

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half-Year Ended 30 June 2014

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 2014. The figures presented below have not been audited.

	Group			Group		
	2Q 2014 \$000	2Q 2013 \$000	Increase/ (Decrease)	1H 2014 \$000	1H 2013 \$000	Increase/ (Decrease)
Revenue	139,894	126,548	10.5%	280,318	246,826	13.6%
Cost of sales	<u>(65,903)</u>	<u>(58,884)</u>	11.9%	<u>(133,143)</u>	<u>(114,008)</u>	16.8%
Gross profit	73,991	67,664	9.4%	147,175	132,818	10.8%
Other income	4,468	2,182	104.8%	7,959	3,740	112.8%
Interest income	238	584	-59.2%	603	1,000	-39.7%
Distribution and selling expenses	(55,499)	(52,068)	6.6%	(111,719)	(102,349)	9.2%
Administrative expenses	(18,548)	(14,022)	32.3%	(34,878)	(26,963)	29.4%
Interest expense	<u>(886)</u>	<u>(715)</u>	23.9%	<u>(1,702)</u>	<u>(1,228)</u>	38.6%
Profit before tax and share of results of joint ventures	3,764	3,625	3.8%	7,438	7,018	6.0%
Share of results of associates	(310)	385	-180.5%	(475)	385	-223.4%
Share of results of joint ventures	<u>218</u>	<u>236</u>	-7.6%	<u>388</u>	<u>472</u>	-17.8%
Profit before tax	3,672	4,246	-13.5%	7,351	7,875	-6.7%
Taxation	<u>(631)</u>	<u>(1,027)</u>	-38.6%	<u>(2,375)</u>	<u>(2,602)</u>	-8.7%
Profit after tax	<u>3,041</u>	<u>3,219</u>	-5.5%	<u>4,976</u>	<u>5,273</u>	-5.6%
Attributable to:						
Shareholders of the Company	2,624	3,038	-13.6%	4,428	4,655	-4.9%
Non-controlling interests	<u>417</u>	<u>181</u>	130.4%	<u>548</u>	<u>618</u>	-11.3%
	<u>3,041</u>	<u>3,219</u>	-5.5%	<u>4,976</u>	<u>5,273</u>	-5.6%
Other comprehensive income:						
Net gain on available-for-sale financial assets	11	150	-92.7%	21	172	-87.8%
Foreign currency translation	<u>(207)</u>	<u>746</u>	N.M.	<u>(572)</u>	<u>1,073</u>	N.M.
Other comprehensive (loss) income for the period, net of tax	<u>(196)</u>	<u>896</u>	N.M.	<u>(551)</u>	<u>1,245</u>	-144.3%
Total comprehensive income for the period	<u>2,845</u>	<u>4,115</u>	-30.9%	<u>4,425</u>	<u>6,518</u>	-32.1%
Attributable to:						
Shareholders of the Company	2,428	3,934	-38.3%	3,877	5,900	-34.3%
Non-controlling interests	<u>417</u>	<u>181</u>	130.4%	<u>548</u>	<u>618</u>	-11.3%
	<u>2,845</u>	<u>4,115</u>	-30.9%	<u>4,425</u>	<u>6,518</u>	-32.1%

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

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

	Group			Group		
	2Q 2014	2Q 2013	Increase/ (Decrease)	1H 2014	1H 2013	Increase/ (Decrease)
	\$000	\$000		\$000	\$000	
Depreciation and amortisation	11,686	10,383	12.5%	23,720	19,546	21.4%
Operating lease expenses	28,435	24,270	17.2%	61,615	50,138	22.9%
Personnel expenses	37,312	34,033	9.6%	76,533	68,115	12.4%
Property, plant and equipment written off (Note 1)	1,688	74	N.M.	2,171	195	N.M.
Impairment loss on property, plant and equipment	-	1,058	-100.0%	-	948	-100.0%
Gain on disposal of property, plant and equipment	(90)	(467)	-80.7%	(99)	(459)	-78.4%
Impairment of franchise rights	-	41	-100.0%	-	41	-100.0%
Impairment of/(write back of impairment of) loan and receivables						
- trade receivables	91	76	19.7%	91	107	-15.0%
- other receivables	(50)	(2)	N.M.	(50)	(1)	N.M.
Inventories written off	12	-	N.A.	12	-	N.A.
Foreign exchange (gain)/loss, net	129	(108)	-219.4%	326	(478)	-168.2%
Government grant	(1,033)	(342)	N.M.	(1,454)	(426)	N.M.

