

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 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 second quarter and half-year year ended 30 June 2011. The figures presented below have not been audited.

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	2Q 2011 \$000	2Q 2010 \$000		1H 2011 \$000	1H 2010 \$000	
Revenue	86,041	71,243	20.8%	169,333	138,293	22.4%
Cost of sales	(38,138)	(31,636)	20.6%	(76,625)	(63,142)	21.4%
Gross profit	47,903	39,607	20.9%	92,708	75,151	23.4%
Other operating income	1,977	3,370	-41.3%	3,369	5,523	-39.0%
Distribution and selling expenses	(35,263)	(29,301)	20.3%	(69,334)	(56,012)	23.8%
Administrative expenses	(10,746)	(9,810)	9.5%	(21,002)	(19,173)	9.5%
Profit from operations	3,871	3,866	0.1%	5,741	5,489	4.6%
Interest income	178	159	11.9%	360	259	39.0%
Interest expense	(177)	(172)	2.9%	(326)	(334)	-2.4%
Profit before tax and share of results of associates and joint ventures	3,872	3,853	0.5%	5,775	5,414	6.7%
Share of results of associates	-	-	N.A.	-	-	N.A.
Share of results of joint ventures	60	111	-45.9%	116	199	-41.7%
Profit before tax	3,932	3,964	-0.8%	5,891	5,613	5.0%
Tax expense	(1,253)	(1,474)	-15.0%	(2,206)	(2,339)	-5.7%
Profit after tax	2,679	2,490	7.6%	3,685	3,274	12.6%
Other comprehensive income:						
Net loss on available-for-sale financial assets	(57)	-	N.A.	(57)	(460)	-87.6%
Foreign currency translation	(92)	65	N.M.	(385)	14	N.M.
Other comprehensive income for the period, net of tax	(149)	65	N.M.	(442)	(446)	-0.9%
Total comprehensive income for the period	2,530	2,555	-1.0%	3,243	2,828	14.7%
Profit attributable to:						
Shareholders of the Company	2,762	2,322	18.9%	3,984	3,077	29.5%
Non-controlling interests	(83)	168	N.M.	(299)	197	N.M.
	2,679	2,490	7.6%	3,685	3,274	12.6%
Total comprehensive income attributable to:						
Shareholders of the Company	2,613	2,387	9.5%	3,542	2,631	34.6%
Non-controlling interests	(83)	168	N.M.	(299)	197	N.M.
	2,530	2,555	-1.0%	3,243	2,828	14.7%

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 2011 \$000	2Q 2010 \$000	Increase/ (Decrease)	1H 2011 \$000	1H 2010 \$000	Increase/ (Decrease)
Depreciation and amortisation	5,855	4,973	17.7%	11,591	9,850	17.7%
Operating lease expenses	17,881	15,185	17.8%	35,198	30,393	15.8%
Personnel expenses	23,936	21,192	12.9%	47,620	40,031	19.0%
Property, plant and equipment written off (Note 1)	33	838	-96.1%	493	1,434	-65.6%
Loss/(Gain) on disposal of property, plant and equipment	21	(7)	N.M.	24	(1)	N.M.
Writeback of impairment of property, plant and equipment	(29)	-	N.A.	(29)	-	N.A.
Impairment of trade receivables	1	-	N.A.	1	-	N.A.
Impairment of other receivables	50	-	N.A.	50	-	N.A.
Impairment of amount due from an associate (non-trade)	-	30	-100.0%	-	30	-100.0%
Write-down of inventories	-	47	-100.0%	-	47	-100.0%
Write-off of inventories	-	-	N.A.	-	10	-100.0%
Foreign exchange loss/(gain), net	145	4	3525.0%	286	(35)	N.M.
Government grant	(510)	(662)	-23.0%	(580)	(816)	-28.9%

N.A. - Not applicable

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 2Q11 includes an over-provision of \$4,000 in respect of prior years (2Q10: under-provision of \$12,000). In HY2011, there was an under-provision of tax in respect of prior years of \$41,000 (HY2010: under-provision of \$47,000).

