

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Third Quarter Ended 30 September 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 third quarter ended 30 September 2012. The figures presented below have not been audited.

	Group			Group		
	3Q 2012 \$000	3Q 2011 \$000	Increase/ (Decrease)	YTD Sep 2012 \$000	YTD Sep 2011 \$000	Increase/ (Decrease)
Revenue	116,689	96,066	21.5%	327,596	265,399	23.4%
Cost of sales	<u>(55,607)</u>	<u>(43,830)</u>	26.9%	<u>(151,806)</u>	<u>(120,455)</u>	26.0%
Gross profit	61,082	52,236	16.9%	175,790	144,944	21.3%
Other income	3,516	1,333	163.8%	8,457	4,702	79.9%
Interest income	189	221	-14.5%	591	581	1.7%
Distribution and selling expenses	(45,521)	(37,376)	21.8%	(130,844)	(106,710)	22.6%
Administrative expenses	(13,872)	(11,131)	24.6%	(41,327)	(32,133)	28.6%
Interest expense	<u>(443)</u>	<u>(211)</u>	110.0%	<u>(918)</u>	<u>(537)</u>	70.9%
Profit before tax and share of results of joint ventures	4,951	5,072	-2.4%	11,749	10,847	8.3%
Share of results of joint ventures	118	9	N.M.	451	125	260.8%
Profit before tax	5,069	5,081	-0.2%	12,200	10,972	11.2%
Taxation	<u>(1,191)</u>	<u>(1,421)</u>	-16.2%	<u>(3,825)</u>	<u>(3,627)</u>	5.5%
Profit after tax	<u>3,878</u>	<u>3,660</u>	6.0%	<u>8,375</u>	<u>7,345</u>	14.0%
Attributable to:						
Shareholders of the Company	3,388	3,672	-7.7%	7,811	7,656	2.0%
Non-controlling interests	490	(12)	N.M.	564	(311)	N.M.
	<u>3,878</u>	<u>3,660</u>	6.0%	<u>8,375</u>	<u>7,345</u>	14.0%
Other comprehensive income:						
Net loss on available-for-sale financial assets	(276)	(138)	100.0%	(380)	(195)	94.9%
Foreign currency translation	<u>(701)</u>	<u>(339)</u>	N.M.	<u>(911)</u>	<u>(724)</u>	N.M.
Other comprehensive income for the period, net of tax	<u>(977)</u>	<u>(477)</u>	N.M.	<u>(1,291)</u>	<u>(919)</u>	40.5%
Total comprehensive income for the period	<u>2,901</u>	<u>3,183</u>	-8.9%	<u>7,084</u>	<u>6,426</u>	10.2%
Attributable to:						
Shareholders of the Company	2,411	3,195	-24.5%	6,520	6,737	-3.2%
Non-controlling interests	490	(12)	N.M.	564	(311)	N.M.
	<u>2,901</u>	<u>3,183</u>	-8.9%	<u>7,084</u>	<u>6,426</u>	10.2%

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

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

	Group			Group		
	3Q 2012	3Q 2011	Increase/ (Decrease)	YTD Sep 2012	YTD Sep 2011	Increase/ (Decrease)
	\$000	\$000		\$000	\$000	
Depreciation and amortisation	8,139	5,969	36.4%	23,215	17,560	32.2%
Operating lease expenses	24,240	18,965	27.8%	66,650	54,163	23.1%
Personnel expenses	33,471	26,601	25.8%	91,445	74,221	23.2%
Property, plant and equipment written off (Note 1)	67	318	-78.9%	366	811	-54.9%
Impairment/(writeback of impairment) of property, plant and equipment	-	-	N.A.	54	(29)	-286.2%
Loss on disposal of property, plant and equipment	10	109	N.M.	(11)	133	N.M.
(Writeback of impairment)/impairment of loan and receivables						
- trade receivables	(33)	(12)	175.0%	-	(11)	N.M.
- other receivables	(1)	5	-120.0%	47	55	N.M.
Inventories written off	3	-	N.A.	20	-	N.M.
Foreign exchange loss, net	292	(306)	-195.4%	616	(20)	N.M.
Waiver of loans by minority shareholders of subsidiaries	(882)	-	N.M.	(882)	-	N.A.

