

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The First Quarter Ended 31 March 2012

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

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (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 2012. The figures presented below have not been audited.

	Group		Increase/ (Decrease)
	1Q 2012 \$000	1Q 2011 \$000	
Revenue	106,101	83,292	27.4%
Cost of sales	<u>(48,480)</u>	<u>(38,487)</u>	26.0%
Gross profit	57,621	44,805	28.6%
Other operating income	2,317	1,392	66.5%
Interest income	329	182	80.8%
Distribution and selling expenses	(43,195)	(34,071)	26.8%
Administrative expenses	(14,296)	(10,256)	39.4%
Interest expense	(217)	(149)	45.6%
Profit before tax and share of results of joint ventures	<u>2,559</u>	<u>1,903</u>	34.5%
Share of results of joint ventures	<u>120</u>	<u>56</u>	114.3%
Profit before tax	2,679	1,959	36.8%
Taxation	<u>(1,334)</u>	<u>(953)</u>	40.0%
Profit after tax	<u><u>1,345</u></u>	<u><u>1,006</u></u>	33.7%
Attributable to:			
Shareholders of the Company	1,407	1,222	15.1%
Non-controlling interests	<u>(62)</u>	<u>(216)</u>	N.M.
	<u><u>1,345</u></u>	<u><u>1,006</u></u>	33.7%
Other comprehensive income:			
Net loss on available-for-sale financial assets	(196)	-	N.A.
Foreign currency translation	<u>(501)</u>	<u>(293)</u>	N.M.
Other comprehensive income for the period, net of tax	<u>(697)</u>	<u>(293)</u>	N.M.
Total comprehensive income for the period	<u><u>648</u></u>	<u><u>713</u></u>	-9.1%
Attributable to:			
Shareholders of the Company	710	929	-23.6%
Non-controlling interests	<u>(62)</u>	<u>(216)</u>	N.M.
	<u><u>648</u></u>	<u><u>713</u></u>	-9.1%

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

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

	Group		Increase/ (Decrease)
	1Q 2012	1Q 2011	
	\$000	\$000	
Depreciation and amortisation	7,322	5,736	27.6%
Operating lease expenses	22,066	17,317	27.4%
Personnel expenses	30,860	23,684	30.3%
Property, plant and equipment written off (Note 1)	125	460	-72.8%
Loss on disposal of property, plant and equipment	36	3	N.M.
Impairment of other receivables	20	-	N.A.
Foreign exchange loss, net	210	141	48.9%
Government grant	(251)	(70)	N.M.

N.A. - Not applicable

N.M. - Not meaningful

Notes:

(1) The property, plant and equipment were written off as a result of closure, relocation or upgrading of outlets.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	\$000	\$000	\$000	\$000
Non-current assets				
Property, plant and equipment	93,679	88,898	10,608	7,222
Intangible assets	9,114	9,214	-	-
Investment securities	25,948	11,669	-	-
Investment in subsidiaries	-	-	42,969	40,476
Investment in associates	-	-	-	-
Investment in joint ventures	2,852	422	-	-
Other receivables	1,615	1,389	-	-
Deferred tax assets	2,100	2,120	26	30
	<u>135,308</u>	<u>113,712</u>	<u>53,603</u>	<u>47,728</u>

