088	55,627
Less: Cash at bank pledged	(64)	-
Cash and cash equivalents	55,024	55,627

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	Treasury shares \$000	Translation reserve \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000	Non-controlling interests \$000	Total equity \$000
Balance at 1 January 2009	33,303	-	545	16,408	2,254	52,510	3,623	56,133
Profit after tax	-	-	-	5,124	-	5,124	400	5,524
Other comprehensive income/(loss) for the period	-	-	12	-	(428)	(416)	-	(416)
Total comprehensive income/(loss) for the period	-	-	12	5,124	(428)	4,708	400	5,108
Dividend paid	-	-	-	(2,339)	-	(2,339)	-	(2,339)
Purchase of treasury shares	-	(283)	-	-	-	(283)	-	(283)
Issuance of new shares to a minority shareholder	-	-	-	-	-	-	1,257	1,257
Disposal of a subsidiary	-	-	-	-	-	-	(193)	(193)
Balance at 30 June 2009	33,303	(283)	557	19,193	1,826	54,596	5,087	59,683
Profit after tax	-	-	-	2,675	-	2,675	183	2,858
Other comprehensive (loss)/income for the period	-	-	(307)	-	796	489	-	489
Total comprehensive (loss)/income for the period	-	-	(307)	2,675	796	3,164	183	3,347
Issuance of new shares to a minority shareholder	-	-	-	-	-	-	861	861
Balance at 30 September 2009	33,303	(283)	250	21,868	2,622	57,760	6,131	63,891
Balance at 1 January 2010	33,303	(283)	137	24,782	2,723	60,662	5,504	66,166
Profit after tax	-	-	-	3,077	-	3,077	197	3,274
Other comprehensive income/(loss) for the period	-	-	14	-	(435)	(421)	-	(421)
Total comprehensive income/(loss) for the period	-	-	14	3,077	(435)	2,656	197	2,853
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
Profit after tax	-	-	-	2,804	-	2,804	(127)	2,677
Other comprehensive (loss)/income for the period	-	-	(694)	-	67	(627)	-	(627)
Total comprehensive (loss)/income for the period	-	-	(694)	2,804	67	2,177	(127)	2,050
Issuance of new shares to a minority shareholder	-	-	-	-	-	-	90	90
Balance at 30 September 2010	33,303	(199)	(543)	28,321	2,523	63,405	6,864	70,269

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2009	33,303	-	3,173	-	36,476
Profit after tax	-	-	170	-	170
Other comprehensive income for the period	-	-	-	32	32
Total comprehensive income for the period	-	-	170	32	202
Purchase of treasury shares	-	(283)	-	-	(283)
Dividend paid	-	-	(2,339)	-	(2,339)
Balance at 30 June 2009	33,303	(283)	1,004	32	34,056
Profit after tax	-	-	66	-	66
Other comprehensive income for the period	-	-	-	49	49
Total comprehensive income for the period	-	-	66	49	115
Balance at 30 September 2009	33,303	(283)	1,070	81	34,171
As at 1 January 2010	33,303	(283)	4,253	90	37,363
Profit after tax	-	-	84	-	84
Other comprehensive income for the period	-	-	-	25	25
Total comprehensive income for the period	-	-	84	25	109
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
Profit after tax	-	-	(1)	-	(1)
Other comprehensive income for the period	-	-	-	67	67
Total comprehensive (loss)/income for the period	-	-	(1)	67	66
Balance at 30 September 2010	33,303	(199)	1,994	350	35,448

Note B: Other reserves

	Group		Company	
	30 Sep 2010 \$000	30 Sep 2009 \$000	30 Sep 2010 \$000	30 Sep 2009 \$000
Statutory reserve fund	1,455	1,076	-	-
Fair value adjustment reserve	718	1,465	-	-
Capital reserve	168	-	168	-
Share based compensation reserve	182	81	182	81
	2,523	2,622	350	81

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.

There were no changes in the share capital of the Company in 3Q 2010.

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

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 September 2010 was 1,105,763 (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 September 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			
	3Q 2010	3Q 2009	YTD Sep 2010	YTD Sep 2009
Balance at beginning of financial period	580,582	970,000	970,000	-
Allotment of bonus shares	-	-	194,000	-
Purchase of treasury shares	-	-	500,000	970,000
Treasury shares transferred on vesting of restricted share grant	-	-	(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, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2010.