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	
	30.06.2011 \$000	31.12.2010 \$000	30.06.2011 \$000	31.12.2010 \$000
Non-current assets				
Property, plant and equipment	70,947	73,306	6,165	5,766
Intangible assets	8,956	9,142	-	-
Investment securities	12,324	12,127	-	-
Investment in subsidiaries	-	-	40,399	39,166
Investment in associates	-	-	-	-
Investment in joint ventures	644	446	-	-
Other receivables	258	399	-	-
Prepayments	-	-	-	-
Deferred tax assets	2,135	1,898	7	12
	<u>95,264</u>	<u>97,318</u>	<u>46,571</u>	<u>44,944</u>

	Group		Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	\$000	\$000	\$000	\$000
Current assets				
Inventories	6,125	6,114	-	-
Trade receivables	6,062	5,203	-	-
Other receivables and deposits	21,018	20,142	-	26
Prepayments	3,203	3,306	19	83
Tax recoverable	48	9	-	-
Amount due from subsidiaries (non-trade)	-	-	2,988	5,748
Amount due from joint ventures (trade)	33	-	-	-
Amount due from joint ventures (non-trade)	943	506	-	-
Amount due from minority shareholders of subsidiaries (non-trade)	409	455	-	-
Cash and cash equivalents	67,907	71,144	885	2,947
	<u>105,748</u>	<u>106,879</u>	<u>3,892</u>	<u>8,804</u>
Current liabilities				
Trade payables	17,040	18,114	-	-
Other payables	34,567	42,649	264	489
Other liabilities	36,958	38,146	1,479	1,845
Provision for reinstatement costs	3,566	3,536	-	-
Amount due to subsidiaries (non-trade)	-	-	8,765	8,762
Amount due to joint ventures (non-trade)	347	140	-	-
Amount due to landlord (non-trade)	82	83	-	-
Finance lease obligations, secured	55	54	-	-
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loan, secured	4,806	4,698	-	-
Current portion of long-term loans, secured	7,460	6,232	-	-
Tax payable	4,192	4,402	40	80
	<u>109,273</u>	<u>118,254</u>	<u>10,548</u>	<u>11,176</u>
Net current liabilities	(3,525)	(11,375)	(6,656)	(2,372)
Non-current liabilities				
Long-term loans, secured	11,956	8,117	3,989	3,989
Finance lease obligations, secured	9	37	-	-
Loan from minority shareholders of subsidiaries	882	-	-	-
Amount due to landlord (non-trade)	29	59	-	-
Deferred tax liabilities	2,543	2,647	-	-
	<u>15,419</u>	<u>10,860</u>	<u>3,989</u>	<u>3,989</u>
Net assets	<u>76,320</u>	<u>75,083</u>	<u>35,926</u>	<u>38,583</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(51)	(199)	(51)	(199)
Accumulated profits	34,261	33,090	2,306	5,064
Translation reserve	(1,107)	(722)	-	-
Other reserves	2,986	3,090	368	415
	<u>69,392</u>	<u>68,562</u>	<u>35,926</u>	<u>38,583</u>
Non-controlling interests	6,928	6,521	-	-
Total equity	<u>76,320</u>	<u>75,083</u>	<u>35,926</u>	<u>38,583</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 30.06.2011		
Secured		Unsecured
\$000		\$000
12,321		200

