

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 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 second quarter and half-year ended 30 June 2012. The figures presented below have not been audited.

| | Group | | | Group | | |
|--|-----------------|-----------------|-------------------------|-----------------|-----------------|-------------------------|
| | 2Q 2012 | 2Q 2011 | Increase/ (Decrease) | 1H 2012 | 1H 2011 | Increase/ (Decrease) |
| | \$000 | \$000 | | \$000 | \$000 | |
| Revenue | 104,806 | 86,041 | 21.8% | 210,907 | 169,333 | 24.6% |
| Cost of sales | <u>(47,719)</u> | <u>(38,138)</u> | 25.1% | <u>(96,199)</u> | <u>(76,625)</u> | 25.5% |
| Gross profit | 57,087 | 47,903 | 19.2% | 114,708 | 92,708 | 23.7% |
| Other operating income | 2,624 | 1,977 | 32.7% | 4,941 | 3,369 | 46.7% |
| Interest income | 73 | 178 | -59.0% | 402 | 360 | 11.7% |
| Distribution and selling expenses | (42,128) | (35,263) | 19.5% | (85,323) | (69,334) | 23.1% |
| Administrative expenses | (13,159) | (10,746) | 22.5% | (27,455) | (21,002) | 30.7% |
| Interest expense | <u>(258)</u> | <u>(177)</u> | 45.8% | <u>(475)</u> | <u>(326)</u> | 45.7% |
| Profit before tax and share of results of joint ventures | 4,239 | 3,872 | 9.5% | 6,798 | 5,775 | 17.7% |
| Share of results of joint ventures | <u>213</u> | <u>60</u> | 255.0% | <u>333</u> | <u>116</u> | 187.1% |
| Profit before tax | 4,452 | 3,932 | 13.2% | 7,131 | 5,891 | 21.0% |
| Taxation | <u>(1,300)</u> | <u>(1,253)</u> | 3.8% | <u>(2,634)</u> | <u>(2,206)</u> | 19.4% |
| Profit after tax | <u>3,152</u> | <u>2,679</u> | 17.7% | <u>4,497</u> | <u>3,685</u> | 22.0% |
| Attributable to: | | | | | | |
| Shareholders of the Company | 3,016 | 2,762 | 9.2% | 4,423 | 3,984 | 11.0% |
| Non-controlling interests | <u>136</u> | <u>(83)</u> | N.M. | <u>74</u> | <u>(299)</u> | N.M. |
| | <u>3,152</u> | <u>2,679</u> | 17.7% | <u>4,497</u> | <u>3,685</u> | 22.0% |
| Other comprehensive income: | | | | | | |
| Net gain/(loss) on available-for-sale financial assets | 92 | (57) | N.M. | (104) | (57) | 82.5% |
| Foreign currency translation | <u>291</u> | <u>(92)</u> | N.M. | <u>(210)</u> | <u>(385)</u> | N.M. |
| Other comprehensive income for the period, net of tax | <u>383</u> | <u>(149)</u> | N.M. | <u>(314)</u> | <u>(442)</u> | -29.0% |
| Total comprehensive income for the period | <u>3,535</u> | <u>2,530</u> | 39.7% | <u>4,183</u> | <u>3,243</u> | 29.0% |
| Attributable to: | | | | | | |
| Shareholders of the Company | 3,399 | 2,613 | 30.1% | 4,109 | 3,542 | 16.0% |
| Non-controlling interests | <u>136</u> | <u>(83)</u> | N.M. | <u>74</u> | <u>(299)</u> | N.M. |
| | <u>3,535</u> | <u>2,530</u> | 39.7% | <u>4,183</u> | <u>3,243</u> | 29.0% |