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	
	3Q 2010	3Q 2009 Restated	YTD Sep 2010	YTD Sep 2009 Restated
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	1.00 cent	0.95 cent	2.09 cent	2.78 cent
Weighted average number of ordinary shares	281,312,656	280,729,238	280,965,451	280,987,905
(b) On a fully diluted basis	0.99 cent	0.95 cent	2.09 cent	2.77 cent
Adjusted weighted average number of ordinary shares	282,456,742	281,808,038	282,064,795	281,587,238

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 3Q 2009 and 9M 2009 have also been restated.

As at 30 September 2010, a total of 1,105,763 (30 Sep 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	
	30.09.2010	31.12.2009 Restated	30.09.2010	31.12.2009 Restated
Net asset value per ordinary share based on issued share capital as at the end of period reported on	<u>22.5 cents</u>	<u>21.6 cents</u>	<u>12.6 cents</u>	<u>13.3 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 30 September 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 26.8% growth in revenue to \$81.3 million in 3Q 2010 compared to \$64.1 million in 3Q 2009 underpinned by growth across all business segments. In 9M 2010, group revenue rose 23.2% to \$219.6 million compared to \$178.3 million in 9M 2009.

In 3Q 2010, group operating profit declined 10.4% to \$3.9 million compared to 3Q 2009 mainly due to bigger losses from a Malaysian subsidiary as well as pre-operating expenses incurred for the first Din Tai Fung restaurant in Thailand. Nonetheless, the food court business recorded higher operating profit in 3Q 2010, contributed by the Hong Kong and PRC food court operations. Operating losses of both Ramen Play and Carl's Junior also narrowed in 3Q 2010.

Interest income rose 370.0% to \$141,000 in 3Q 2010 mainly attributable to amortised interest income on the investment in junior bonds.

Group effective tax rate for 3Q 2010 was lower at 29.8% compared to 31.6% in 3Q 2009. Nevertheless, the effective tax rate remained relatively high 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.

Overall, group net profit attributable to shareholders rose 4.8% to \$2.8 million in 3Q 2010, up from \$2.7 million in 3Q 2009 as minority shareholders' share of losses at the restaurant segment increased in 3Q 2010 compared to 3Q 2009. Meanwhile, group net profit attributable to shareholders dipped 24.6% to \$5.9 million in 9M 2010 compared to \$7.8 million in 9M 2009.

Earnings per share (EPS) on a fully diluted basis rose 4.2% to 0.99 cents in 3Q 2010 compared to 0.95 cents in 3Q 2009 while EPS on a fully diluted basis for 9M 2010 declined by 24.5% to 2.09 cents compared to 2.77 cents in 9M 2009. Net asset value per share rose 4.2% to 22.5 cents as at 30 September 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 26.8% to \$81.3 million in 3Q 2010 underpinned by continued expansion across all business divisions.

	3Q 2010		3Q 2009		Increase	
	\$000	% Contribution	\$000	% Contribution	\$000	
Bakery sales	38,136	46.9%	28,359	44.2%	9,777	34.5%
Franchise income	5,449	6.7%	4,715	7.3%	734	15.6%
Restaurant sales	14,376	17.7%	10,098	15.8%	4,278	42.4%
Foodcourt income	23,343	28.7%	20,933	32.7%	2,410	11.5%
	<u>81,304</u>	<u>100.0%</u>	<u>64,105</u>	<u>100.0%</u>	<u>17,199</u>	<u>26.8%</u>

	YTD Sep 2010		YTD Sep 2009		Increase	
	\$000	% Contribution	\$000	% Contribution	\$000	
Bakery sales	99,691	45.4%	78,958	44.3%	20,733	26.3%
Franchise income	15,465	7.0%	14,096	7.9%	1,369	9.7%
Restaurant sales	38,849	17.7%	27,642	15.5%	11,207	40.5%
Foodcourt income	65,592	29.9%	57,592	32.3%	8,000	13.9%
	<u>219,597</u>	<u>100.0%</u>	<u>178,288</u>	<u>100.0%</u>	<u>41,309</u>	<u>23.2%</u>

Bakery

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

	30-Sep-10	31-Dec-09	30-Sep-09
Singapore	60	52	49
Malaysia	13	12	12
Hong Kong	11	9	7
PRC	52	42	40
Thailand	6	4	4
	<u>142</u>	<u>119</u>	<u>112</u>

