BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The First Quarter Ended 31 March 2011

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 first quarter ended 31 March 2011. The figures presented below have not been audited.

	Group		
	1Q 2011	**1Q 2010**	Increase/
	$000	$000	(Decrease)
Revenue	83,292	67,050	24.2%
Cost of sales	(38,487)	(31,506)	22.2%
Gross profit	44,805	35,544	26.1%
Other operating income	1,392	2,153	-35.3%
Distribution and selling expenses	(34,071)	(26,711)	27.6%
Administrative expenses	(10,256)	(9,363)	9.5%
Profit from operations	1,870	1,623	15.2%
Interest income	182	100	82.0%
Interest expense	(149)	(162)	-8.0%
Profit before tax and share of results of associates and joint ventures	1,903	1,561	21.9%
Share of results of joint ventures	56	88	-36.4%
Profit before tax	1,959	1,649	18.8%
Tax expense	(953)	(865)	10.2%
Profit after tax	1,006	784	28.3%
Other comprehensive income:			
Share based compensation reserve	65	61	6.6%
Net loss on available-for-sale financial assets	-	(460)	-100.0%
Foreign currency translation	(293)	(51)	474.5%
Other comprehensive income for the period, net of tax	(228)	(450)	-49.3%
Total comprehensive income for the period	778	334	132.9%
Profit attributable to:			
Shareholders of the Company	**1,222**	**755**	61.9%
Non-controlling interest	(216)	29	-844.8%
	1,006	784	28.3%
Total comprehensive income attributable to:			
Shareholders of the Company	**994**	**305**	225.9%
Non-controlling interest	(216)	29	-844.8%
	778	334	132.9%

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

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

	Group		
	1Q 2011	**1Q 2010**	Increase/
	$000	$000	(Decrease)
Depreciation and amortisation	5,736	4,877	17.6%
Operating lease expenses	17,317	15,208	13.9%
Personnel expenses	23,684	18,839	25.7%
Property, plant and equipment written off (Note 1)	460	596	-22.8%
Loss on disposal of property, plant and equipment	3	6	-50.0%
Write-off of inventories	-	10	-100.0%
Foreign exchange loss/(gain), net	141	(39)	N.M.
Government grant	(70)	(154)	-54.5%

N.M. - Not meaningful

Note 1: The property, plant and property written off was as a result of closure, relocation or upgrading of outlets.

(B) Tax Expense

The tax expense for 1Q11 includes an under-provision of $37,000 in respect of prior years (1Q10: over-provision of $9,000).

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	
	31.03.2011	**31.12.2010**	**31.03.2011**	**31.12.2010**
	$000	$000	$000	$000
Non-current assets				
Property, plant and equipment	69,794	73,306	5,761	5,766
Intangible assets	9,034	9,142	-	-
Investment securities	12,253	12,127	-	-
Investment in subsidiaries	-	-	39,190	39,166
Investment in associates	-	-	-	-
Investment in joint ventures	499	446	-	-
Other receivables	285	399	-	-
Deferred tax assets	1,940	1,898	18	12
	93,805	97,318	44,969	44,944

	Group		Company	
	31.03.2011	**31.12.2010**	**31.03.2011**	**31.12.2010**
	$000	$000	$000	$000
Current assets				
Inventories	5,952	6,114	-	-
Trade receivables	5,453	5,203	-	-
Other receivables and deposits	20,484	20,142	2	26
Prepayments	3,459	3,306	37	83
Tax recoverable	10	9	-	-
Amount due from subsidiaries (non-trade)	-	-	3,138	5,748
Amount due from joint ventures (non-trade)	1,132	506	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	425	455	-	-
Cash and cash equivalents	64,779	71,144	5,547	2,947
	101,694	106,879	8,724	8,804
Current liabilities				
Trade payables	15,926	18,114	-	-
Other payables	34,539	42,649	209	489
Other liabilities	34,970	38,146	1,998	1,845
Provision for reinstatement costs	3,583	3,536	-	-
Amount due to subsidiaries (non-trade)	-	-	8,761	8,762
Amount due to joint ventures (non-trade)	345	140	-	-
Amount due to landlord (non-trade)	82	83	-	-
Finance lease obligations, secured	54	54	-	-
Loans from minority shareholders of subsidiaries	282	200	-	-
Short term loan, secured	6,111	4,698	-	-
Current portion of long-term loans, secured	6,020	6,232	-	-
Tax payable	5,786	4,402	70	80
	107,698	118,254	11,038	11,176
Net current liabilities	**(6,004)**	**(11,375)**	**(2,314)**	**(2,372)**
Non-current liabilities				
Long-term loans, secured	8,682	8,117	3,989	3,989
Finance lease obligations, secured	23	37	-	-
Amount due to landlord (non-trade)	43	59	-	-
Deferred tax liabilities	2,525	2,647	-	-
	11,273	10,860	3,989	3,989
Net assets	76,528	75,083	38,666	38,583
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(199)	(199)	(199)	(199)
Accumulated profits	34,312	33,090	5,082	5,064
Translation reserve	(1,015)	(722)	-	-
Other reserves	3,155	3,090	480	415
	69,556	68,562	38,666	38,583
Non-controlling interest	6,972	6,521	-	-
Total equity	76,528	75,083	38,666	38,583