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	\$000	\$000	\$000	\$000
Current assets				
Inventories	6,889	7,397	-	-
Trade and other receivables	32,126	46,800	5	-
Prepayments	7,100	5,389	39	36
Tax recoverable	96	230	-	-
Amount due from subsidiaries (non-trade)	-	-	12,922	15,335
Amount due from joint ventures (non-trade)	2,894	1,297	-	-
Amount due from minority shareholders of subsidiaries (non-trade)	417	420	-	-
Cash and cash equivalents	71,895	87,060	4,261	2,698
	<u>121,417</u>	<u>148,593</u>	<u>17,227</u>	<u>18,069</u>
Current liabilities				
Trade and other payables	68,570	74,074	3,116	250
Other liabilities	39,769	41,124	1,428	2,115
Provision	5,947	5,871	-	-
Amount due to subsidiaries (non-trade)	-	-	9,808	7,394
Amount due to a joint venture (trade)	453	-	-	-
Amount due to joint ventures (non-trade)	490	395	-	-
Finance lease obligations, secured	23	37	-	-
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	15,306	15,764	12,000	12,000
Current portion of long-term loans	7,421	8,396	-	-
Tax payable	6,599	5,623	-	-
	<u>144,778</u>	<u>151,484</u>	<u>26,352</u>	<u>21,759</u>
Net current liabilities	(23,361)	(2,891)	(9,125)	(3,690)
Non-current liabilities				
Long-term loans	15,962	15,156	4,299	3,989
Loan from minority shareholders of subsidiaries	882	882	-	-
Other liabilities	6,596	7,039	-	-
Deferred tax liabilities	2,304	2,276	-	-
	<u>25,744</u>	<u>25,353</u>	<u>4,299</u>	<u>3,989</u>
Net assets	<u>86,203</u>	<u>85,468</u>	<u>40,179</u>	<u>40,049</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(609)	(609)	(609)	(609)
Accumulated profits	42,965	41,558	6,855	6,812
Translation reserve	(312)	189	-	-
Other reserves	3,420	3,529	630	543
	<u>78,767</u>	<u>77,970</u>	<u>40,179</u>	<u>40,049</u>
Non-controlling interests	<u>7,436</u>	<u>7,498</u>	<u>-</u>	<u>-</u>
Total equity	<u>86,203</u>	<u>85,468</u>	<u>40,179</u>	<u>40,049</u>

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

Amount repayable in one year or less, or on demand

As at 31.03.2012		
Secured		Unsecured
\$000		\$000
23		22,927

As at 31.12.2011		
Secured		Unsecured
\$000		\$000
37		24,360

Amount repayable after one year

As at 31.03.2012		
Secured		Unsecured
\$000		\$000
4,299		12,545

As at 31.12.2011		
Secured		Unsecured
\$000		\$000
3,989		12,049

Details of any collateral

(1) As at 31 March 2012, a total amount of \$35.5 million of the Group's bank borrowings are unsecured while another bank loan of \$4.3 million taken up by the Company is secured via a closed legal mortgage in favour of the bank over the property at Private Lot A0135906 at Plot 1A, Tai Seng Street in Paya Lebar Industrial Estate.

(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 statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	1Q 2012	1Q 2011
	\$000	\$000
Cash flows from operating activities		
Profit before tax	2,679	1,959
Adjustments for:		
Amortisation of intangible assets	136	95
Depreciation of property, plant and equipment	7,186	5,641
Impairment of other receivables	20	-
Interest expense	217	149
Interest income	(329)	(182)
Loss on disposal of property, plant and equipment	36	3
Property, plant and equipment written off	125	460
Share based payment expenses	87	65
Share of results of joint ventures	(120)	(56)
Translation difference	343	147
Operating cash flow before working capital changes	10,380	8,281