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

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

| | Group | | | Group | | |
|---|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| | 2Q 2012 \$000 | 2Q 2011 \$000 | Increase/ (Decrease) | 1H 2012 \$000 | 1H 2011 \$000 | Increase/ (Decrease) |
| Depreciation and amortisation | 7,754 | 5,855 | 32.4% | 15,076 | 11,591 | 30.1% |
| Operating lease expenses | 20,344 | 17,881 | 13.8% | 42,410 | 35,198 | 20.5% |
| Personnel expenses | 27,114 | 23,936 | 13.3% | 57,974 | 47,620 | 21.7% |
| Property, plant and equipment written off (Note 1) | 174 | 33 | 427.3% | 299 | 493 | -39.4% |
| Impairment loss of property, plant and equipment | 54 | (29) | -286.2% | 54 | (29) | -286.2% |
| Loss on disposal of property, plant and equipment | (57) | 21 | N.M. | (21) | 24 | N.M. |
| Impairment of loan and receivables | | | | | | |
| - trade receivables | 33 | 1 | 3200.0% | 33 | 1 | N.M. |
| - other receivables | 28 | 50 | -44.0% | 48 | 50 | N.M. |
| Inventories written off | 17 | - | N.A. | 17 | - | N.M. |
| Foreign exchange loss, net | 114 | 145 | -21.4% | 324 | 286 | N.M. |
| Government grant | (385) | (510) | N.M. | (636) | (580) | 9.7% |

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 | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30.06.2012 \$000 | 31.12.2011 \$000 | 30.06.2012 \$000 | 31.12.2011 \$000 |
| Non-current assets | | | | |
| Property, plant and equipment | 104,966 | 88,898 | 14,813 | 7,222 |
| Intangible assets | 8,982 | 9,214 | - | - |
| Investment securities | 26,040 | 11,669 | - | - |
| Investment in subsidiaries | - | - | 29,788 | 40,476 |
| Investment in associates | - | - | - | - |
| Investment in joint ventures | 3,074 | 422 | - | - |
| Other receivables | 4,339 | 1,389 | - | - |
| Deferred tax assets | 2,338 | 2,120 | 67 | 30 |
| | <u>149,739</u> | <u>113,712</u> | <u>44,668</u> | <u>47,728</u> |

| | Group | | Company | |
|---|-----------------|----------------|----------------|----------------|
| | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.2011 |
| | \$000 | \$000 | \$000 | \$000 |
| Current assets | | | | |
| Inventories | 8,551 | 7,397 | - | - |
| Trade and other receivables | 34,576 | 46,800 | 182 | - |
| Prepayments | 6,637 | 5,389 | 35 | 36 |
| Tax recoverable | 21 | 230 | - | - |
| Amount due from subsidiaries (non-trade) | - | - | 10,045 | 15,335 |
| Amount due from joint ventures (trade) | 6 | - | - | - |
| Amount due from joint ventures (non-trade) | 1,192 | 1,297 | - | - |
| Amount due from minority shareholders of subsidiaries (non-trade) | 411 | 420 | - | - |
| Cash and cash equivalents | 67,190 | 87,060 | 3,650 | 2,698 |
| | <u>118,584</u> | <u>148,593</u> | <u>13,912</u> | <u>18,069</u> |
| Current liabilities | | | | |
| Trade and other payables | 76,821 | 74,074 | 6,271 | 250 |
| Other liabilities | 37,127 | 41,124 | 1,014 | 2,115 |
| Provision | 6,619 | 5,871 | - | - |
| Amount due to subsidiaries (non-trade) | - | - | 10,984 | 7,394 |
| Amount due to a joint venture (trade) | 1,395 | - | - | - |
| Amount due to joint ventures (non-trade) | 314 | 395 | - | - |
| Finance lease obligations, secured | 9 | 37 | - | - |
| Loan from a minority shareholder of a subsidiary | 200 | 200 | - | - |
| Short term loans | 3,359 | 15,764 | - | 12,000 |
| Current portion of long-term loans | 8,655 | 8,396 | - | - |
| Tax payable | 4,981 | 5,623 | - | - |
| | <u>139,480</u> | <u>151,484</u> | <u>18,269</u> | <u>21,759</u> |
| Net current liabilities | (20,896) | (2,891) | (4,357) | (3,690) |
| Non-current liabilities | | | | |
| Long-term loans | 33,753 | 15,156 | 4,298 | 3,989 |
| Loan from minority shareholders of subsidiaries | 882 | 882 | - | - |
| Other liabilities | 6,272 | 7,039 | - | - |
| Deferred tax liabilities | 2,460 | 2,276 | - | - |
| | <u>43,367</u> | <u>25,353</u> | <u>4,298</u> | <u>3,989</u> |
| Net assets | <u>85,476</u> | <u>85,468</u> | <u>36,013</u> | <u>40,049</u> |
| Share capital and reserves | | | | |
| Share capital | 33,303 | 33,303 | 33,303 | 33,303 |
| Treasury shares | (406) | (609) | (406) | (609) |
| Accumulated profits | 41,762 | 41,558 | 2,732 | 6,812 |
| Translation reserve | (21) | 189 | - | - |
| Other reserves | 3,266 | 3,529 | 384 | 543 |
| | <u>77,904</u> | <u>77,970</u> | <u>36,013</u> | <u>40,049</u> |
| Non-controlling interests | 7,572 | 7,498 | - | - |
| Total equity | <u>85,476</u> | <u>85,468</u> | <u>36,013</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 30.06.2012 | |
|------------------|-----------|
| Secured | Unsecured |
| \$000 | \$000 |
| 2,078 | 10,145 |