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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	\$000	\$000	\$000	\$000
Non-current assets				
Property, plant and equipment	222,061	225,860	73,963	74,115
Intangible assets	7,807	7,772	-	-
Investment securities	77,044	59,799	-	-
Investment in subsidiaries	-	-	24,095	23,657
Investment in associates	3,887	4,568	-	-
Investment in joint ventures	4,992	3,638	-	-
Other receivables	3,869	1,827	-	-
Fixed deposit	10,445	10,671	-	-
Deferred tax assets	4,785	4,287	67	67
	<u>334,890</u>	<u>318,422</u>	<u>98,125</u>	<u>97,839</u>

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	\$000	\$000	\$000	\$000
Current assets				
Assets of disposal group classified as held for sale	-	2,056	-	-
Inventories	10,770	10,004	-	-
Trade and other receivables	56,760	50,595	3,467	968
Prepayments	6,604	6,395	102	86
Tax recoverable	-	6	-	-
Due from related corporations	1,224	959	29,626	16,753
Amount due from minority shareholders of subsidiaries (non-trade)	393	395	-	-
Cash and cash equivalents	57,868	79,420	1,784	9,214
	<u>133,619</u>	<u>149,830</u>	<u>34,979</u>	<u>27,021</u>
Current liabilities				
Trade and other payables	91,892	102,589	1,452	2,669
Other liabilities	52,821	59,531	4,089	5,793
Provision	10,701	10,223	22	22
Due to related corporations	3,987	3,901	36,529	27,457
Loan from a minority shareholder of a subsidiary	676	200	-	-
Short term loans	15,868	9,746	5,000	-
Current portion of long-term loans	35,148	20,554	3,874	3,135
Tax payable	5,085	6,458	-	-
	<u>216,178</u>	<u>213,202</u>	<u>50,966</u>	<u>39,076</u>
Net current liabilities	(82,559)	(63,372)	(15,987)	(12,055)
Non-current liabilities				
Long-term loans	135,881	138,216	48,300	49,048
Other liabilities	9,298	10,297	-	-
Deferred tax liabilities	2,181	2,554	-	-
	<u>147,360</u>	<u>151,067</u>	<u>48,300</u>	<u>49,048</u>
Net assets	<u>104,971</u>	<u>103,983</u>	<u>33,838</u>	<u>36,736</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(3)	(187)	(3)	(187)
Accumulated profits	58,164	57,499	36	3,159
Other reserves	2,929	3,338	502	461
	<u>94,393</u>	<u>93,953</u>	<u>33,838</u>	<u>36,736</u>
Non-controlling interests	10,578	10,030	-	-
Total equity	<u>104,971</u>	<u>103,983</u>	<u>33,838</u>	<u>36,736</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 30.06.2014	
Secured	Unsecured
\$000	\$000
9,770	41,922