As at 31.12.2010		
Secured		Unsecured
\$000		\$000
10,984		200

Amount repayable after one year

As at 30.06.2011		
Secured		Unsecured
\$000		\$000
11,965		882

As at 31.12.2010		
Secured		Unsecured
\$000		\$000
8,154		-

Details of any collateral

(1) As at 30 June 2011, a total amount of \$20.2 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	
	Restated		Restated	
	2Q 2011	2Q 2010	1H 2011	1H 2010
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	3,932	3,964	5,891	5,613
Adjustments for:				
Share of results of joint ventures	(60)	(111)	(116)	(199)
Depreciation of property, plant and equipment	5,764	4,873	11,405	9,653
Amortisation of intangible assets	91	100	186	197
Loss/(Gain) on disposal of property, plant and equipment	21	(7)	24	(1)
Writeback of impairment of property, plant and equipment	(29)	-	(29)	-
Property, plant and equipment written off	33	838	493	1,434
Interest expense	177	172	326	334
Interest income	(178)	(159)	(360)	(259)
Reversal of write-down of inventories	-	47	-	47
Write-off of inventories	-	-	-	10
Impairment of trade receivables	1	-	1	-
Impairment of other receivables	50	-	50	-
Impairment of amount due from an associate (non-trade)	-	30	-	30
Share based payment expenses	37	476	102	537
Unrealised exchange differences	218	(4)	365	19
Operating cash flow before working capital changes	10,057	10,219	18,338	17,415

	Group		Group	
		Restated		Restated
	2Q 2011	2Q 2010	1H 2011	1H 2010
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	(173)	(809)	(11)	(597)
Trade receivables	(609)	464	(859)	396
Other receivables and deposits	(556)	(1,170)	(784)	(1,512)
Prepayments	256	(360)	103	(73)
Amount due from an associate (non-trade)	-	(30)	-	(30)
Amount due from joint ventures (trade)	(33)	-	(33)	-
Amount due from joint ventures (non-trade)	89	(71)	63	110
Increase in:				
Trade payables	1,114	1,254	(1,074)	1,529
Other payables and other liabilities	2,960	3,851	(3,753)	699
Amount due to joint ventures (non-trade)	2	1	207	(8)
Cash generated from operations	<u>13,107</u>	<u>13,349</u>	<u>12,197</u>	<u>17,929</u>
Tax paid	<u>(3,081)</u>	<u>(1,330)</u>	<u>(2,815)</u>	<u>(1,680)</u>
Net cash flow from operating activities	<u>10,026</u>	<u>12,019</u>	<u>9,382</u>	<u>16,249</u>
Cash flows from investing activities				
Interest income received	50	36	106	54
Purchase of property, plant and equipment	(8,485)	(8,867)	(15,446)	(20,804)
Proceeds from disposal of property, plant and equipment	90	5	121	264
Acquisition of intangible assets	(20)	(144)	(22)	(371)
Repayment of loan from/(loan to) a joint venture	100	-	(500)	-
Investment in a joint venture	(100)	-	(100)	-
Subscription of junior bonds	-	-	-	(5,750)
Net cash flow used in investing activities	<u>(8,365)</u>	<u>(8,970)</u>	<u>(15,841)</u>	<u>(26,607)</u>
Cash flows from financing activities				
Interest paid	(171)	(166)	(313)	(321)
Dividends paid to shareholders of the Company	(2,813)	(2,342)	(2,813)	(2,342)
Dividends paid to minority shareholders of a subsidiary	-	-	(820)	(1,112)
Repayment of finance lease obligations	(14)	(42)	(27)	(85)
Proceeds from short-term loans	2,051	3,588	5,377	5,577
Repayment of short-term loans	(3,309)	(3,053)	(5,114)	(5,042)
Proceeds from long-term loans	6,179	1,450	8,411	8,439
Repayment of long-term loans	(1,275)	(1,221)	(3,026)	(2,422)
Purchase of treasury shares	-	(259)	-	(259)
Repayment of amount owing to landlord	(20)	(22)	(41)	(44)
Increase in cash at bank pledged	-	-	-	(66)
Capital injection from minority shareholders of subsidiaries	39	1,200	706	1,200
Loan from minority shareholders of subsidiaries	800	-	882	-
Net cash flow from/(used in) financing activities	<u>1,467</u>	<u>(867)</u>	<u>3,222</u>	<u>3,523</u>
Net increase/ (decrease) in cash and cash equivalents	3,128	2,182	(3,237)	(6,835)
Cash and cash equivalents at beginning of financial period	<u>64,779</u>	<u>49,409</u>	<u>71,144</u>	<u>58,426</u>
Cash and cash equivalents at end of financial period	<u>67,907</u>	<u>51,591</u>	<u>67,907</u>	<u>51,591</u>

Note A: Cash and cash equivalents comprise:

	Group	
	30 Jun 2011	30 Jun 2010
	\$000	\$000
Cash on hand and at bank	67,490	51,100
Fixed deposits	417	557
	<u>67,907</u>	<u>51,657</u>
Less: Cash at bank pledged	-	(66)
Cash and cash equivalents	<u>67,907</u>	<u>51,591</u>

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	Treasury shares	Translation reserve	Accumulated profits	Other reserves (Note B)	Total	Non-controlling interests	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 January 2010	33,303	(283)	137	24,782	2,723	60,662	5,504	66,166
Profit for the period	-	-	-	755	-	755	29	784
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(460)	(460)	-	(460)
Foreign currency translation	-	-	(51)	-	-	(51)	-	(51)
Total other comprehensive income, net of tax	-	-	(51)	-	(460)	(511)	-	(511)
Total comprehensive income for the period	-	-	(51)	755	(460)	244	29	273
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	61	61	-	61
Total transactions with equity holders	-	-	-	-	61	61	-	61
Balance at 31 March 2010	33,303	(283)	86	25,537	2,324	60,967	5,533	66,500
Profit for the period	-	-	-	2,322	-	2,322	168	2,490
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	65	-	-	65	-	65
Total other comprehensive income, net of tax	-	-	65	-	-	65	-	65
Total comprehensive income for the period	-	-	65	2,322	-	2,387	168	2,555
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	53	53	-	53
Dividend paid	-	-	-	(2,342)	-	(2,342)	-	(2,342)
Treasury shares transferred on vesting of restricted share grant	-	343	-	-	79	422	-	422
Purchase of treasury shares	-	(259)	-	-	-	(259)	-	(259)
Capital contribution from a minority shareholder	-	-	-	-	-	-	1,200	1,200
Total transactions with equity holders	-	84	-	(2,342)	132	(2,126)	1,200	(926)
Balance at 30 June 2010	33,303	(199)	151	25,517	2,456	61,228	6,901	68,129

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 2011	33,303	(199)	(722)	33,090	3,090	68,562	6,521	75,083
Profit for the period	-	-	-	1,222	-	1,222	(216)	1,006
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	(293)	-	-	(293)	-	(293)
Total other comprehensive income, net of tax	-	-	(293)	-	-	(293)	-	(293)
Total comprehensive income for the period	-	-	(293)	1,222	-	929	(216)	713
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	65	65	-	65
Capital contribution from minority shareholders	-	-	-	-	-	-	667	667
Total transactions with equity holders	-	-	-	-	65	65	667	732
Balance at 31 March 2011	33,303	(199)	(1,015)	34,312	3,155	69,556	6,972	76,528
Profit for the period	-	-	-	2,762	-	2,762	(83)	2,679
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(57)	(57)	-	(57)
Foreign currency translation	-	-	(92)	-	-	(92)	-	(92)
Total other comprehensive income, net of tax	-	-	(92)	-	(57)	(149)	-	(149)
Total comprehensive income for the period	-	-	(92)	2,762	(57)	2,613	(83)	2,530
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	36	36	-	36
Dividend paid	-	-	-	(2,813)	-	(2,813)	-	(2,813)
Treasury shares transferred on vesting of restricted share grant	-	148	-	-	(148)	-	-	-
Capital contribution from minority shareholders	-	-	-	-	-	-	39	39
Total transactions with equity holders	-	148	-	(2,813)	(112)	(2,777)	39	(2,738)
Balance at 30 June 2011	33,303	(51)	(1,107)	34,261	2,986	69,392	6,928	76,320

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
Balance at 1 January 2010	33,303	(283)	4,253	90	37,363
Profit for the period	-	-	2	-	2
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	2	-	2
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	61	61
Total transactions with equity holders	-	-	-	61	61
Balance at 31 March 2010	33,303	(283)	4,255	151	37,426
Profit for the period	-	-	82	-	82
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	82	-	82
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	53	53
Dividend paid	-	-	(2,342)	-	(2,342)
Treasury shares transferred on vesting of restricted share grant	-	343	-	79	422
Purchase of treasury shares	-	(259)	-	-	(259)
Total transactions with equity holders	-	84	(2,342)	132	(2,126)
Balance at 30 June 2010	33,303	(199)	1,995	283	35,382

