

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Third Quarter and Period Ended 30 September 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 third quarter and period ended 30 September 2014. The figures presented below have not been audited.

	Group			Group		
	3Q 2014 \$000	3Q 2013 \$000	Increase/ (Decrease)	YTD Sep 2014 \$000	YTD Sep 2013 \$000	Increase/ (Decrease)
Revenue	154,493	142,617	8.3%	434,811	389,443	11.6%
Cost of sales	<u>(73,542)</u>	<u>(68,819)</u>	6.9%	<u>(206,685)</u>	<u>(182,827)</u>	13.0%
Gross profit	80,951	73,798	9.7%	228,126	206,616	10.4%
Other income	3,930	3,075	27.8%	11,890	6,815	74.5%
Interest income	717	201	256.7%	1,320	1,201	9.9%
Distribution and selling expenses	(60,831)	(51,969)	17.1%	(172,550)	(154,318)	11.8%
Administrative expenses	(16,729)	(18,483)	-9.5%	(51,608)	(45,446)	13.6%
Interest expense	<u>(902)</u>	<u>(628)</u>	43.6%	<u>(2,605)</u>	<u>(1,856)</u>	40.4%
Profit before tax and share of results of associates and joint ventures	7,136	5,994	19.1%	14,573	13,012	12.0%
Share of results of associates	(270)	182	N.M.	(745)	567	N.M.
Share of results of joint ventures	<u>141</u>	<u>(5)</u>	N.M.	<u>529</u>	<u>467</u>	13.3%
Profit before tax	7,007	6,171	13.5%	14,357	14,046	2.2%
Taxation	<u>(1,804)</u>	<u>(2,258)</u>	-20.1%	<u>(4,179)</u>	<u>(4,861)</u>	-14.0%
Profit after tax	<u>5,203</u>	<u>3,913</u>	33.0%	<u>10,178</u>	<u>9,185</u>	10.8%
Attributable to:						
Shareholders of the Company	3,919	3,390	15.6%	8,347	8,044	3.8%
Non-controlling interests	<u>1,284</u>	<u>523</u>	145.5%	<u>1,831</u>	<u>1,141</u>	60.5%
	<u>5,203</u>	<u>3,913</u>	33.0%	<u>10,178</u>	<u>9,185</u>	10.8%
Other comprehensive income:						
Net gain on available-for-sale financial assets	(35)	(207)	-83.1%	(11)	(34)	-67.6%
Foreign currency translation	630	(35)	N.M.	55	1,038	-94.7%
Other comprehensive (loss) income for the period,	<u>595</u>	<u>(242)</u>	N.M.	<u>44</u>	<u>1,004</u>	-95.6%
Total comprehensive income for the period	<u>5,798</u>	<u>3,671</u>	57.9%	<u>10,222</u>	<u>10,189</u>	0.3%
Attributable to:						
Shareholders of the Company	4,514	3,148	43.4%	8,391	9,048	-7.3%
Non-controlling interests	<u>1,284</u>	<u>523</u>	145.5%	<u>1,831</u>	<u>1,141</u>	60.5%
	<u>5,798</u>	<u>3,671</u>	57.9%	<u>10,222</u>	<u>10,189</u>	0.3%

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 2014 \$000	3Q 2013 \$000	Increase/ (Decrease)	YTD Sep 2014 \$000	YTD Sep 2013 \$000	Increase/ (Decrease)
Depreciation and amortisation	10,116	9,391	7.7%	33,836	28,937	16.9%
Operating lease expenses	31,735	36,579	-13.2%	93,350	86,717	7.6%
Personnel expenses	41,208	39,526	4.3%	117,741	107,641	9.4%
Property, plant and equipment written off (Note 1)	420	198	N.M.	2,591	393	N.M.
Impairment loss on property, plant and equipment	-	(487)	N.M.	-	461	-100.0%
Gain on disposal of property, plant and equipment	(757)	(88)	760.2%	(856)	(547)	56.5%
Impairment of franchise rights	-	1	N.M.	-	42	-100.0%
Impairment of/(write back of impairment of) loan and						
- trade receivables	18	-	N.A.	109	107	1.9%
- other receivables	-	1	N.M.	(50)	-	N.M.
Inventories written off	-	-	N.M.	12	-	N.M.
Foreign exchange (gain)/loss, net	(313)	149	-310.1%	13	(329)	-104.0%
Government grant	(52)	-	N.M.	(1,506)	-	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	
	30.09.2014 \$000	31.12.2013 \$000	30.09.2014 \$000	31.12.2013 \$000
Non-current assets				
Property, plant and equipment	219,671	225,860	75,388	74,115
Intangible assets	7,745	7,772	-	-
Investment securities	77,357	59,799	-	-
Investment in subsidiaries	-	-	24,139	23,657
Investment in associates	3,633	4,568	-	-
Investment in joint ventures	8,215	3,638	-	-
Other receivables	2,776	1,827	-	-
Fixed deposit	-	10,671	-	-
Deferred tax assets	4,176	4,287	67	67
	<u>323,573</u>	<u>318,422</u>	<u>99,594</u>	<u>97,839</u>