	Group	
	1Q 2012	1Q 2011
	\$000	\$000
Decrease/(increase) in:		
Inventories	508	162
Trade receivables	459	(250)
Other receivables and deposits	2,213	(228)
Prepayments	(1,711)	(153)
(Decrease)/increase in:		
Trade payables	(1,320)	(2,188)
Other payables and other liabilities	(5,653)	(6,713)
Amount due to a joint venture (trade)	453	-
Cash generated from operations	5,329	(1,089)
Tax (paid)/refunded	(199)	266
Net cash flow from/(used in) operating activities	5,130	(823)
Cash flows from investing activities		
Interest income received	98	56
Purchase of property, plant and equipment	(13,568)	(6,961)
Proceeds from disposal of property, plant and equipment	120	31
Acquisition of intangible assets	(56)	(2)
Cash paid for reinstatement expenses	(18)	-
Amount due from joint ventures (non-trade)	(1,597)	(626)
Amount due to joint ventures (non-trade)	95	205
Investment in a joint venture	(2,310)	-
Partial redemption of junior bonds	3,526	-
Subscription of junior bonds	(6,000)	-
Net cash flow used in investing activities	(19,710)	(7,297)
Cash flows from financing activities		
Interest paid	(217)	(142)
Dividends paid to minority shareholders of a subsidiary	-	(820)
Repayment of finance lease obligations	(14)	(13)
Proceeds from short-term loans	3,648	3,326
Repayment of short-term loans	(4,021)	(1,805)
Proceeds from long-term loans	2,289	2,232
Repayment of long-term loans	(2,249)	(1,751)
Repayment of amount owing to landlord	(21)	(21)
Capital injection from minority shareholders of a subsidiary	-	667
Loan from minority shareholders of subsidiaries	-	82
Net cash flow (used in)/from financing activities	(585)	1,755
Net decrease in cash and cash equivalents	(15,165)	(6,365)
Cash and cash equivalents at beginning of financial period	87,060	71,144
Cash and cash equivalents at end of financial period	71,895	64,779

Note A: Cash and cash equivalents comprise:

	Group	
	31 Mar 2012	31 Mar 2011
	\$000	\$000
Cash on hand and at bank	65,273	64,368
Fixed deposits	6,622	411
	<u>71,895</u>	<u>64,779</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 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>								
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
Issuance of new shares to 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
Balance at 1 January 2012	33,303	(609)	189	41,558	3,529	77,970	7,498	85,468
Profit for the period	-	-	-	1,407	-	1,407	(62)	1,345
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(196)	(196)	-	(196)
Foreign currency translation	-	-	(501)	-	-	(501)	-	(501)
Total other comprehensive income, net of tax	-	-	(501)	-	(196)	(697)	-	(697)
Total comprehensive income for the period	-	-	(501)	1,407	(196)	710	(62)	648
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	87	87	-	87
Total transactions with equity holders	-	-	-	-	87	87	-	87
Balance at 31 March 2012	33,303	(609)	(312)	42,965	3,420	78,767	7,436	86,203

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
Balance at 1 January 2011	33,303	(199)	5,064	415	38,583
Profit for the period	-	-	18	-	18
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
As at 1 January 2012	33,303	(609)	6,812	543	40,049
Profit for the period	-	-	43	-	43
Total comprehensive income for the period	-	-	43	-	43
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	87	87
Total transactions with equity holders	-	-	-	87	87
Balance at 31 March 2012	33,303	(609)	6,855	630	40,179

Note B: Other reserves

	Group		Company	
	31 Mar 2012 \$000	31 Mar 2011 \$000	31 Mar 2012 \$000	31 Mar 2011 \$000
Statutory reserve fund	2,382	2,072	-	-
Fair value adjustment reserve	408	603	-	-
Capital reserve	186	168	186	168
Share based compensation reserve	444	312	444	312
	3,420	3,155	630	480

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 2012.

There were a total of 1,237,690 treasury shares held as at 31 March 2012 (31 March 2011: 580,582).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 31 March 2012 was 1,233,336 (31 March 2011: 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 31 March 2012, the Company's issued and paid up capital, excluding 1,237,690 (31 December 2011: 1,237,690) treasury shares held, comprises 280,655,548 (31 December 2011: 280,655,548) 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 2012	1Q 2011
Balance at beginning and end of financial period	<u>1,237,690</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 2011, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2012.

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 2012. 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 2012	1Q 2011
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	0.50 cent	0.43 cent
Weighted average number of ordinary shares	280,655,548	281,312,656
(b) On a fully diluted basis	0.50 cent	0.43 cent
Adjusted weighted average number of ordinary shares	281,888,884	282,418,419

As at 31 March 2012, a total of 1,233,336 (31 March 2011: 1,105,763) 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	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
Net asset value per ordinary share based on issued share capital as at the end of period	<u>24.8 cents</u>	<u>27.8 cents</u>	<u>14.3 cents</u>	<u>14.3 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 31 March 2012 is computed based on the total number of issued shares (excluding 1,237,690 treasury shares) of 280,655,548.