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	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	\$000	\$000	\$000	\$000
Non-current assets				
Property, plant and equipment	121,204	88,898	24,503	7,222
Intangible assets	8,828	9,214	-	-
Investment securities	25,764	11,669	-	-
Investment in subsidiaries	-	-	30,045	40,476
Investment in associates	-	-	-	-
Investment in joint ventures	3,115	422	-	-
Other receivables	1,446	1,389	-	-
Deferred tax assets	2,271	2,120	67	30
	<u>162,628</u>	<u>113,712</u>	<u>54,615</u>	<u>47,728</u>

	Group		Company	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	\$000	\$000	\$000	\$000
Current assets				
Inventories	9,005	7,397	-	-
Trade and other receivables	40,685	46,800	545	-
Prepayments	8,010	5,389	48	36
Tax recoverable	19	230	-	-
Amount due from subsidiaries (non-trade)	-	-	10,925	15,335
Amount due from joint ventures (trade)	1	-	-	-
Amount due from joint ventures (non-trade)	1,169	1,297	-	-
Amount due from minority shareholders of subsidiaries (non-trade)	410	420	-	-
Cash and cash equivalents	76,651	87,060	620	2,698
	<u>135,950</u>	<u>148,593</u>	<u>12,138</u>	<u>18,069</u>
Current liabilities				
Trade and other payables	84,331	74,074	3,397	250
Other liabilities	43,984	41,124	1,492	2,115
Provision	6,763	5,871	-	-
Amount due to subsidiaries (non-trade)	-	-	11,890	7,394
Amount due to a joint venture (trade)	1,748	-	-	-
Amount due to joint ventures (non-trade)	346	395	-	-
Finance lease obligations, secured	-	37	-	-
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	3,343	15,764	-	12,000
Current portion of long-term loans	8,203	8,396	-	-
Tax payable	4,319	5,623	-	-
	<u>153,237</u>	<u>151,484</u>	<u>16,779</u>	<u>21,759</u>
Net current liabilities	(17,287)	(2,891)	(4,641)	(3,690)
Non-current liabilities				
Long-term loans	49,713	15,156	15,365	3,989
Loan from minority shareholders of subsidiaries	-	882	-	-
Other liabilities	6,266	7,039	-	-
Deferred tax liabilities	2,464	2,276	-	-
	<u>58,443</u>	<u>25,353</u>	<u>15,365</u>	<u>3,989</u>
Net assets	<u>86,898</u>	<u>85,468</u>	<u>34,609</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	43,745	41,558	1,202	6,812
Translation reserve	(722)	189	-	-
Other reserves	2,459	3,529	510	543
	<u>78,379</u>	<u>77,970</u>	<u>34,609</u>	<u>40,049</u>
Non-controlling interests	8,519	7,498	-	-
Total equity	<u>86,898</u>	<u>85,468</u>	<u>34,609</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 30.09.2012		
Secured		Unsecured
\$000		\$000
3,343		8,403

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

Amount repayable after one year

As at 30.09.2012		
Secured		Unsecured
\$000		\$000
32,032		17,681

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

Details of any collateral

- (1) As at 30 September 2012, a total amount of \$26.1 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.

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	
	3Q 2012	3Q 2011	YTD Sep 2012	YTD Sep 2011
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	5,069	5,081	12,200	10,972
Adjustments for:				
Amortisation of intangible assets	127	112	392	298
Depreciation of property, plant and equipment	8,012	5,857	22,823	17,262
Impairment/(writeback of impairment) of property, plant and equipment	-	-	54	(29)
Interest expense	443	211	918	537
Interest income	(189)	(221)	(591)	(581)
Inventories written off	3	-	20	-
Loss/(gain) on disposal of property, plant and equipment	10	109	(11)	133
Property, plant and equipment written off	67	318	366	811
Share based payment expenses	126	87	266	188
Share of results of joint ventures	(118)	(9)	(451)	(125)
Waiver of loans by minority shareholders of subsidiaries	(882)	-	(882)	-
Writeback of impairment of trade receivables	(33)	(12)	-	(11)
(Writeback of impairment)/impairment of other receivables	(1)	5	47	55
Translation difference	565	(448)	813	(82)
Operating cash flow before working capital changes	13,199	11,090	35,964	29,428