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	\$000	\$000	\$000	\$000
Current assets				
Assets of disposal group classified as held for sale	-	2,056	-	-
Inventories	10,704	10,004	-	-
Trade and other receivables	77,165	50,595	2,123	968
Prepayments	6,454	6,395	148	86
Tax recoverable	914	6	-	-
Due from related corporations	894	959	28,783	16,753
Amount due from minority shareholders of subsidiaries (non-trade)	402	395	-	-
Cash and cash equivalents	82,612	79,420	6,965	9,214
	<u>179,145</u>	<u>149,830</u>	<u>38,019</u>	<u>27,021</u>
Current liabilities				
Trade and other payables	93,760	102,589	1,242	2,669
Other liabilities	64,627	59,531	4,001	5,793
Provision	11,361	10,223	22	22
Due to related corporations	4,009	3,901	47,563	27,457
Loan from a minority shareholder of a subsidiary	676	200	-	-
Short term loans	32,330	9,746	-	-
Current portion of long-term loans	36,661	20,554	3,977	3,135
Tax payable	4,327	6,458	-	-
	<u>247,751</u>	<u>213,202</u>	<u>56,805</u>	<u>39,076</u>
Net current liabilities	(68,606)	(63,372)	(18,786)	(12,055)
Non-current liabilities				
Long-term loans	134,159	138,216	47,960	49,048
Other liabilities	8,867	10,297	-	-
Deferred tax liabilities	2,489	2,554	-	-
	<u>145,515</u>	<u>151,067</u>	<u>47,960</u>	<u>49,048</u>
Net assets	<u>109,452</u>	<u>103,983</u>	<u>32,848</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	60,671	57,499	(1,050)	3,159
Other reserves	3,129	3,338	598	461
	<u>97,100</u>	<u>93,953</u>	<u>32,848</u>	<u>36,736</u>
Non-controlling interests	12,352	10,030	-	-
Total equity	<u>109,452</u>	<u>103,983</u>	<u>32,848</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 30.09.2014	
Secured	Unsecured
\$000	\$000
9,672	59,995

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

Amount repayable after one year

As at 30.09.2014	
Secured	Unsecured
\$000	\$000
109,130	25,029

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

Details of any collateral

- (1) As at 30 September 2014, a total amount of \$85.0 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	
	3Q 2014 \$000	3Q 2013 \$000	YTD Sep 2014 \$000	YTD Sep 2013 \$000
Cash flows from operating activities				
Profit before tax	7,007	6,171	14,357	14,046
Adjustments for:				
Amortisation of intangible assets	113	36	334	351
Depreciation of property, plant and equipment	10,003	9,706	33,502	28,937
Impairment of trade receivables	18	-	109	107
Reversal of impairment of other receivables	-	1	(50)	-
Interest expense	902	628	2,605	1,856
Interest income	(717)	(201)	(1,320)	(1,201)
Gain on disposal of property, plant and equipment	(757)	(88)	(856)	(547)
Property, plant and equipment written off	420	198	2,591	393
Impairment loss on property, plant and equipment	-	(487)	-	461
Impairment loss on franchise rights	-	1	-	42
Share based payment expenses	96	33	890	73
Share of results of joint ventures	(141)	5	(529)	(467)
Share of results of associates	270	(182)	745	(567)
Inventories written off	-	-	12	-
Translation difference	(300)	(731)	63	(2,073)
Operating cash flow before working capital changes	16,914	15,090	52,453	41,411