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

Amount repayable in one year or less, or on demand

As at 31.03.2011			As at 31.12.2010		
Secured		Unsecured	Secured		Unsecured
$000		$000	$000		$000
12,185		282	10,984		200

Amount repayable after one year

As at 31.03.2011			As at 31.12.2010		
Secured		Unsecured	Secured		Unsecured
$000		$000	$000		$000
8,705		-	8,154		-

Details of any collateral

(1) As at 31 March 2011, a total amount of $16.8 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	
		Restated
	1Q 2011	**1Q 2010**
	$000	$000
Cash flows from operating activities		
Profit before tax	1,959	1,649
Adjustments for:		
Share of results of joint ventures	(56)	(88)
Depreciation of property, plant and equipment	5,641	4,780
Amortisation of intangible assets	95	97
Loss on disposal of property, plant and equipment	3	6
Property, plant and equipment written off	460	596
Interest expense	149	162
Interest income	(182)	(100)
Write-off of inventories	-	10
Share based payment expenses	65	61
Translation difference	147	23
Operating cash flow before working capital changes	8,281	7,196

	Group	
		Restated
	1Q 2011	1Q 2010
	$000	$000
Decrease/(increase) in:		
Inventories	162	212
Trade receivables	(250)	(68)
Other receivables and deposits	(228)	(342)
Prepayments	(153)	287
Amount due from joint ventures (non-trade)	(626)	181
(Decrease)/Increase in:		
Trade payables	(2,188)	275
Other payables and other liabilities	(6,713)	(3,152)
Amount due to joint ventures (non-trade)	205	(9)
Cash generated from operations	(1,510)	4,580
Tax refunded/(paid)	266	(350)
Net cash flow (used in)/from operating activities	**(1,244)**	**4,230**
Cash flows from investing activities		
Interest income received	56	18
Purchase of property, plant and equipment	(6,961)	(11,937)
Proceeds from disposal of property, plant and equipment	31	259
Acquisition of intangible assets	(2)	(227)
Subscription of junior bonds	-	(5,750)
Net cash flow used in investing activities	**(6,876)**	**(17,637)**
Cash flows from financing activities		
Interest paid	(142)	(155)
Dividends paid to minority shareholders of a subsidiary	(820)	(1,112)
Repayment of finance lease obligations	(13)	(43)
Proceeds from short-term loans	3,326	1,989
Repayment of short-term loans	(1,805)	(1,989)
Proceeds from long-term loans	2,232	6,989
Repayment of long-term loans	(1,751)	(1,201)
Repayment of amount owing to landlord	(21)	(22)
Increase in cash at bank pledged	-	(66)
Capital injection from minority shareholders of a subsidiary	667	-
Loan from minority shareholders of subsidiaries	82	-
Net cash flow from financing activities	**1,755**	**4,390**
Net decrease in cash and cash equivalents	(6,365)	(9,017)
Cash and cash equivalents at beginning of financial period	71,144	58,426
Cash and cash equivalents at end of financial period	**64,779**	**49,409**

Note A: Cash and cash equivalents comprise:	**Group**	
	31 Mar 2011	**31 Mar 2010**
	$000	$000
Cash on hand and at bank	64,368	48,920
Fixed deposits	411	555
	64,779	49,475
Less: Cash at bank pledged	-	(66)
Cash and cash equivalents	64,779	49,409

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 2010	33,303	(283)	137	24,782	2,723	60,662	5,504	66,166
Profit after tax	-	-	-	755	-	755	29	784
Other comprehensive income for the period	-	-	(51)	-	(399)	(450)	-	(450)
Total comprehensive 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**
Balance at 1 January 2011	33,303	(199)	(722)	33,090	3,090	68,562	6,521	75,083
Profit/(loss) after tax	-	-	-	1,222	-	1,222	(216)	1,006
Other comprehsive income for the period	-	-	(293)	-	65	(228)	-	(228)
Total comprehsive income for the period	-	-	(293)	1,222	65	994	(216)	778
Issuance of new shares to minority shareholders	-	-	-	-	-	-	667	667
Balance at 31 March 2011	**33,303**	**(199)**	**(1,015)**	**34,312**	**3,155**	**69,556**	**6,972**	**76,528**