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

Amount repayable after one year

| As at 30.06.2012 | |
|------------------|-----------|
| Secured | Unsecured |
| \$000 | \$000 |
| 19,229 | 15,406 |

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

Details of any collateral

- (1) As at 30 June 2012, a total amount of \$25.5 million of the Group's bank borrowings are unsecured.
- (2) The remaining bank loans are secured by the following:
 - 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; and
 - certain investment securities.
- (3) 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 | | Group | |
|---|---------|---------|---------|---------|
| | 2Q 2012 | 2Q 2011 | 1H 2012 | 1H 2011 |
| | \$000 | \$000 | \$000 | \$000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 4,452 | 3,932 | 7,131 | 5,891 |
| Adjustments for: | | | | |
| Amortisation of intangible assets | 129 | 91 | 265 | 186 |
| Depreciation of property, plant and equipment | 7,625 | 5,764 | 14,811 | 11,405 |
| Impairment of trade receivables | 33 | 1 | 33 | 1 |
| Impairment of other receivables | 28 | 50 | 48 | 50 |
| Interest expense | 258 | 177 | 475 | 326 |
| Interest income | (73) | (178) | (402) | (360) |
| Inventories written off | 17 | - | 17 | - |
| (Gain)/loss on disposal of property, plant and equipment | (57) | 21 | (21) | 24 |
| Property, plant and equipment written off | 174 | 33 | 299 | 493 |
| Share based payment expenses | 53 | 37 | 140 | 102 |
| Share of results of joint ventures | (213) | (60) | (333) | (116) |
| Impairment/(writeback of impairment) of property, plant and equipment | 54 | (29) | 54 | (29) |
| Translation difference | (93) | 218 | 248 | 365 |
| Operating cash flow before working capital changes | 12,387 | 10,057 | 22,765 | 18,338 |