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 2014	3Q 2013	YTD Sep 2014	YTD Sep 2013
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	66	(937)	(713)	(1,279)
Trade and other receivables	(5,265)	1,108	(4,593)	(4,677)
Prepayments	150	(168)	(59)	(715)
Amount due from joint ventures (trade)	(117)	313	(186)	277
Increase/(decrease) in:				
Trade and other payables	3,608	1,268	(2,951)	9,750
Other liabilities	11,177	9,619	4,955	14,100
Amount due to an associate (non-trade)	-	-	-	1
Amount due to a joint venture (trade)	121	(61)	(136)	48
Cash generated from operations	<u>26,654</u>	<u>26,232</u>	<u>48,770</u>	<u>58,916</u>
Tax paid	(2,492)	(3,450)	(7,127)	(6,956)
Net cash flow from operating activities	<u>24,162</u>	<u>22,782</u>	<u>41,643</u>	<u>51,960</u>
Cash flows from investing activities				
Interest income received	608	202	1,392	1,706
Deposit paid to purchase of property, plant and equipment	(17,323)	-	(21,590)	-
Dividend income from associate	-	-	187	-
Purchase of property, plant and equipment	(10,116)	(37,699)	(37,182)	(92,473)
Proceeds from disposal of property, plant and equipment	22	137	213	154
Proceeds from disposal of assets held for sale	23	-	2,056	-
Additions to intangible assets	(36)	(54)	(297)	(191)
Cash paid for reinstatement expenses	(79)	(224)	(237)	(380)
Amount due from joint ventures (non-trade)	572	(350)	377	152
Amount due to joint ventures (non-trade)	12	11	(14)	(30)
Amount due to associates (non-trade)	(112)	-	257	-
Investment in an associate	-	(2,535)	-	(2,910)
Investment in a joint venture	-	-	(1,022)	-
Loan to an investee	3,365	-	(1,468)	-
Loan to a joint venture	-	(30)	-	(30)
Purchase of investment securities	(347)	-	(17,569)	(14,020)
Net cash flow used in investing activities	<u>(23,411)</u>	<u>(40,542)</u>	<u>(74,897)</u>	<u>(108,022)</u>
Cash flows from financing activities				
Interest paid	(902)	(628)	(2,605)	(1,856)
Dividends paid to minority shareholders of a subsidiary	-	-	(984)	(984)
Dividends paid to shareholders of the company	(1,410)	(1,408)	(5,072)	(3,660)
Loan due to minority shareholder	-	-	476	-
Purchase of treasury shares	-	-	(569)	-
Proceeds from short-term loans	21,653	17,447	36,987	34,366
Repayment of short-term loans	(5,392)	(3,319)	(14,565)	(5,006)
Proceeds from long-term loans	5,873	5,146	30,486	64,268
Repayment of long-term loans	(6,241)	(5,458)	(18,456)	(27,071)
Repayment of amount owing to landlord	-	-	-	(14)
Net cash flow from financing activities	<u>13,581</u>	<u>11,780</u>	<u>25,698</u>	<u>60,043</u>
Net decrease in cash and cash equivalents	14,332	(5,980)	(7,556)	3,981
Effect of exchange rate changes on cash and cash equivalents	(33)	87	77	325
Cash and cash equivalents at beginning of financial period	57,868	74,444	79,420	64,245
Reclassification of long term fixed deposit due within 12 months	10,445	-	10,671	-
Cash and cash equivalents at end of financial period	<u>82,612</u>	<u>68,551</u>	<u>82,612</u>	<u>68,551</u>

Note A: Cash and cash equivalents comprise:

	Group	
	30 Sep 2014	30 Sep 2013
	\$000	\$000
Cash on hand and at bank	71,329	68,545
Short term fixed deposits	11,283	6
	<u>82,612</u>	<u>68,551</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				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 2013	33,303	(406)	47,559	2,094	82,550	8,475	91,025
Profit for the period	-	-	4,655	-	4,655	618	5,273
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-	-	-	-	172	172	-	172
Foreign currency translation	-	-	-	1,075	1,075	-	1,075
Total other comprehensive income, net of tax	-	-	-	1,247	1,247	-	1,247
Total comprehensive income for the period	-	-	4,655	1,247	5,902	618	6,520
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	38	38	-	38
Dividends Paid	-	-	(2,252)	-	(2,252)	-	(2,252)
Treasury shares transferred on vesting of	-	219	-	(219)	-	-	-
Total contributions by and distributions to owners	-	219	(2,252)	(181)	(2,214)	-	(2,214)
Balance at 30 June 2013	33,303	(187)	49,962	3,160	86,238	9,093	95,331
Profit for the period	-	-	3,390	-	3,390	523	3,913
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-	-	-	-	(207)	(207)	-	(207)
Foreign currency translation	-	-	-	(35)	(35)	-	(35)
Total other comprehensive income, net of tax	-	-	-	(242)	(242)	-	(242)
Total comprehensive income for the period	-	-	3,390	(242)	3,148	523	3,671
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	34	34	-	34
Dividends paid	-	-	(1,408)	-	(1,408)	-	(1,408)
Transfer to statutory reserve	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-
Treasury shares transferred on vesting of	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(1,408)	34	(1,374)	-	(1,374)
Balance at 30 Sep 2013	33,303	(187)	51,944	2,952	88,012	9,616	97,628