Company	Share capital $000	Treasury shares $000	Accumulated profits $000	Other reserves (Note B) $000	Total $000
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**
As at 1 January 2011	33,303	(199)	5,064	415	38,583
Profit after tax	-	-	18	-	18
Other comprehensive income for the period	-	-	-	65	65
Total comprehensive income for the period	-	-	18	65	83
Balance at 31 March 2011	**33,303**	**(199)**	**5,082**	**480**	**38,666**

Note B: Other reserves

	Group		Company	
	31 Mar 2011	**31 Mar 2010**	**31 Mar 2011**	**31 Mar 2010**
	$000	$000	$000	$000
Statutory reserve fund	2,072	1,455	-	-
Fair value adjustment reserve	603	718	-	-
Capital reserve	168	-	168	-
Share based compensation reserve	312	151	312	151
	3,155	**2,324**	**480**	151

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 1Q 2011.

There were a total of 580,582 treasury shares held as at 31 March 2011 (31 March 2010: 1,164,000).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 31 March 2011 was 1,105,763 (31 March 2010: 1,078,800).

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 31 March 2011, the Company's issued and paid up capital, excluding 580,582 (31 December 2010: 580,582) treasury shares held, comprises 281,312,656 (31 December 2010: 281,312,656) 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	
	1Q 2011	**1Q 2010**
Balance at beginning of financial period	580,582	970,000
Allotment of bonus shares	-	194,000
Balance at end of financial period	580,582	1,164,000

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 2010, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2011.

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 2011. 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	
	1Q 2011	**1Q 2010**
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	0.43 cent	0.27 cent
Weighted average number of ordinary shares	281,312,656	280,729,238
(b) On a fully diluted basis	0.43 cent	0.27 cent
Adjusted weighted average number of ordinary shares	282,418,419	281,808,038

As at 31 March 2011, a total of 1,105,763 (31 March 2010: 1,078,800) 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	
	31.03.2011	**31.12.2010**	**31.03.2011**	**31.12.2010**
Net asset value per ordinary share based on issued share capital as at the end of year reported on	24.7 cents	24.4 cents	13.7 cents	13.7 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 March 2011 is computed based on the total number of issued shares (excluding 580,582 treasury shares) of 281,312,656.

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 24.2% growth in revenue to $83.3 million in 1Q 2011 compared to $67.1 million in 1Q 2010 underpinned by growth across all business segments.

In 1Q 2011, group operating profit rose 15.2% to $1.9 million compared to $1.6 million recorded in 1Q 2010 mainly attributable to higher profit contribution from the food court operations with improved performance from the PRC food court unit following closure of non-performing food courts in 2010 as well as higher profit from the Hong Kong food court unit. These were partially offset by lower profit contribution from both the bakery and the restaurant divisions. The bakery division was affected by outlet closure in Hong Kong and higher head office cost in Singapore. The restaurant division was weighed down by start-up cost of Din Tai Fung Thailand and lower profit contribution from Din Tai Fung restaurants in Singapore.

Other operating income decreased by $0.8 million or 35.3% to $1.4 million in 1Q 2011 mainly due to absence of one-off compensation from landlord and income from job credit scheme recorded in 1Q 2010.

Interest income rose 82.0% to $182,000 in 1Q 2011 compared to $100,000 in 1Q 2010 mainly attributable to higher amortised interest income on the junior bonds subscribed for at end of January 2010 as well as higher interest income from banks on higher cash and cash equivalents in 1Q 2011.

Share of losses from joint ventures dipped 36.4% in 1Q 2011 to $56,000 compared to $88,000 in 1Q 2010 mainly attributable to the Group’s 50% share of start-up losses from the open-air “Beer Garden” at St James Power Station operated by Street Food Pte Ltd, a 50% owned joint venture company.

Group effective tax rate for 1Q 2011 was relatively high at 48.6% mainly due to losses incurred by certain subsidiaries where group tax relief could not be applied.

A net loss of $216,000 was attributable to non-controlling interest in 1Q 2011 compared to a net profit of $29,000 in 1Q 2010 mainly as a result of minority shareholders’ share of losses in certain newly start-up companies of the Group.