Bakery sales, the largest revenue contributor, rose 34.5% to \$38.1 million in 3Q 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:

	30-Sep-10	31-Dec-09	30-Sep-09
Indonesia	62	56	55
Philippines	16	16	16
Kuwait	6	6	6
Oman	1	1	1
India	6	6	6
Korea	5	3	3
PRC	111	92	74
Vietnam	1	-	-
Bahrain	4	2	1
	<u>212</u>	<u>182</u>	<u>162</u>

Franchise revenue grew 15.6% to \$5.4 million in 3Q 2010 mainly attributable to continued growth in royalty fee income in tandem with expanding franchise network as well as higher franchise fee earned in 3Q 2010.

Overall bakery segment registered 49.0% decline in operating profit to \$0.9 million in 3Q 2010 compared to 3Q 2009 mainly due to: (1) provision for loss arising from misappropriation of funds in a Malaysian subsidiary (Note: the provision for loss arising from misappropriation of funds has been included under "Administrative expenses" in the Statement of Comprehensive Income); (2) lower profit contribution from Singapore bakery operations with the absence of job credit in 3Q 2010.

The PRC bakery unit also underperformed in 3Q 2010 mainly due to higher food cost resulting from tactical sales strategy and higher personnel cost due to salary adjustment as part of effort for staff retention while cushioned by higher profit from franchise division and mooncake sales. Meanwhile, the Hong Kong bakery unit continued to underperform in 3Q 2010.

In 9M 2010, total revenue from the bakery segment grew 23.8% to \$115.2 million while operating profit fell 32.1% to \$3.2 million compared to 9M 2009.

Restaurants

The number of restaurants owned and operated by the Group:

	30-Sep-10	31-Dec-09	30-Sep-09
Din Tai Fung	8	7	6
Carl's Junior	3	1	-
Ramen Play	6	1	-
	<u>17</u>	<u>9</u>	<u>6</u>

Revenue from the restaurant business grew 42.4% to \$14.4 million in 3Q 2010, up from \$10.1 million in 3Q 2009. The growth was mainly attributable to revenue contribution from new Din Tai Fung and Ramen Play outlets added while also partially contributed by higher same store sales achieved for the existing Din Tai Fung restaurants.

Restaurant business registered an operating profit of approximately \$0.9 million in 3Q 2010, 6.8% lower compared to 3Q 2009 mainly due to pre-operating expenses incurred for the first Din Tai Fung restaurant in Bangkok, Thailand, temporary closure of the Din Tai Fung outlet at Raffles City for renovation and absence of job credit in 3Q 2010. Operating losses for Carl's Junior and Ramen Play businesses narrowed to \$0.5 million in 3Q 2010 compared to \$0.9 million in 3Q 2009.

In 9M 2010, revenue from the restaurant segment rose \$11.2 million or 40.5% to \$38.8 million while operating profit fell 19.1% to \$2.2 million compared to 9M 2009.

Food Courts

Number of food courts owned and operated by the Group:

	30-Sep-10	31-Dec-09	30-Sep-09
PRC	19	22	22
Hong Kong	5	5	5
Singapore	5	5	4
Malaysia	1	1	1
	<u>30</u>	<u>33</u>	<u>32</u>

Food court revenue grew \$2.4 million or 11.5% to \$23.3 million in 3Q 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 decent revenue growth in 3Q 2010 but mitigated by strengthening of the Singapore dollars against the Hong Kong dollar and Renminbi respectively.

Operating profit from the food court business rose 37.3% to \$2.0 million in 3Q 2010 compared to 3Q 2009 mainly due to: (1) higher profit contribution from Hong Kong food court operations arising higher revenue and lower personnel expenses incurred; and (2) improved performance from the PRC food court operations amidst on-going streamlining effort and the fact that 3Q 2009 performance was affected by the temporary closure of its largest food atrium in Beijing.

In 9M 2010, revenue from the food court segment rose \$8.0 million or 13.9% to \$65.6 million while operating profit dipped 12.9% to \$3.8 million compared to 9M 2009.