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	-	-	4,428	-	4,428	548	4,976
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	21	21	-	21
Foreign currency translation	-	-	-	(572)	(572)	-	(572)
Total other comprehensive income, net of tax	-	-	-	(551)	(551)	-	(551)
Total comprehensive income for the period	-	-	4,428	(551)	3,877	548	4,425
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(101)	101	-	-	-
Share-based payments	-	526	-	268	794	-	794
Dividends paid	-	-	(3,662)	-	(3,662)	-	(3,662)
Purchase of treasury shares	-	(569)	-	-	(569)	-	(569)
Treasury shares transferred on vesting of	-	227	-	(227)	-	-	-
Total contributions by and distributions to	-	184	(3,763)	142	(3,437)	-	(3,437)
Balance at 30 June 2014	33,303	(3)	58,164	2,929	94,393	10,578	104,971
Profit for the period	-	-	3,919	-	3,919	1,284	5,203
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(35)	(35)	-	(35)
Foreign currency translation	-	-	-	630	630	-	630
Total other comprehensive income, net of tax	-	-	-	595	595	-	595
Total comprehensive income for the period	-	-	3,919	595	4,514	1,284	5,798
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	96	96	-	96
Dividends paid	-	-	(1,410)	-	(1,410)	-	(1,410)
Transfer to statutory reserve	-	-	(2)	2	-	-	-
Total contributions by and distributions to	-	-	(1,412)	98	(1,314)	-	(1,314)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(493)	(493)	490	(3)
Total changes in ownership interests in a	-	-	-	(493)	(493)	490	(3)
Balance at 30 September 2014	33,303	(3)	60,671	3,129	97,100	12,352	109,452

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
Loss for the period	-	-	(690)	-	(690)
Total comprehensive income for the period	-	-	(690)	-	(690)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	39	39
Dividends paid	-	-	(2,252)	-	(2,252)
Treasury shares transferred on vesting of restricted share grant	-	219	-	(219)	-
Total contributions by and distributions to owners	-	219	(2,252)	(180)	(2,213)
Balance at 30 June 2013	33,303	(187)	(8,069)	355	25,402
Profit for the period	-	-	13,632	-	13,632
Total comprehensive income for the period	-	-	13,632	-	13,632
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	33	33
Dividends paid	-	-	(1,408)	-	(1,408)
Total contributions by and distributions to owners	-	-	(1,408)	33	(1,375)
Balance at 30 September 2013	33,303	(187)	4,155	388	37,659

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	-	-	539	-	539
Total comprehensive income for the period	-	-	539	-	539
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	526	-	268	794
Dividend paid	-	-	(3,662)	-	(3,662)
Purchase of treasury shares	-	(569)	-	-	(569)
Treasury shares transferred on vesting of restricted share grant	-	227	-	(227)	-
Total contributions by and distributions to owners	-	184	(3,662)	41	(3,437)
Balance at 30 June 2014	33,303	(3)	36	502	33,838
Profit for the period	-	-	324	-	324
Total comprehensive income for the period	-	-	324	-	324
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	96	96
Dividends paid	-	-	(1,410)	-	(1,410)
Total contributions by and distributions to owners	-	-	(1,410)	96	(1,314)
Balance at 30 September 2014	33,303	(3)	(1,050)	598	32,848

Note B: Other reserves

	Group		Company	
	30 Sep 2014 \$000	30 Sep 2013 \$000	30 Sep 2014 \$000	30 Sep 2013 \$000
Statutory reserve fund	2,859	2,757	-	-
Translation reserve	724	286	-	-
Fair value adjustment reserve	98	178	-	-
Capital reserve	307	175	307	175
Share based compensation reserve	291	213	291	213
Premium on acquisition of non-controlling interests	(1,150)	(657)	-	-
	3,129	2,952	598	388

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 2014.