| | Group | | Group | |
|--|-----------------|----------------|-----------------|-----------------|
| | 2Q 2012 | 2Q 2011 | 1H 2012 | 1H 2011 |
| | \$000 | \$000 | \$000 | \$000 |
| (Increase)/decrease in: | | | | |
| Inventories | (1,679) | (173) | (1,171) | (11) |
| Trade receivables | (361) | (609) | 98 | (859) |
| Other receivables and deposits | (4,868) | (556) | (2,655) | (784) |
| Prepayments | 463 | 256 | (1,248) | 103 |
| Amount due from joint ventures (trade) | (6) | (33) | (6) | (33) |
| Increase/(decrease) in: | | | | |
| Trade payables | 303 | 1,114 | (1,017) | (1,074) |
| Other payables and other liabilities | (1,535) | 2,960 | (7,188) | (3,753) |
| Amount due to a joint venture (trade) | 942 | - | 1,395 | - |
| Cash generated from operations | 5,646 | 13,016 | 10,973 | 11,927 |
| Tax paid | (2,914) | (3,081) | (3,113) | (2,815) |
| Net cash flow from operating activities | 2,732 | 9,935 | 7,860 | 9,112 |
| Cash flows from investing activities | | | | |
| Interest income received | 50 | 50 | 148 | 106 |
| Purchase of property, plant and equipment | (11,717) | (8,485) | (25,285) | (15,446) |
| Proceeds from disposal of property, plant and equipment | 198 | 90 | 318 | 121 |
| Acquisition of intangible assets | - | (20) | (54) | (22) |
| Cash paid for reinstatement expenses | (82) | - | (100) | - |
| Repayment of loan from/(loan to) a joint venture | - | 100 | - | (500) |
| Amount due from joint ventures (non-trade) | 1,701 | 89 | 104 | 63 |
| Amount due to joint ventures (non-trade) | (175) | 2 | (80) | 207 |
| Investment in a joint venture | - | (100) | (2,310) | (100) |
| Partial redemption of junior bonds | - | - | 3,526 | - |
| Subscription of junior bonds | - | - | (6,000) | - |
| Net cash flow used in investing activities | (10,025) | (8,274) | (29,733) | (15,571) |
| Cash flows from financing activities | | | | |
| Interest paid | (258) | (171) | (475) | (313) |
| Dividends paid to shareholders of the Company | (4,219) | (2,813) | (4,219) | (2,813) |
| Dividends paid to minority shareholders of a subsidiary | - | - | - | (820) |
| Repayment of finance lease obligations | (14) | (14) | (28) | (27) |
| Proceeds from short-term loans | 693 | 2,051 | 4,341 | 5,377 |
| Repayment of short-term loans | (648) | (3,309) | (4,669) | (5,114) |
| Proceeds from long-term loans | 7,514 | 6,179 | 9,803 | 8,411 |
| Repayment of long-term loans | (362) | (1,275) | (2,611) | (3,026) |
| Repayment of amount owing to landlord | (22) | (20) | (43) | (41) |
| Purchase of treasury shares | (96) | - | (96) | - |
| Capital injection from minority shareholders of subsidiaries | - | 39 | - | 706 |
| Loan from minority shareholders of subsidiaries | - | 800 | - | 882 |
| Net cash flow from financing activities | 2,588 | 1,467 | 2,003 | 3,222 |
| Net (decrease)/increase in cash and cash equivalents | (4,705) | 3,128 | (19,870) | (3,237) |
| Cash and cash equivalents at beginning of financial period | 71,895 | 64,779 | 87,060 | 71,144 |
| Cash and cash equivalents at end of financial period | 67,190 | 67,907 | 67,190 | 67,907 |

Note A: Cash and cash equivalents comprise:

| | Group | |
|--------------------------|---------------|---------------|
| | 30 June 2012 | 30 Jun 2011 |
| | \$000 | \$000 |
| Cash on hand and at bank | 59,361 | 67,490 |
| Fixed deposits | 7,829 | 417 |
| | <u>67,190</u> | <u>67,907</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

| Group | Attributable to Shareholders of the Company | | | | | | | |
|---|---|--------------------------|------------------------------|------------------------------|-------------------------------------|----------------|------------------------------------|-----------------------|
| | 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> | | | | | | | | |
| 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 |
| 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 |
| Dividends 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 |

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 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 |
| Profit for the period | - | - | - | 3,016 | - | 3,016 | 136 | 3,152 |
| <u>Other comprehensive income</u> | | | | | | | | |
| Net loss on fair value changes of available-for-sale financial assets | - | - | - | - | 92 | 92 | - | 92 |
| Foreign currency translation | - | - | 291 | - | - | 291 | - | 291 |
| Total other comprehensive income, net of tax | - | - | 291 | - | 92 | 383 | - | 383 |
| Total comprehensive income for the period | - | - | 291 | 3,016 | 92 | 3,399 | 136 | 3,535 |
| <u>Transactions with equity holders</u> | | | | | | | | |
| Share-based payments | - | - | - | - | 53 | 53 | - | 53 |
| Dividends paid | - | - | - | (4,219) | - | (4,219) | - | (4,219) |
| Purchase of treasury shares | - | (96) | - | - | - | (96) | - | (96) |
| Treasury shares transferred on vesting of restricted share grant | - | 299 | - | - | (299) | - | - | - |
| Total transactions with equity holders | - | 203 | - | (4,219) | (246) | (4,262) | - | (4,262) |
| Balance at 30 June 2012 | 33,303 | (406) | (21) | 41,762 | 3,266 | 77,904 | 7,572 | 85,476 |

| 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 |
| Profit for the period | - | - | 37 | - | 37 |
| Total comprehensive income for the period | - | - | 37 | - | 37 |
| <u>Transactions with equity holders</u> | | | | | |
| Share-based payments | - | - | - | 36 | 36 |
| Dividends 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 |