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2011	33,303	(199)	5,064	415	38,583
Profit for the period	-	-	18	-	18
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	18	-	18
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	65	65
Total transactions with equity holders	-	-	-	65	65
Balance at 31 March 2011	33,303	(199)	5,082	480	38,666
Profit for the period	-	-	37	-	37
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	37	-	37
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	36	36
Dividend paid	-	-	(2,813)	-	(2,813)
Treasury shares transferred on vesting of restricted share grant	-	148	-	(148)	-
Total transactions with equity holders	-	148	(2,813)	(112)	(2,777)
Balance at 30 June 2011	33,303	(51)	2,306	368	35,926

Note B: Other reserves

	Group		Company	
	30 Jun 2011 \$000	30 Jun 2010 \$000	30 Jun 2011 \$000	30 Jun 2010 \$000
Statutory reserve fund	2,071	1,455	-	-
Fair value adjustment reserve	547	718	-	-
Capital reserve	186	168	186	168
Share based compensation reserve	182	115	182	115
	2,986	2,456	368	283

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 2Q 2011.

There were a total of 147,690 treasury shares held as at 30 June 2011 (30 June 2010: 580,582).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 June 2011 was 1,284,336 (31 December 2010: 1,105,763).

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 2011, the Company's issued and paid up capital, excluding 147,690 (31 December 2010: 580,582) treasury shares held, comprises 281,745,548 (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			
	2Q 2011	2Q 2010	1H 2011	1H 2010
Balance at beginning of financial period	580,582	1,164,000	580,582	970,000
Allotment of bonus shares	-	-	-	194,000
Purchase of treasury shares	-	500,000	-	500,000
Treasury shares transferred on vesting of restricted share grant	(432,892)	(1,083,418)	(432,892)	(1,083,418)
Balance at end of financial period	<u>147,690</u>	<u>580,582</u>	<u>147,690</u>	<u>580,582</u>

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		Group	
	2Q 2011	2Q 2010	1H 2011	1H 2010
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.98 cent	0.83 cent	1.42 cent	1.10 cent
Weighted average number of ordinary shares	281,456,953	280,854,460	281,384,805	280,791,849
(b) On a fully diluted basis	0.98 cent	0.82 cent	1.41 cent	1.09 cent
Adjusted weighted average number of ordinary shares	282,573,072	281,929,606	282,489,121	281,868,822

As at 30 June 2011, a total of 1,284,336 (30 June 2010: 1,187,521) 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	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Net asset value per ordinary share based on issued share capital as at the end of year reported on	<u>24.6 cents</u>	<u>24.4 cents</u>	<u>12.8 cents</u>	<u>13.7 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2011 is computed based on the total number of issued shares (excluding 147,690 treasury shares) of 281,745,548.

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 20.8% growth in revenue to \$86.0 million in 2Q 2011 compared to \$71.2 million in 2Q 2010 underpinned by growth across all business segments. In 1H2011, group revenue rose 22.4% to \$169.3 million compared to \$138.3 million in 1H2010.

In 2Q 2011, group operating profit was flat at \$3.9 million compared to 2Q 2010. The bakery segment posted a 82.3% growth in operating profit to \$1.9 million in 2Q 2011 boosted by higher profit contribution from the Singapore and PRC bakery units on the back of higher revenue as well as smaller losses from the Malaysia and Hong Kong bakery units. This was, however, offset by lower profit from the restaurant and food court segments. Operating results of the restaurant segment was weighed down by higher costs and underperformance of certain Din Tai Fung outlets in Singapore as well as start-up cost incurred for the first Din Tai Fung outlet in Bangkok, Thailand. The food court segment registered lower operating profit mainly due to operating loss from the PRC food courts as well as start-up cost for operations in Guangzhou and Taiwan, cushioned by higher profit from the Singapore and Hong Kong food court units.

Other operating income fell 41.3% to \$2.0 million mainly due to absence of one-off compensation from landlord of approximately \$1.0 million in relation to the relocation of a food court in Shanghai in 2Q 2010 and lower government grant income.