	Group		Group	
	3Q 2012	3Q 2011	YTD Sep 2012	YTD Sep 2011
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	(457)	(485)	(1,628)	(496)
Trade receivables	(979)	(1,731)	(881)	(2,590)
Other receivables and deposits	(2,971)	(2,407)	(5,626)	(3,191)
Prepayments	(1,373)	(3,301)	(2,621)	(3,198)
Amount due from joint ventures (trade)	5	33	(1)	-
Increase/(decrease) in:				
Trade payables	3,284	821	2,267	(253)
Other payables and other liabilities	14,008	11,292	6,820	7,539
Amount due to a joint venture (trade)	353	2	1,748	2
Cash generated from operations	25,069	15,314	36,042	27,241
Tax paid	(1,828)	(1,205)	(4,941)	(4,020)
Net cash flow from operating activities	23,241	14,109	31,101	23,221
Cash flows from investing activities				
Interest income received	927	89	1,075	195
Purchase of property, plant and equipment	(28,421)	(4,558)	(53,706)	(20,024)
Proceeds from disposal of property, plant and equipment	1	14	319	135
Acquisition of intangible assets	-	-	(54)	(2)
Cash paid for reinstatement expenses	-	-	(100)	-
Repayment of loan from/(loan to) a joint venture	-	-	-	(500)
Amount due from joint ventures (non-trade)	24	(205)	128	(142)
Amount due to joint ventures (non-trade)	31	(6)	(49)	201
Investment in a joint venture	-	-	(2,310)	(100)
Dividends received from a joint venture	-	200	-	200
Partial redemption of junior bonds	-	-	3,526	-
Subscription of junior bonds	-	-	(6,000)	-
Net cash flow used in investing activities	(27,438)	(4,466)	(57,171)	(20,037)
Cash flows from financing activities				
Interest paid	(443)	(206)	(918)	(519)
Dividends paid to shareholders of the Company	(1,405)	-	(5,624)	(2,813)
Dividends paid to minority shareholders of a subsidiary	-	-	-	(820)
Repayment of finance lease obligations	(9)	(13)	(37)	(40)
Proceeds from short-term loans	1,560	2,975	5,901	8,352
Repayment of short-term loans	(1,512)	(3,595)	(6,181)	(8,709)
Proceeds from long-term loans	16,490	2,844	26,293	11,255
Repayment of long-term loans	(802)	(1,900)	(3,413)	(4,926)
Repayment of amount owing to landlord	(21)	(20)	(64)	(61)
Purchase of treasury shares	-	(348)	(96)	(348)
Capital injection from minority shareholders of subsidiaries	-	106	-	812
Loan from minority shareholders of subsidiaries	-	-	-	882
Acquisition of non-controlling interests	(200)	-	(200)	-
Net cash flow from/(used in) financing activities	13,658	(157)	15,661	3,065
Net increase/(decrease) in cash and cash equivalents	9,461	9,486	(10,409)	6,249
Cash and cash equivalents at beginning of financial period	67,190	67,907	87,060	71,144
Cash and cash equivalents at end of financial period	76,651	77,393	76,651	77,393

Note A: Cash and cash equivalents comprise:

	Group	
	30 Sep 2012	30 Sep 2011
	\$000	\$000
Cash on hand and at bank	58,537	75,392
Fixed deposits	18,114	2,001
	<u>76,651</u>	<u>77,393</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	-	-	-	3,984	-	3,984	(299)	3,685
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(57)	(57)	-	(57)
Foreign currency translation	-	-	(385)	-	-	(385)	-	(385)
Total other comprehensive income, net of tax	-	-	(385)	-	(57)	(442)	-	(442)
Total comprehensive income for the period	-	-	(385)	3,984	(57)	3,542	(299)	3,243
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	101	101	-	101
Dividends paid	-	-	-	(2,813)	-	(2,813)	-	(2,813)
Treasury shares transferred on vesting of restricted share grant	-	148	-	-	(148)	-	-	-
Capital contribution from minority shareholders	-	-	-	-	-	-	706	706
Total transactions with equity holders	-	148	-	(2,813)	(47)	(2,712)	706	(2,006)
Balance at 30 June 2011	33,303	(51)	(1,107)	34,261	2,986	69,392	6,928	76,320
Profit for the period	-	-	-	3,672	-	3,672	(12)	3,660
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(138)	(138)	-	(138)
Foreign currency translation	-	-	1,109	-	-	1,109	-	1,109
Total other comprehensive income, net of tax	-	-	1,109	-	(138)	971	-	971
Total comprehensive income for the period	-	-	1,109	3,672	(138)	4,643	(12)	4,631
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	87	87	-	87
Purchase of treasury shares	-	(348)	-	-	-	(348)	-	(348)
Capital contribution from minority shareholders	-	-	-	-	-	-	106	106
Total transactions with equity holders	-	(348)	-	-	87	(261)	106	(155)
Balance at 30 September 2011	33,303	(399)	2	37,933	2,935	73,774	7,022	80,796