| Company | Share capital \$000 | Treasury shares \$000 | Accumulated profits \$000 | Other reserves (Note B) \$000 | Total \$000 |
|--|------------------------|--------------------------|---------------------------------|-------------------------------------|----------------|
| 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 |
| Profit for the period | - | - | 96 | - | 96 |
| Total comprehensive income for the period | - | - | 96 | - | 96 |
| <u>Transactions with equity holders</u> | | | | | |
| Share-based payments | - | - | - | 53 | 53 |
| Dividends paid | - | - | (4,219) | - | (4,219) |
| Purchase of treasury shares | - | (96) | - | - | (96) |
| Treasury shares transferred on vesting of restricted share grant | - | 299 | - | (299) | - |
| Total transactions with equity holders | - | 203 | (4,219) | (246) | (4,262) |
| Balance at 30 June 2012 | 33,303 | (406) | 2,732 | 384 | 36,013 |

Note B: Other reserves

| | Group | | Company | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30 Jun 2012 \$000 | 30 Jun 2011 \$000 | 30 Jun 2012 \$000 | 30 Jun 2011 \$000 |
| Statutory reserve fund | 2,382 | 2,071 | - | - |
| Fair value adjustment reserve | 500 | 547 | - | - |
| Capital reserve | 156 | 186 | 156 | 186 |
| Share based compensation reserve | 228 | 182 | 228 | 182 |
| | 3,266 | 2,986 | 384 | 368 |

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 2012.

There were a total of 829,614 treasury shares held as at 30 June 2012 (30 June 2011: 147,690).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 June 2012 was 1,345,260 (30 June 2011: 1,284,336).

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 2012, the Company's issued and paid up capital, excluding 829,614 (31 December 2011: 1,237,690) treasury shares held, comprises 281,063,024 (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 | | | |
|--|----------------------------------|----------------|----------------|----------------|
| | 2Q 2012 | 2Q 2011 | 1H 2012 | 1H 2011 |
| Balance at beginning and end of financial period | 1,237,690 | 580,582 | 1,237,690 | 580,582 |
| Purchase of treasury shares | 200,000 | - | 200,000 | - |
| Treasury shares transferred on vesting of restricted share grant | (608,076) | (432,892) | (608,076) | (432,892) |
| Balance at end of financial period | <u>829,614</u> | <u>147,690</u> | <u>829,614</u> | <u>147,690</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 | | Group | |
|--|-------------|-------------|-------------|-------------|
| | 2Q 2012 | 2Q 2011 | 1H 2012 | 1H 2011 |
| Earnings per ordinary share for the period: | | | | |
| (a) Based on weighted average number of ordinary shares in issue | 1.07 cent | 0.98 cent | 1.57 cent | 1.42 cent |
| Weighted average number of ordinary shares | 280,927,599 | 281,456,953 | 280,791,573 | 281,384,805 |
| (b) On a fully diluted basis | 1.07 cent | 0.98 cent | 1.57 cent | 1.41 cent |
| Adjusted weighted average number of ordinary shares | 282,235,551 | 282,573,072 | 282,062,217 | 282,489,121 |

As at 30 June 2012, a total of 1,345,260 (30 June 2011: 1,284,336) 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 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.2011 |
| Net asset value per ordinary share based on issued share capital as at the end of period | <u>27.7 cents</u> | <u>27.8 cents</u> | <u>12.8 cents</u> | <u>14.3 cents</u> |

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2012 is computed based on the total number of issued shares (excluding 829,614 treasury shares) of 281,063,624.

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

Group revenue was \$104.8 million in 2Q 2012 representing an increase of 21.8% as compared to \$86.0 million last year. The increase in revenue was mainly attributable to growth across all business segments. Profit After Tax and Attributable to Shareholders of the Company for the same period improved 9.2% from \$2.7m to \$3.0 million.

Group profit before tax for 2Q 2012 registered 13.2% improvement over last year from \$3.9 million to \$4.4 million mainly from higher contribution from Restaurant segment which was offset by weaker performance from Bakery and Food Atrium segments.

Restaurant segment result was significantly boosted by strong earnings from Din Tai Fung Singapore and Thailand operations. Ramen Play and Carl's Junior in Mainland China remained underperforming. Bakery segment contribution was weaker than last year due to higher manpower costs arising from recent regulatory changes such as higher employer contributions and foreign worker levies both in Mainland China and Singapore. Performance in the Food Atrium segment was affected mainly by refurbishment brought forward at some outlets to lock in more favorable lease renewal terms offered.