Interest income rose 11.9% to \$178,000 in 2Q 2011 mainly attributable to higher interest income from banks on higher cash and cash equivalents as well as higher amortised interest income on junior bonds.

Share of profit from joint ventures dipped 45.9% to \$60,000 in 2Q 2011 compared to \$111,000 in 2Q 2010 mainly due to the Group's share of start-up losses from the open-air "Beer Garden" at St James Power Station as well as lower net profit from its Malaysian food court business.

Group effective tax rate stood at 31.9% in 2Q 2011 compared to 37.2% in 2Q 2010 mainly due to losses incurred by certain subsidiaries where group tax relief could not be applied.

A net loss of \$83,000 was attributable to non-controlling interests in 2Q 2011 compared to a net profit of \$168,000 in 2Q 2010 mainly as a result of higher minority shareholders' share of losses in certain newly start-up companies of the Group.

Overall, group net profit attributable to shareholders rose 18.9% to \$2.8 million in 2Q 2011, up from \$2.3 million in 2Q 2010. In 1H 2011, the Group recorded a net profit of \$4.0 million, up 29.5% compared to \$3.1 million in 1H 2010.

Earnings per share (EPS) on a fully diluted basis rose 19.5% to 0.98 cents in 2Q 2011 compared to 0.82 cents in 2Q 2010 while EPS on a fully diluted basis for 1H 2011 rose 29.4% to 1.41 cents compared to 1.09 cents in 1H 2010. Net asset value per share rose 0.8% to 24.6 cents as at 30 June 2011 compared to 24.4 cents as at 31 December 2010.

(A) Segmental Analysis

Group revenue rose 20.8% to \$86.0 million in 2Q 2011 underpinned by continued expansion across all business divisions.

	2Q 2011		2Q 2010		<u>Increase</u>	
	\$000	% Contribution	\$000	% Contribution	\$000	
Bakery sales	39,349	45.7%	32,174	45.2%	7,175	22.3%
Franchise income	5,160	6.0%	5,095	7.1%	65	1.3%
Restaurant sales	18,407	21.4%	13,153	18.5%	5,254	39.9%
Foodcourt income	23,125	26.9%	20,821	29.2%	2,304	11.1%
	<u>86,041</u>	<u>100.0%</u>	<u>71,243</u>	<u>100.0%</u>	<u>14,798</u>	20.8%

	1H 2011		1H 2010		<u>Increase</u>	
	\$000	% Contribution	\$000	% Contribution	\$000	
Bakery sales	77,531	45.8%	61,555	44.5%	15,976	26.0%
Franchise income	11,629	6.9%	10,016	7.2%	1,613	16.1%
Restaurant sales	35,038	20.7%	24,473	17.7%	10,565	43.2%
Foodcourt income	45,135	26.6%	42,249	30.6%	2,886	6.8%
	<u>169,333</u>	<u>100.0%</u>	<u>138,293</u>	<u>100.0%</u>	<u>31,040</u>	22.4%

Bakery

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

	30-Jun-11	31-Dec-10	30-Jun-10
Singapore	72	67	59
Malaysia	14	14	13
Hong Kong	12	13	10
PRC	56	55	49
Thailand	10	8	6
	<u>164</u>	<u>157</u>	<u>137</u>

Bakery sales rose 22.3% to \$39.3 million in 2Q 2011, largely driven by outlet expansion and partly contributed by higher same store sales in Singapore, the PRC, Hong Kong and Malaysia.

The Group's franchised bakery network:

	30-Jun-11	31-Dec-10	30-Jun-10
Indonesia	72	68	59
Philippines	18	17	17
Kuwait	5	6	6
Oman	1	1	1
India	6	6	5
Korea	8	6	4
PRC	145	129	101
Vietnam	4	2	1
Bahrain	3	3	3
	<u>262</u>	<u>238</u>	<u>197</u>

Franchise revenue grew 1.3% to \$5.2 million in 2Q 2011 mainly attributable to continued growth in royalty fee income in tandem with expanding franchise network offset by lower franchise fee and a weaker Renminbi against the Singapore dollar.