As at 31.12.2013	
Secured	Unsecured
\$000	\$000
8,318	22,182

Amount repayable after one year

As at 30.06.2014	
Secured	Unsecured
\$000	\$000
110,042	25,839

As at 31.12.2013	
Secured	Unsecured
\$000	\$000
96,121	42,095

Details of any collateral

- (1) As at 30 June 2014, a total amount of \$67.8 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;
 - An all monies legal mortgage in favour of the bank over the property at Flat A on 36th floor of Tower III of the Waterfront, No 1 Austin Roadwest, Kowloon, Hong Kong; 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	
	2Q 2014	2Q 2013	1H 2014	1H 2013
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	3,672	4,246	7,351	7,875
Adjustments for:				
Amortisation of intangible assets	110	193	221	315
Depreciation of property, plant and equipment	11,576	10,190	23,499	19,231
Impairment of trade receivables	91	76	91	107
Reversal of impairment of other receivables	(50)	(2)	(50)	(1)
Interest expense	886	714	1,702	1,228
Interest income	(238)	(584)	(603)	(1,000)
Gain on disposal of property, plant and equipment	(90)	(467)	(99)	(459)
Property, plant and equipment written off	1,688	74	2,171	195
Impairment loss on property, plant and equipment	-	1,058	-	948
Impairment loss on franchise rights	-	41	-	41
Inventories written off	12	-	12	-
Share based payment expenses	723	50	794	40
Share of results of joint ventures	(218)	(236)	(388)	(472)
Share of results of associates	310	(385)	475	(385)
Translation difference	195	(526)	363	(1,341)
Operating cash flow before working capital changes	18,667	14,442	35,539	26,322

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 2014	2Q 2013	1H 2014	1H 2013
	\$000	\$000	\$000	\$000
Operating cash flow before working capital changes	18,667	14,442	35,539	26,322
Inventories	(587)	(275)	(779)	(342)
Trade and other receivables	1,063	(5,569)	672	(5,785)
Prepayments	(1,231)	1,221	(209)	(547)
Amount due from joint ventures (trade)	-	(106)	(69)	(36)
Increase/(decrease) in:				
Trade and other payables	3,006	3,168	(6,559)	8,482
Other liabilities	(3,943)	5,005	(6,222)	4,481
Amount due to a joint venture (trade)	(219)	480	(257)	109
Cash generated from operations	<u>16,756</u>	<u>18,366</u>	<u>22,116</u>	<u>32,684</u>
Tax paid	(3,688)	(3,047)	(4,635)	(3,506)
Net cash flow from operating activities	<u>13,068</u>	<u>15,319</u>	<u>17,481</u>	<u>29,178</u>
Cash flows from investing activities				
Interest income received	548	583	784	1,504
Dividend income from associate	187	-	187	-
Deposit paid to purchase property, plant and equipment	(4,267)	-	(4,267)	-
Purchase of property, plant and equipment	(14,976)	(29,282)	(27,066)	(54,774)
Proceeds from disposal of property, plant and equipment	178	-	191	17
Proceeds from disposal of assets held for sale	1,528	-	2,033	-
Additions to intangible assets	(35)	(57)	(261)	(137)
Cash paid for reinstatement expenses	(120)	(129)	(158)	(156)
Amount due from joint ventures (non-trade)	(126)	19	(195)	502
Amount due to joint ventures (non-trade)	(21)	(17)	(26)	(41)
Amount due to associates (non-trade)	128	-	369	-
Investment in an associate	-	(375)	-	(375)
Investment in a joint venture	-	-	(1,022)	-
Loan to an investee	-	-	(4,833)	-
Purchase of investment securities	-	(8,920)	(5,085)	(14,020)
Subscription of junior bonds	-	-	(12,137)	-
Net cash flow used in investing activities	<u>(16,976)</u>	<u>(38,178)</u>	<u>(51,486)</u>	<u>(67,480)</u>
Cash flows from financing activities				
Interest paid	(886)	(714)	(1,702)	(1,228)
Dividends paid to minority shareholders of a subsidiary	(408)	-	(984)	(984)
Dividends paid to shareholders of the company	(3,662)	(2,252)	(3,662)	(2,252)
Loan due to minority shareholder	-	-	476	-
Purchase of treasury shares	(406)	-	(569)	-
Proceeds from short-term loans	12,015	15,909	15,334	16,919
Repayment of short-term loans	(6,795)	(490)	(9,173)	(1,687)
Proceeds from long-term loans	7,698	46,547	24,613	59,122
Repayment of long-term loans	(6,577)	(21,057)	(12,215)	(21,613)
Repayment of amount owing to landlord	-	-	-	(14)
Net cash flow from financing activities	<u>979</u>	<u>37,943</u>	<u>12,118</u>	<u>48,263</u>
Net (decrease)/ increase in cash and cash equivalents	(2,929)	15,084	(21,887)	9,961
Effect of exchange rate changes on cash and cash equivalents	76	(18)	335	238
Cash and cash equivalents at beginning of financial period	60,721	59,378	79,420	64,245
Cash and cash equivalents at end of financial period	<u>57,868</u>	<u>74,444</u>	<u>57,868</u>	<u>74,444</u>