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	-	-	-	4,423	-	4,423	74	4,497
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(104)	(104)	-	(104)
Foreign currency translation	-	-	(210)	-	-	(210)	-	(210)
Total other comprehensive income, net of tax	-	-	(210)	-	(104)	(314)	-	(314)
Total comprehensive income for the period	-	-	(210)	4,423	(104)	4,109	74	4,183
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	140	140	-	140
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)	(159)	(4,175)	-	(4,175)
Balance at 30 June 2012	33,303	(406)	(21)	41,762	3,266	77,904	7,572	85,476
Profit for the period	-	-	-	3,388	-	3,388	490	3,878
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(276)	(276)	-	(276)
Foreign currency translation	-	-	(701)	-	-	(701)	-	(701)
Total other comprehensive income, net of tax	-	-	(701)	-	(276)	(977)	-	(977)
Total comprehensive income for the period	-	-	(701)	3,388	(276)	2,411	490	2,901
<u>Transactions with equity holders</u>								
Share-based payments	-	-	-	-	126	126	-	126
Dividends paid	-	-	-	(1,405)	-	(1,405)	-	(1,405)
Total transactions with equity holders	-	-	-	(1,405)	126	(1,279)	-	(1,279)
<u>Changes in ownership interests in a subsidiary</u>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(657)	(657)	457	(200)
Total changes in ownership interests in a subsidiary	-	-	-	-	(657)	(657)	457	(200)
Balance at 30 September 2012	33,303	(406)	(722)	43,745	2,459	78,379	8,519	86,898

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	-	-	55	-	55
Total comprehensive income for the period	-	-	55	-	55
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	101	101
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)	(47)	(2,712)
Balance at 30 June 2011	33,303	(51)	2,306	368	35,926
Profit for the period	-	-	120	-	120
Total comprehensive income for the period	-	-	120	-	120
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	87	87
Purchase of treasury shares	-	(348)	-	-	(348)
Total transactions with equity holders	-	(348)	-	87	(261)
Balance at 30 September 2011	33,303	(399)	2,426	455	35,785

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	-	-	139	-	139
Total comprehensive income for the period	-	-	139	-	139
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	140	140
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)	(159)	(4,175)
Balance at 30 June 2012	33,303	(406)	2,732	384	36,013
Profit for the period	-	-	(125)	-	(125)
Total comprehensive income for the period	-	-	(125)	-	(125)
<u>Transactions with equity holders</u>					
Share-based payments	-	-	-	126	126
Dividends paid	-	-	(1,405)	-	(1,405)
Total transactions with equity holders	-	-	(1,405)	126	(1,279)
Balance at 30 September 2012	33,303	(406)	1,202	510	34,609

Note B: Other reserves

	Group		Company	
	30 Sep 2012 \$000	30 Sep 2011 \$000	30 Sep 2012 \$000	30 Sep 2011 \$000
Statutory reserve fund	2,382	2,071	-	-
Fair value adjustment reserve	224	409	-	-
Capital reserve	156	186	156	186
Share based compensation reserve	354	269	354	269
Premium on acquisition of non-controlling interests	(657)	-	-	-
	2,459	2,935	510	455

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital of the Company in 3Q 2012.

There were a total of 829,614 treasury shares held as at 30 September 2012 (30 September 2011: 792,690).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 September 2012 was 1,345,260 (30 September 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 September 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			
	3Q 2012	3Q 2011	YTD Sep 2012	YTD Sep 2011
Balance at beginning and end of financial period	829,614	147,690	1,237,690	580,582
Purchase of treasury shares	-	645,000	200,000	645,000
Treasury shares transferred on vesting of restricted share grant	-	-	(608,076)	(432,892)
Balance at end of financial period	<u>829,614</u>	<u>792,690</u>	<u>829,614</u>	<u>792,690</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	
	3Q 2012	3Q 2011	YTD Sep 2012	YTD Sep 2011
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	1.21 cent	1.31 cent	2.78 cent	2.72 cent
Weighted average number of ordinary shares	281,063,624	281,365,548	280,882,257	281,378,386
(b) On a fully diluted basis	1.20 cent	1.30 cent	2.77 cent	2.71 cent
Adjusted weighted average number of ordinary shares	282,408,884	282,649,884	282,177,773	282,542,708