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

(A) Statement of Comprehensive Income

1Q 2012 Group revenue grew 27.4% from \$83.2 million last year same period to \$106.1 million this year underpinned by growth across all business segments which resulted in 15.1% improvement in Profit After Tax and Attributable to Shareholders of the Company from \$1.2 million to \$1.4 million.

Group Operating Profit achieved 30.9% improvement over last year from \$1.9 million to \$2.5 million which came mainly from higher contribution from Bakery and Restaurant segments which was offset by weaker Food Atrium performance during the quarter. Bakery Division performance was driven by strong sale in Mainland China as well as lower losses from Malaysia following rationalization of its loss making outlets while the first Din Tai Fung outlet in Bangkok, Thailand and Din Tai Fung Singapore operations continued to be the mainly boosters for the Restaurant segment. Ramen Play and Carl's Junior in Mainland China remained underperforming. Food Atrium performance was dragged down by Mainland China and Singapore but offset by profit from Hong Kong and Taiwan.

Interest income rose mainly 80.8% to \$0.3 million in 1Q 2012 mainly attributable to higher interest income from banks on higher fixed deposits as well as amortised interest income from investment in junior bonds.

Earnings per share (EPS) on a fully diluted basis rose 16.3% to 0.50 cents in 1Q 2012 compared to 0.43 cents in 1Q 2011. Net asset value per share declined 10.8% to 24.8 cents as at 30 April 2012 compared to 27.8 cents as at 31 December 2011.

Number of outlets including franchise under the Group:

	31-Mar-12	31-Dec-11	31-Mar-11
Bakery	489	471	409
Food Atrium	37	37	32
Restaurant	28	26	21
	<u>554</u>	<u>534</u>	<u>462</u>

(B) Balance Sheet

Non-current assets increased by \$21.6 million or 19.0% from \$113.7 million to \$135.3 million mainly due to:

- (i) investment in property, plant and equipment of \$13.4 million and net off by depreciation and amortization charges for 1Q 2012 of \$7.3 million and translation difference of \$1.1 million and
- (ii) increase in investment securities of \$14.3 million from investment in Chijmes junior bonds net off by partial redemption of Katong Mall junior bonds.

Current assets decreased by \$27.2 million from \$148.6 million to \$121.4 million which was attributed to:

- (i) reclassification of an amount of \$12.0 million for the subscription of Chijmes junior bonds to investment securities upon completion in 1Q 2012 and
- (ii) decrease in cash and cash equivalents by \$15.2 million.

(B) Balance Sheet (cont'd)

Current liabilities decreased by \$6.7 million or 4.4% from \$151.5 million to \$144.8 million due to:

- (i) Trade and other payables decreased by 7.4% to \$68.6 million as a result of faster repayment to suppliers and
- (ii) Other liabilities declined 3.3% to \$39.8 million due to lower deferred revenue arising from unutilized value on stored value cards.

Non-current liabilities increased by 1.5% or \$0.4 million as the Group takes up more long term financing to fund its outlet expansion.

(C) Cash Flow Statement

The Group generated operating cash flow of \$5.1 million in 1Q 2012.

Net cash flow used in investing activities includes a \$6.0 million balance payment for subscription of junior bonds in Chijmes and capital injection of \$2.3 million into our joint venture company in Shanghai.

The Group continues to maintain a positive net cash position of \$33.1 million as at 31 March 2012.

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 global economic outlook has improved slightly in the early months of 2012. However, operating cost pressures particularly in rentals, wages and food items remain a key concern in Singapore, Mainland China and Hong Kong. The Group will continue to grow our revenue streams through an expanded network of brand outlets, higher same store sales and extract enhanced margins through cost rationalisation and better operational efficiencies.

Barring any unforeseen circumstance, the Group expects to remain profitable for FY2012.

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 2012 has been recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value (\$'000) of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
(1) Monewell Enterprise - Purchase of Chinese New Year Cookies	147.0	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	53.5	

14. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)

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 2012 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
11 May 2012