Note A: Cash and cash equivalents comprise:

	Group	
	30 June 2014	30 June 2013
	\$000	\$000
Cash on hand and at bank	57,252	74,438
Short term fixed deposits	616	6
	<u>57,868</u>	<u>74,444</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 \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000	Non-controlling interests \$000	Total equity \$000
Balance at 1 January 2013	33,303	(406)	47,559	2,094	82,550	8,475	91,025
Profit for the period	-	-	1,617	-	1,617	437	2,054
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	22	22	-	22
Foreign currency translation	-	-	-	327	327	-	327
Total other comprehensive income, net of tax	-	-	-	349	349	-	349
Total comprehensive income for the period	-	-	1,617	349	1,966	437	2,403
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	(10)	(10)	-	(10)
Total contributions by and distributions to owners	-	-	-	(10)	(10)	-	(10)
Balance at 31 March 2013	33,303	(406)	49,176	2,433	84,506	8,912	93,418
Profit for the period	-	-	3,038	-	3,038	181	3,219
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	150	150	-	150
Foreign currency translation	-	-	-	748	748	-	748
Total other comprehensive income, net of tax	-	-	-	898	898	-	898
Total comprehensive income for the period	-	-	3,038	898	3,936	181	4,117
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	49	49	-	49
Dividends paid	-	-	(2,252)	-	(2,252)	-	(2,252)
Transfer to statutory reserve	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	219	-	(219)	-	-	-
Total contributions by and distributions to owners	-	219	(2,252)	(170)	(2,203)	-	(2,203)
Balance at 30 June 2013	33,303	(187)	49,962	3,161	86,239	9,093	95,332

Group	Attributable to Shareholders of the Company				Total \$000	Non- controlling interests \$000	Total equity \$000
	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000			
Balance at 1 January 2014	33,303	(187)	57,499	3,338	93,953	10,030	103,983
Profit for the period	-	-	1,804	-	1,804	131	1,935
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	10	10	-	10
Foreign currency translation	-	-	-	(365)	(365)	-	(365)
Total other comprehensive income, net of tax	-	-	-	(355)	(355)	-	(355)
Total comprehensive income for the period	-	-	1,804	(355)	1,449	131	1,580
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(101)	101	-	-	-
Share-based payments	-	-	-	71	71	-	71
Purchase of treasury shares	-	(163)	-	-	(163)	-	(163)
Balance at 31 March 2014	33,303	(350)	59,202	3,155	95,310	10,161	105,471
Profit for the period	-	-	69	-	69	417	486
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	11	11	-	11
Foreign currency translation	-	-	-	(207)	(207)	-	(207)
Total other comprehensive income, net of tax	-	-	-	(196)	(196)	-	(196)
Total comprehensive income for the period	-	-	2,624	(196)	2,428	417	2,845
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	526	-	197	723	-	723
Dividends paid	-	-	(3,662)	-	(3,662)	-	(3,662)
Transfer to statutory reserve	-	-	-	-	-	-	-
Purchase of treasury shares	-	(406)	-	-	(406)	-	(406)
Treasury shares transferred on vesting of restricted share grant	-	227	-	(227)	-	-	-
Total contributions by and distributions to owners	-	347	(3,662)	(30)	(3,345)	-	(3,345)
Balance at 30 June 2014	33,303	(3)	58,164	2,929	94,393	10,578	104,971

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2013	33,303	(406)	(5,127)	535	28,305
Profit for the period	-	-	(50)	-	(50)
Total comprehensive income for the period	-	-	(50)	-	(50)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	(9)	(9)
Total contributions by and distributions to owners	-	-	-	(9)	(9)
Balance at 31 March 2013	33,303	(406)	(5,177)	526	28,246
Loss for the period	-	-	(640)	-	(640)
Total comprehensive income for the period	-	-	(640)	-	(640)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	49	49
Dividends paid	-	-	(2,252)	-	(2,252)
Purchase of treasury shares	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	219	-	(219)	-
Share-based payments	-	-	-	-	-
Total contributions by and distributions to owners	-	219	(2,252)	(170)	(2,203)
Balance at 30 June 2013	33,303	(187)	(8,069)	356	25,403