Overall, group net profit attributable to shareholders rose 61.9% to $1.2 million in 1Q 2011, up from $0.8 million in 1Q 2010.

Earnings per share (EPS) on a fully diluted basis rose 59.3% to 0.43 cents in 1Q 2011 compared to 0.27 cents in 1Q 2010. Net asset value per share rose 1.2% to 24.7 cents as at 31 March 2011 compared to 24.4 cents as at 31 December 2010.

(A) Segmental Analysis

Group revenue rose 24.2% to $83.3 million in 1Q 2011 underpinned by continued expansion across all business divisions.

	1Q 2011		1Q 2010		Increase	
	$000	% Contribution	$000	% Contribution	$000	
Bakery sales	38,182	45.8%	29,380	43.8%	8,802	30.0%
Franchise income	6,469	7.8%	4,921	7.3%	1,548	31.5%
Restaurant sales	16,631	20.0%	11,321	16.9%	5,310	46.9%
Foodcourt income	22,010	26.4%	21,428	32.0%	582	2.7%
	83,292	100.0%	67,050	100.0%	16,242	24.2%

Bakery

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

	31-Mar-11	31-Dec-10	31-Mar-10
Singapore	71	67	54
Malaysia	14	14	12
Hong Kong	12	13	9
PRC	55	55	43
Thailand	8	8	4
	160	157	122

Bakery sales rose 30.0% to $38.2 million in 1Q 2011 compared to $29.4 million in 1Q 2010, largely driven by outlet expansion and partly contributed by higher same store sales in the PRC, Singapore and Hong Kong.

The Group's franchised bakery network:

	31-Mar-11	31-Dec-10	31-Mar-10
Indonesia	70	68	57
Philippines	17	17	17
Kuwait	6	6	7
Oman	1	1	1
India	6	6	8
Korea	7	6	3
PRC	136	129	96
Vietnam	3	2	-
Bahrain	3	3	3
	249	238	192

Franchise revenue grew 31.5% to $6.5 million in 1Q 2011 compared to $4.9 million in 1Q 2010 mainly attributable to higher sales of raw materials to franchisees and higher royalty fee income in tandem with expanding franchise network.

Overall, the bakery segment registered lower operating profit of $1.1 million in 1Q 2011 compared to $1.3 million in 1Q 2010 mainly due to bigger losses from the Hong Kong bakery unit and lower profit contribution from the Singapore bakery unit. The Hong Kong bakery unit was affected by fixed assets write-off following closure of two non-performing outlets. The Singapore bakery unit recorded lower operating profit in 1Q 2011 weighed down by higher head office staff cost.

Restaurants

The number of restaurants owned and operated by the Group:

	31-Mar-11	31-Dec-10	31-Mar-10
Din Tai Fung	10	10	7
Carl's Junior	3	3	1
Ramen Play	8	8	3
	21	21	11

Revenue from the restaurant business grew 46.9% to $16.6 million in 1Q 2011, up from $11.3 million in 1Q 2010. The growth was mainly attributable to revenue contribution from additional Din Tai Fung, Ramen Play and Carl's Junior outlets in 1Q 2011 compared to 1Q 2010.

Restaurant business registered a lower operating profit of $0.3 million in 1Q 2011 compared $0.4 million in 1Q 2010 mainly due to start-up cost incurred for the first Din Tai Fung restaurant in Bangkok as well as under-performance of certain Din Tai Fung outlets in Singapore.

Food Courts

Number of food courts owned and operated by the Group:

	31-Mar-11	31-Dec-10	31-Mar-10
PRC	20	20	20
Hong Kong	5	5	5
Singapore	6	6	5
Malaysia	1	1	1
	32	32	31

Food court revenue grew $0.6 million or 2.7% to $22.0 million in 1Q 2011 mainly attributable to revenue contribution from three additional food courts in Singapore. This was offset by lower revenue from the PRC food court operations due to closure of outlets. Hong Kong food court operations recorded healthy revenue growth in 1Q 2011 but mitigated by strengthening of the Singapore dollars against the Hong Kong dollar.

The food court business turned around with an operating profit of $0.5m in 1Q 2011 compared to an operating loss of $0.1 million in 1Q 2010 mainly attributable to improved performance from the PRC food courts following closure of loss-making outlets in 2010 and in the absence of assets write-off and upgrading in 1Q 2011. The Hong Kong food court unit also registered higher operating profit on the back of revenue growth.