(B) Geographical Analysis

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

	3Q 2010		3Q 2009		Increase/(decrease)	
	\$000	% Contribution	\$000	% Contribution	\$000	
Singapore	41,040	50.5%	31,812	49.6%	9,228	29.0%
PRC	27,432	33.7%	20,823	32.5%	6,609	31.7%
Hong Kong	8,885	10.9%	7,834	12.2%	1,051	13.4%
Rest of the world	3,947	4.9%	3,636	5.7%	311	8.6%
	<u>81,304</u>	<u>100.0%</u>	<u>64,105</u>	<u>100.0%</u>	<u>17,199</u>	<u>26.8%</u>

	YTD Sep 2010		YTD Sep 2009		Increase/(decrease)	
	\$000	% Contribution	\$000	% Contribution	\$000	
Singapore	113,083	51.4%	84,216	47.2%	28,867	34.3%
PRC	71,503	32.6%	61,860	34.7%	9,643	15.6%
Hong Kong	24,560	11.2%	21,486	12.1%	3,074	14.3%
Rest of the world	10,451	4.8%	10,726	6.0%	(275)	-2.6%
	<u>219,597</u>	<u>100.0%</u>	<u>178,288</u>	<u>100.0%</u>	<u>41,309</u>	<u>23.2%</u>

The Group achieved broad-based revenue growth across all geographical segments in 3Q 2010. Revenue contribution from Singapore grew \$9.2 million or 29.0% to \$41.0 million in 3Q 2010 supported by revenue growth across all business segments.

The PRC segment, contributing 33.7% to group revenue in 3Q 2010, registered 31.7% growth in revenue to \$27.4 million mainly contributed by bakery segment as well as Carl's Junior and Ramen Play businesses. Revenue contribution from Hong Kong rose 13.4% to \$8.9 million in 3Q 2010 contributed by both the bakery and food court operations, partially offset by impact of a weaker Hong Kong dollar against the Singapore dollar in 3Q 2010.

(C) Balance Sheet

Non-current assets rose \$16.5 million or 21.3% to \$94.1 million as at 30 September 2010. The increase was mainly attributable to: (i) increase in property, plant and equipments of \$6.4 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 September 2010, current assets decreased by \$5.1 million to \$89.3 million mainly due to: (i) reduction in cash and cash equivalents by \$3.3 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 trade receivables and deposits in line with business expansion.

Trade payables increased some 15.4% to \$16.2 million as at 30 September 2010 compared to \$14.0 million as at 31 December 2009 in tandem with business growth. Other liabilities rose 13.0% to \$33.7 million mainly due to increase in deferred revenue arising mainly from cash vouchers sold but not yet redeemed. Meanwhile, other payables decreased by \$3.6 million to \$34.3 million as at 30 September 2010 mainly due to lower payables relating to capital expenditure as at 30 September 2010.

As at 30 September 2010, the Group's net current liabilities increased to \$11.2 million compared to \$2.7 million as at 31 December 2009, but nonetheless narrowed by \$1.9 million compared to last quarter-end. 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 \$8.7 million and deferred revenue of \$10.8 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 \$4.2 million to \$20.3 million as at 30 September 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 0.29 as at 30 September 2010 compared to 0.24 as at 31 December 2009.

(D) Cash Flow Statement

The Group recorded strong operating cash flow of \$12.0 million in 3Q 2010 albeit lower compared to \$16.5 million in 3Q 2009. Net cash flow used in investing activities amounted to \$6.7 million in 3Q 2010 mainly for outlet additions and upgrading. Meanwhile, net cash flow used in financing activities in 3Q 2010 amounted to \$1.8 million which was mainly attributable to net repayment of bank borrowings.

Consequently, the Group's cash and cash equivalents increased by \$3.4 million in 3Q 2010 to \$55.0 million as at 30 September 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

We are encouraged that efforts at streamlining several Food Republic outlets in the People's Republic of China have yielded improved performance. Revamped outlets will be monitored closely and operational procedures fine-tuned further to extract better metrics.

Raw materials cost will continue to challenge companies in the food and beverage retail space. The group will continue wherever possible to contract directly with our key material suppliers to mitigate the impact of price escalation.

To counter rising labour costs, we will continue to explore ways to raise labour productivity and achieve better cost efficiencies. Skilled and executive talent will be identified, nurtured and groomed for maximum potential.

Our plan to launch the Din Tai Fung first outlet in Bangkok, Thailand as well as Food Republic's entry into Shenzhen, PRC are both on track.

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/recommendeded, a statement to that effect

No interim dividend for the third quarter ended 30 September 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 third quarter ended 30 September 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
12 November 2010