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2014	33,303	(187)	3,159	461	36,736
Profit for the period	-	-	165	-	165
Total comprehensive income for the period	-	-	165	-	165
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	71	71
Purchase of treasury shares	-	(163)	-	-	(163)
Total contributions by and distributions to owners	-	(163)	-	71	(92)
Balance at 31 March 2014	33,303	(350)	3,324	532	36,809
Profit for the period	-	-	374	-	374
Total comprehensive income for the period	-	-	374	-	374
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	526	-	197	723
Dividends paid	-	-	(3,662)	-	(3,662)
Purchase of treasury shares	-	(406)	-	-	(406)
Treasury shares transferred on vesting of restricted share grant	-	227	-	(227)	-
Share-based payments	-	-	-	-	-
Total contributions by and distributions to owners	-	347	(3,662)	(30)	(3,345)
Balance at 30 June 2014	33,303	(3)	36	502	33,838

Note B: Other reserves

	Group		Company	
	30 Jun 2014 \$000	30 Jun 2013 \$000	30 Jun 2014 \$000	30 Jun 2013 \$000
Statutory reserve fund	2,858	2,757	-	-
Translation reserve	94	320	-	-
Fair value adjustment reserve	132	385	-	-
Capital reserve	307	175	307	175
Share based compensation reserve	195	181	195	181
Premium on acquisition of non-controlling interests	(657)	(657)	-	-
	2,929	3,161	502	356

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 2014.

There were a total of 3,090 treasury shares held as at 30 June 2014 (30 June 2013: 381,624).

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 June 2014 was 617,670 (30 June 2013: 1,015,060).

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 2014, the Company's issued and paid up capital, excluding 3,090 (31 December 2013: 829,614) treasury shares held, comprises 281,890,148 (31 December 2013: 281,063,624) 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 2014	2Q 2013	1H 2014	1H 2013
Balance at beginning of financial period	381,624	829,614	381,624	829,614
Purchase of treasury shares	483,000	-	483,000	-
Treasury shares transferred on vesting of restricted share grant	(861,534)	(447,990)	(861,534)	(447,990)
Balance at end of financial period	<u>3,090</u>	<u>381,624</u>	<u>3,090</u>	<u>381,624</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 2013, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2014.

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 is effective for its financial year beginning 1 January 2014. 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 2014	2Q 2013	1H 2014	1H 2013
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.93 cent	1.08 cents	1.57 cent	1.66 cents
Weighted average number of ordinary shares	281,637,739	281,362,284	281,483,176	281,212,954
(b) On a fully diluted basis	0.93 cent	1.08 cents	1.57 cent	1.65 cents
Adjusted weighted average number of ordinary shares	282,286,202	282,487,411	282,162,433	282,448,147

As at 30 June 2014, a total of 617,670 (31 June 2013: 1,015,060) 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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net asset value per ordinary share based on issued share capital as at the end of period	<u>33.6 cents</u>	<u>30.1 cents</u>	<u>12.0 cents</u>	<u>10.1 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2014 is computed based on the total number of issued shares (excluding 3,090 treasury shares) of 281,890,148.

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 13.6% across all divisions from \$246.8 million recorded in 1H 2013 to \$280.3 million in 1H 2014. However, Profit after tax and attributable to shareholders ("PATMI") for the first half year of 2014 decreased by 4.9% from \$4.7 million to \$4.4 million. The dip was mainly attributable to the closure of non-performing outlets, leading to asset write off amounting to \$2.2 million in 1H 2014.

Bakery Division improved its revenue by 11.7% contributed by all markets, except Malaysia which met with a slight decline. PATMI decreased 2.1% mainly due to lower performance in the Singapore and Thailand markets. Singapore was impacted by higher overheads as the tight labor situation continues to take its toll on its operations while Thailand was affected by the closure of an outlet during 2Q 2014.

Restaurant division revenue grew 15.4% coming from Singapore's Din Tai Fung and Ramen Play and offset by lower revenue in Din Tai Fung Thailand. PATMI however, decreased by 28.5% as a result of Ramen Play not performing up to expectation and coupled with costs associated with the closure of three outlets.