However, the profit growth was partially offset by start-up losses from food court operations in Shenzhen, Guangzhou and Taiwan. In addition, the Singapore food courts registered a lower operating profit in 1Q 2011 mainly due to underperformance of certain food courts and higher head office staff cost incurred.

(B) Geographical Analysis

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

	1Q 2011		1Q 2010		Increase/(decrease)	
	$000	% Contribution	$000	% Contribution	$000	
Singapore	43,467	52.2%	33,572	50.1%	9,895	29.5%
PRC	26,835	32.2%	22,365	33.3%	4,470	20.0%
Hong Kong	8,788	10.6%	7,814	11.7%	974	12.5%
Rest of the world	4,202	5.0%	3,299	4.9%	903	27.4%
	83,292	100.0%	67,050	100.0%	16,242	24.2%

The Group achieved broad-based revenue growth across all geographical segments in 1Q 2011. Revenue contribution from Singapore led the growth in 1Q 2011 with robust outlet expansion for bakery, food court and restaurant segments.

The PRC segment, contributing 32.2% to group revenue in 1Q 2011, registered 20.0% growth in revenue to $26.8 million mainly contributed by bakery segment as well as Carl's Junior and Ramen Play businesses while offset by lower revenue from the food court segment due to food court closure. Revenue contribution from Hong Kong rose 12.5% to $8.8 million in 1Q 2011 contributed by both the bakery and food court operations, partially offset by impact of a weaker Hong Kong dollar against the Singapore dollar in 1Q 2011.

(C) Balance Sheet

Non-current assets decreased by $3.5 million or 3.6% to $93.8 million as at 31 March 2011. The decrease was mainly due to depreciation and amortization charge for the period of $5.7 million, asset write-off of $0.5 million and translation difference of $0.6 million while offset by increase in property, plant and equipments of $3.3 million arising from outlet expansion.

As at 31 March 2011, current assets decreased by $5.2 million to $101.7 million mainly attributable to decreased in cash and cash equivalents by $6.4 million mainly as a result of payment for capital expenditure and staff bonuses in 1Q 2011. Meanwhile, amount due to joint venture increased by $0.6 million to $1.1 million as at 31 March 2011 mainly attributable to shareholder's loan extended to Street Food Pte Ltd.

Trade payables decreased by $2.2 million or 12.1% to $15.9 million as at 31 March 2011 following payments to trade suppliers after year-end. Other payables also decreased by $8.1 million or 19.0% to $34.5 million as at 31 March 2011 mainly due to payments made on capital expenditure and various operating expenses as well as payment of dividends to minority shareholders of a subsidiary of $0.8 million. Meanwhile, other liabilities were also down by $3.2 million or 8.3% mainly due to year-end bonus payout made in 1Q 2011.

As at 31 March 2011, the Group's net current liabilities narrowed to $6.0 million compared to $11.4 million as at 31 December 2010 mainly helped by strong operating cash flows before working capital generated in 1Q 2011. Included in current liabilities are deposits from food court tenants and franchisees and stored value card deposits amounted to $12.1 million and deferred revenue of $9.5 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 $1.9 million to $21.2 million as at 31 March 2011 compared to $19.3 million as at 31 December 2010. The increase was mainly due to bank loans taken up to provide working capital and finance business expansion while offset by repayment of existing bank loans. The Group's gearing stood at 0.28 as at 31 March 2011 compared to 0.26 as at 31 December 2010.

(D) Cash Flow Statement

The Group recorded a net cash outflow from operating activities of $1.2 million in 1Q 2011 compared to a net cash inflow of $4.2 million in 1Q 2010 mainly due to higher cash outflow arising from changes in working capital. A total cash flow of $6.9 million was used in investing activities in 1Q 2011 while a total cash flow of $1.8 million was generated from financing activities. Consequently, the Group's cash and cash equivalents decreased by $6.4 million to $64.8 million in 1Q 2011.

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 food court business in the People's Republic of China under the Food Republic brand is better poised for future growth after restructuring exercises were completed in FY2010. Improved business metrics resulted as operational efficiencies gained traction.

May 2011, saw the opening of the first Din Tai Fung outlet, outside of Singapore in Bangkok, Thailand. The Group's increased presence here will assist the other brands under our portfolio in establishing a foothold in Thailand.

While the Group was able to rein in intermediate food costs, it will continue to face pressures on labour and rental costs.

Whilst pressing on with outlet expansion, we will continue to address cost challenges by extracting efficiencies in front line operations as well as back-end support.

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 first quarter ended 31 March 2011 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 first quarter ended 31 March 2011 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
Tan Cher Liang
Company Secretary
13 May 2011