Overall, the bakery segment registered higher operating profit of \$1.9 million in 2Q 2011 compared to \$1.0 million in 2Q 2010 mainly attributable to higher profit contribution from the Singapore bakery unit on the back of strong revenue growth and higher profit from the PRC bakery operations mainly contributed by higher royalty fee income and outlet sales achieved. In addition, the bakery units in Malaysia and Hong Kong incurred smaller loss mainly as a result of closure of certain loss-making outlets.

In 1H2011, the bakery segment registered 24.6% growth in revenue to \$89.2 million while operating profit rose 27.6% to \$2.9 million. The profit growth was mainly attributable to higher profit from franchise division on higher franchise revenue, higher profit from PRC bakery unit on higher outlet sales, smaller loss from bakery unit in Malaysia with the closure of two loss-making outlets in 2010, offset by asset write-off by the Hong Kong bakery unit as a result of closure of two non-performing outlets in 1Q 2011.

Restaurants

The number of restaurants owned and operated by the Group:

	30-Jun-11	31-Dec-10	30-Jun-10
Din Tai Fung	11	10	8
Carl's Junior	3	3	1
Ramen Play	8	8	4
	<u>22</u>	<u>21</u>	<u>13</u>

Revenue from the restaurant business grew 39.9% to \$18.4 million in 2Q 2011, up from \$13.2 million in 2Q 2010 mainly attributable to revenue contribution from additional Din Tai Fung, Ramen Play and Carl's Junior outlets in 2Q 2011 compared to 2Q 2010.

Restaurant business registered lower operating profit of \$0.6 million in 2Q 2011 compared to an operating profit of \$0.9 million in 2Q 2010 mainly due to: (1) lower profit from Din Tai Fung operations in Singapore weighed down by higher cost of sales and operating expenses and under-performance of certain outlets; (2) start-up cost incurred for the first Din Tai Fung restaurant in Bangkok, Thailand, while partially offset by smaller loss from Carl's Junior. Meanwhile, the Ramen Play restaurant operations in the PRC recorded narrowing losses in 2Q11 but was outweighed by underperformance of Ramen Play outlets in Singapore.

In 1H 2011, revenue from the restaurant segment rose 43.2% to \$35.0 million. However, operating profit fell \$0.4 million or 32.2% to \$0.9 million compared to 1H 2010 largely due to the same reasons above.

Food Courts

Number of food courts owned and operated by the Group:

	30-Jun-11	31-Dec-10	30-Jun-10
PRC	20	20	20
Hong Kong	5	5	5
Singapore	6	6	5
Malaysia	1	1	1
	<u>32</u>	<u>32</u>	<u>31</u>

Food court revenue grew \$2.3 million or 11.1% to \$23.1 million in 2Q 2011 mainly contributed by higher sales from existing food courts in Singapore. The Hong Kong food court operations recorded healthy revenue growth in 2Q 2011 but mitigated by weaker Hong Kong dollar against the Singapore dollar.

Operating profit from the food court business dipped 25.4% to \$1.4 million in 2Q 2011 compared to 2Q 2010 mainly due to operating loss from the PRC food courts as well as start-up losses from operations in Guangzhou and Taiwan but cushioned by higher profit contribution from Singapore and Hong Kong food court operations on the back of higher revenue achieved. The PRC food courts recorded poorer performance in 2Q 2011 compared to 2Q 2010 mainly due to the absence of one-off compensation from landlord and reversal of rental amortization in relation to the relocation of a food court in Shanghai, lower government grant income and absence of income from expired stored value cards. Excluding these items, the PRC food courts recorded improved performance in 2Q 2011 following closure of certain non-performing outlets in 2010 as well as better performance in certain existing outlets.

In 1H 2011, revenue from the food court segment rose \$2.9 million or 6.8% to \$45.1 million while operating profit rose 5.3% to \$1.8 million mainly contributed by higher profit from the Singapore and Hong Kong food court units which more than offset the start-up losses from food courts in Guangzhou, Shenzhen and Taiwan.