As at 30 September 2012, a total of 1,345,260 (30 September 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	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Net asset value per ordinary share based on issued share capital as at the end of period	<u>27.9 cents</u>	<u>27.8 cents</u>	<u>12.3 cents</u>	<u>14.3 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 30 September 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 grew 21.5% to \$116.7 million in 3Q 2012 from \$96.1 million last year. The increase in revenue was across all business segments and mainly attributable to same-store growth of 9.2% as well as contributions from new stores opened during the quarter. Profit after tax for the same period rose 6.0% to \$3.9 million from \$3.7 million last year despite cost pressure on food, labour and rental expenses across all regions. However, Profit after tax and attributable to Shareholders reduced 7.7% from \$3.7 million to \$3.4 million in 3Q 2012 due to better performance from joint venture companies which accorded higher earnings to minority interests.

Restaurant Division top and bottom-line growth came from strong earnings from Din Tai Fung Singapore and Thailand operations, while Ramen Play and Carl's Junior in Mainland China had underperformed. Ramen Play is still in a stage of repositioning. The key stores under Carl Junior's have shown improved performance but were dragged down by some non-performing stores which Management is in the process of restructuring.

Bakery segment profit contribution was weaker than last year due to higher cost pressure on food, labour and rental expenses. The recent regulatory changes such as higher employer contributions and foreign worker levies in Singapore and increase in the mandatory minimum wages in Mainland China have contributed to the increase in labour cost. Outlets in Singapore were also affected by policy changes with regard to foreign workers.

Performance in the Food Atrium division was affected by landlord renovation or upgrading plans for two major malls in Singapore along with increasing rental cost upon renewal of leases. A total of 6 outlets opened in the year have yet to make their contribution to the bottom-line.

Interest income dropped 14.5% to \$0.2 million in 3Q 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 dropped 7.7% to 1.20 cents in 3Q 2012 compared to 1.30 cents in 3Q 2011.

Net asset value per share is slightly higher at 27.9 cents as at 30 September 2012 compared to 27.8 cents as at 31 December 2011, as a result of the interim dividend which was declared in 2Q 2012.

Number of outlets including franchise under the Group:

	30-Sep-12	31-Dec-11	30-Sep-11
Bakery	551	471	439
Food Atrium	43	37	34
Restaurant	28	26	22
	<u>622</u>	<u>534</u>	<u>495</u>

For YTD Sep 2012, Group revenue grew 23.4% from \$265.4 million last year to \$327.6 million while Profit after tax improved by 14.0% to \$8.4 million against last year.

EPS on a fully diluted basis increased 0.06 cent to 2.77 cents in YTD Sep 2012 from 2.71 cents last year.

(B) Balance Sheet

Non-current assets increased by \$48.9 million or 43.0% from \$113.7 million to \$162.6 million mainly due to:

- (i) investment in property, plant and equipment of \$58.1 million and net off by depreciation and amortisation charges for YTD Sep 2012 of \$23.2 million and translation difference of \$2.3 million; and
- (ii) increase in investment securities of \$14.5 million from investment in Chijmes junior bonds net off by partial redemption of Katong Mall junior bonds.

Current assets decreased by \$12.6 million from \$148.6 million to \$136.0 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;
- (ii) decrease in cash and cash equivalents of \$10.4 million mainly due to construction cost of new corporate building and acquisition of assets for opening of new outlets; offset by
- (iii) increase in trade and other receivables by \$6.2 million; and
- (iv) increase in prepayments by \$2.6 million.

Current liabilities increased by \$1.8 million or 1.2% from \$151.5 million to \$153.2 million due to:

- (i) Trade and other payables increased by \$10.3 million or 13.8% to \$84.3 million as a result of slower repayment to suppliers;
- (ii) Other liabilities increased 7.0% to \$44.0 million due to higher deferred revenue; and offset by
- (iii) Reclassification of a \$12.0 million loan from current liabilities to non-current liabilities.

Non-current liabilities increased by 130.5% or \$33.1 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 \$23.2 million in 3Q 2012 and raised further financing of \$13.7 million to support \$27.4 million used in investing activities resulting in an increase in its cash and cash equivalent of \$9.5 million to \$76.7 million as at 30 September 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

Globally, food cost pressures may continue to be felt. Whilst our expansion plans are on track, local wage and rental pressures in some territories continue to be challenging.

Barring unforeseen circumstances, the Group expects to be profitable for the rest of 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 third quarter ended 30 September 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	176.2	

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 third quarter ended 30 September 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
7 November 2012