Food Atrium division continued its stellar performance growing its revenue in 1H 2014 by 20.9% against 1H 2013. Mainland China, Hong Kong and Singapore led the growth but Thailand and Taiwan did not perform within expectation. PATMI rose strongly despite the division incurring \$0.6 million restructuring costs for one of its outlets in the Taiwan market. The improvement in PATMI came from higher margins achieved from its operations in Hong Kong and Mainland China.

Other income increased by 112.8% due mainly to monies received for Singapore's Wage Credit Scheme as well as the increased in management fee income from its food court operations. Interest income decreased 39.7% from \$1.0 million to \$0.6 million as the Group received lower returns from its investments.

Earnings per share (EPS) on a fully diluted basis for 1H 2014 decreased 4.9% to 1.57 cents compared to 1.65 cents in 1H 2013.

Net asset value per share was higher at 33.6 cents as at 30 June 2014 compared to 30.1 cents as at 31 December 2013.

Number of outlets including franchise under the Group:

	30-Jun-14	31-Dec-13	Net increase
Bakery	751	737	1.9%
Food Atrium	59	58	1.7%
Restaurant	34	41	-17.1%
	<u>844</u>	<u>836</u>	1.0%

(B) Balance Sheet

Non-current assets increased by \$16.5 million or 5.2% from \$318.4 million to \$334.9 million as at 30 June 2014 mainly due to increase in investment securities of \$17.2 million from equity interest investment in Perennial Somerset Investors Pte Ltd.

Current assets decreased by \$16.2 million from \$149.8 million to \$133.6 million as at 30 June 2014 which was attributed to:

- (i) A decrease in cash and cash equivalents of \$21.6 million mainly due to payment for the investment in Perennial Somerset Investors Pte Ltd;
- (ii) Disposal of assets held for sale, amounting to \$2.1 million, to an associated company; and
- (iii) Increase of loan receivables amounting to \$4.8 million.

Current liabilities increased slightly by \$3.0 million to \$216.1 million as at 30 June 2014 due to:

- (i) additional financing of \$20.7 million to fund mainly the Group's investment in Perennial Somerset Investors Pte Ltd and capital expenditure in new outlets;
- (ii) offset by the reduction in trade and other payables of \$17.4 million due mainly to repayment of new stores renovation project costs and higher refund of sales collection to tenants in food atriums.

Non-current liabilities decreased 2.5% or \$3.7 million as at 30 June 2014 as a portion of the Group's long term financing are reclassified as current.

(C) Cash Flow Statement

The Group generated operating cash flow of \$17.5 million in 1H 2014 and raised a further financing of \$12.1 million to support \$51.5 million used in investing activities, resulting in a decrease in its cash and cash equivalent of \$21.9 million to \$57.9 million as at 30 June 2014.

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

On 1 August 2014, the Group announced its joint venture partnership with Minor Food Group (MFG) to operate and grow the Breadtalk brand in Thailand. This co-operation will enable Breadtalk brand to leverage on MFG's established platform in Thailand, such as supply chain management, legal, franchising, outlet expansion and property management.

In the second half of the year, the Group will continue to focus on consolidating its Ramen Play business which may involve further closure of non-performing outlets. In addition, it will push on its cost rationalisation plan to achieve better efficiency in the back-end support as well as improving the quality of service and offering at the frontline.

Barring any unforeseen circumstances, the Group expects to remain profitable for the rest of FY2014.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

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? Yes.

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

(c) Date payable

5 September 2014

(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 2014 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 per share (the "Interim Dividend") in respect of the financial year ending 31 December 2014 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 2014. 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 2014 will be registered to determine entitlements to the Interim Dividend.

Payment of the Interim Dividend will be on 5 September 2014.

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) P.I.L. Consortium Pte Ltd - Delivery Services and Inward Freight	894.6	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Sky One Art Investment Pte Ltd - Purchase of artwork	293.4	
(3) Kung Fu Kitchen - Food court rental income/miscellaneous charges	110.1	

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 2014 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Cho Form Po
Company Secretary
11 August 2014