Interest income dropped 59.0% to \$0.1 million in 2Q 2012 mainly attributable to lower amortised interest income as the investment in one of the junior bonds was partially redeemed. This was offset by higher interest income from banks on the back of higher fixed deposits.

Earnings per share (EPS) on a fully diluted basis rose 9.2% to 1.07 cents in 2Q 2012 compared to 0.98 cents in 2Q 2011.

Net asset value per share declined slightly by 0.4% to 27.7 cents as at 30 June 2012 compared to 27.8 cents as at 31 December 2011.

Number of outlets including franchise under the Group:

| | 30-Jun-12 | 31-Dec-11 | 30-Jun-11 |
|-------------|------------|------------|------------|
| Bakery | 530 | 471 | 426 |
| Food Atrium | 41 | 37 | 32 |
| Restaurant | 28 | 26 | 22 |
| | <u>599</u> | <u>534</u> | <u>480</u> |

For 1H 2012, Group revenue grew 24.6% from \$169.3 million last year to \$210.9 million delivering Profit After Tax and Attributable to Shareholders of the Company of \$4.4 million or 11.0% growth against last year.

EPS on a fully diluted basis rose 11.3% to 1.57 cents in 1H 2012 from 1.41 cents last year.

(B) Balance Sheet

Non-current assets increased by \$36.0 million or 31.7% from \$113.7 million to \$149.8 million mainly due to:

- (i) investment in property, plant and equipment of \$32.4 million and net off by depreciation and amortization charges for 1H 2012 of \$14.8 million and translation difference of \$0.9 million;
- (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; and
- (iii) increase in other receivables by \$3.0 million.

Current assets decreased by \$30.0 million from \$148.6 million to \$118.6 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 of \$19.9 million mainly due to construction cost of new corporate building and acquisition of assets for opening of new outlets.

Current liabilities decreased by \$12.0 million or 7.9% from \$139.5 million to \$151.5 million due to:

- (i) Trade and other payables decreased by \$2.7 million or 3.7% to \$76.8 million as a result of faster repayment to suppliers;
- (ii) Other liabilities declined 9.7% to \$37.1 million due to lower accruals; and
- (iii) Reclassification of a \$12 million loan from current liabilities to non-current liabilities.

Non-current liabilities increased by 71.1% or \$18.0 million as the Group took up more long term financing to fund its investment in outlet expansion.

(C) Cash Flow Statement

The Group generated operating cash flow of \$2.7 million in 2Q 2012 and raised further financing of \$2.5 million to support \$10.0 million used in investing activities resulting in a decrease in its cash and cash equivalent of \$4.7 million to \$67.1 million as at 30 June 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

Global economic conditions remain challenging. The slowdown in consumer demand in mainland China in particular may temper outlook locally. However, the Group's expansion plans are on track and same-store sales growth is still encouraging. Although food cost pressures are keen in certain territories, the economic slowdown might afford some relief in wages and rentals. The Group remains committed to margin improvements through cost rationalisation and operational efficiencies.

Barring any unforeseen circumstances, the Group expects to remain profitable for the rest of FY2012.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. The Board of Directors have declared an interim dividend of 0.5 Singapore cent per ordinary share.

| | |
|------------------------------------|---|
| Name of Dividend | First Interim |
| Dividend Type | Cash |
| Dividend Amount per Ordinary Share | 0.5 Singapore cent (tax exempt one-tier) |

(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

6 September 2012

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of BreadTalk Group Limited (the "Company") will be closed at 5.00 p.m. on 21 August 2012 for the purpose of determining the entitlements of the Company's shareholders ("Shareholders") to an interim tax exempt (one-tier) dividend of S\$0.005 cent per share (the "Interim Dividend") in respect of the financial year ending 31 December 2012 and for the preparation of dividend warrants.

For avoidance of doubts, in the case where the registered Shareholders is The Central Depository (Pte) Limited ("CDP"), the dividend warrants shall be issued to the CDP and credited to the depositors securities accounts with the CDP in proportion to the number of shares of the Company standing to the credit of each depositor's securities account with CDP as at 5.00 p.m. (Singapore time) on 21 August 2012. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 21 August 2012 will be registered to determine entitlements to the Interim Dividend.

Payment of the Interim Dividend will be on 6 September 2012.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

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 | 120.3 | |

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 second quarter and half year ended 30 June 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
10 August 2012