(B) Geographical Analysis

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

	2Q 2011		2Q 2010		<u>Increase/(decrease)</u>	
	\$000	% Contribution	\$000	% Contribution	\$000	
Singapore	47,440	55.1%	38,471	54.0%	8,969	23.3%
PRC	25,559	29.7%	21,706	30.5%	3,853	17.8%
Hong Kong	8,415	9.8%	7,861	11.0%	554	7.0%
Rest of the world	4,627	5.4%	3,205	4.5%	1,422	44.4%
	<u>86,041</u>	<u>100.0%</u>	<u>71,243</u>	<u>100.0%</u>	<u>14,798</u>	<u>20.8%</u>

	1H 2011		1H 2010		<u>Increase/(decrease)</u>	
	\$000	% Contribution	\$000	% Contribution	\$000	
Singapore	90,907	53.7%	72,043	52.1%	18,864	26.2%
PRC	52,394	30.9%	44,071	31.9%	8,323	18.9%
Hong Kong	17,203	10.2%	15,675	11.3%	1,528	9.7%
Rest of the world	8,829	5.2%	6,504	4.7%	2,325	35.7%
	<u>169,333</u>	<u>100.0%</u>	<u>138,293</u>	<u>100.0%</u>	<u>31,040</u>	<u>22.4%</u>

The Group achieved broad-based revenue growth across all geographical segments in 2Q 2011. Revenue contribution from Singapore grew 23.3% to \$47.4 million in 2Q 2011 underpinned by outlet expansion for bakery, food court and restaurant segments.

The PRC segment, contributing 29.7% to group revenue in 2Q 2011, registered 17.8% growth in revenue to \$25.6 million mainly contributed by bakery segment as well as Carl's Junior and Ramen Play businesses. Revenue contribution from Hong Kong rose 7.0% to \$8.4 million in 2Q 2011 contributed by both the bakery and food court operations, partially offset by impact of a weaker Hong Kong dollar against the Singapore dollar. Revenue from rest of the world grew 44.4% to \$4.6 million boosted by maiden revenue contribution from the first Din Tai Fung outlet in Bangkok which opened in May 2011 as well as higher revenue from the bakery unit in Thailand.

(C) Balance Sheet

Non-current assets decreased by \$2.1 million or 2.1% to \$95.3 million as at 30 June 2011. The decrease was mainly due to depreciation and amortization charge for the period of \$11.6 million, asset write-off of \$0.5 million and translation difference of \$1.1 million while offset by increase in property, plant and equipment of \$10.8 million arising from outlet expansion.

Other payables decreased by \$8.1 million or 18.9% to \$34.6 million as at 30 June 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.

As at 30 June 2011, the Group's net current liabilities narrowed to \$3.5 million compared to \$11.4 million as at 31 December 2010 mainly helped by strong operating cash flows generated in 1H 2011. Included in current liabilities are deposits from food court tenants and franchisees and stored value card deposits amounted to \$11.5 million and deferred revenue of \$9.6 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 \$6.1 million to \$25.4 million as at 30 June 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 0.33 as at 30 June 2011 compared to 0.26 as at 31 December 2010.

(D) Cash Flow Statement

The Group recorded strong operating cash flow of \$10.0 million in 2Q 2011. A net cash flow of \$8.4 million was used in investing activities while a net cash flow of \$1.5 million was generated from financing activities in 2Q 2011. Consequently, the Group's cash and cash equivalents increased by \$3.1 million in 2Q 2011 to \$67.9 million as at 30 June 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

Initial results from the first Din Tai Fung outlet in Thailand are encouraging. Going forward, further inroads into Thailand are planned. Thailand is expected to serve as an additional growth engine in the South-east Asian space.

The Group is mindful of the rising costs and will spare no efforts in improving efficiency. In this regard, our factory joint venture in Shanghai with Ajinomoto of Japan to produce frozen dough is expected to improve product quality and streamline production at the outlets.

Going forward, the Group will continue to focus on margin expansion on the back of revenue growth as well as footprint expansion and brand building across the region.

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

Not applicable.

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

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

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

Please refer to section 8 for details.

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 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
12 August 2011