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

Total number of restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan" as at 30 September 2014 was 617,670 (30 September 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 September 2014, the Company's issued and paid up capital, excluding 3,090 (31 December 2013: 381,624) treasury shares held, comprises 281,890,148 (31 December 2013: 281,511,614) 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 2014	3Q 2013	YTD Sep 2014	YTD Sep 2013
Balance at beginning of financial period	3,090	381,624	381,624	829,614
Purchase of treasury shares	-	-	483,000	-
Treasury shares transferred on vesting of restricted share grant	-	-	(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	
	3Q 2014	3Q 2013	30-Sep-14	30-Sep-13
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	1.39 cent	1.21 cents	2.96 cent	2.86 cents
Weighted average number of ordinary shares	281,637,739	281,511,614	281,618,834	281,312,507
(b) On a fully diluted basis	1.39 cent	1.20 cents	2.95 cent	2.85 cents
Adjusted weighted average number of ordinary shares	282,286,202	282,408,884	282,277,561	282,408,884

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-Sep-14	31.12.2013	30-Sep-14	31.12.2013
Net asset value per ordinary share based on issued share capital as at the end of period	34.4 cents	33.4 cents	11.7 cents	13.0 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 September 2014 is computed based on the total number of issued shares (excluding 3,090 treasury shares) of 281,890,148 (31 December 2013: 281,511,614).

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 for the period ended 30 September 2014 grew 11.6% across all divisions from \$389.4 million recorded in the same period last year to \$434.8 million. Profit after tax and attributable to shareholders ("PATMI") for the same period increased by 3.8% from \$8.0 million to \$8.3 million.

Bakery Division improved its revenue by 10.2% contributed by all markets. However, PATMI was 5.8% lower than prior year due mainly to Singapore and Mainland China markets. Labour and rental cost pressures in Singapore, the gestation of new store concepts and the cost impacts on the closure of five outlets affected performance. The proposed joint venture between BreadTalk and Minor Food Group, a business unit under Minor International Pcl., was completed on 30 September 2014 with the new joint venture company taking over operations as a BreadTalk franchisee beginning on 1 October 2014.

Restaurant Division revenue increased by 13.5% mainly contributed by Singapore's Din Tai Fung. However, Thailand's Din Tai Fung operations were affected by the political unrest and was almost flat compared to last year. Ramen Play Singapore recorded revenue of 2.0% below last year, after closing 4 non-performing stores. Including the impairment impact of the closed stores, PATMI was 9.9% lower than prior year.

Food Atrium division grew its revenue for the period ended 30 September 2014 by 17.9% against the same period last year. Mainland China, Hong Kong and Singapore led the growth but Thailand and Taiwan did not perform within expectation. PATMI rose strongly by 72.4% 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 lower losses in Thailand which is offset by lower profitability in Singapore and losses in Taiwan.

Other income for the period ended 30 September 2014, which increased 74.5%, included monies received for Singapore's Wage Credit Scheme, the gain on the sale of assets to the new joint venture in Thailand and increased in management fee income from its food court operations. Interest income increased 9.9% from \$1.0 million to \$1.3 million as the Group received higher returns from its investments.

Earnings per share (EPS) on a fully diluted basis for the period ended 2014 increased 3.5% to 2.95 cents compared to 2.85 cents in the same period last year.

Net asset value per share was higher at 34.4 cents as at 30 September 2014 compared to 33.4 cents as at 31 December 2013.

Number of outlets including franchise under the Group:

	30-Sep-14	31-Dec-13	Net increase
Bakery	772	737	4.7%
Food Atrium	61	58	5.2%
Restaurant	35	41	-14.6%
	<u>868</u>	<u>836</u>	3.8%

(B) Balance Sheet

Non-current assets increased by \$5.2 million or 1.6% from \$318.4 million to \$323.6 million as at 30 September 2014 mainly due to:

- (i) Increase in investment securities of \$17.2 million from equity interest investment in Perennial Somerset Investors Pte Ltd; and offset by
- (ii) Disposal of property, plant and equipment in relation to the transfer of business to new joint venture company in Thailand; and
- (iii) Reclassification of fixed deposit to current asset as it is due within 12 months.

Current assets increased by \$29.3 million from \$149.8 million to \$179.1 million as at 30 September 2014 which was attributed to:

- (i) Increase in cash and cash equivalents of \$3.2 million mainly due to payment for the investment in Perennial Somerset Investors Pte Ltd and offset by the reclassification of fixed deposit from non-current assets;
- (ii) Disposal of assets held for sale, amounting to \$2.1 million, to an associated company; and
- (iii) Down payment for property purchased in Shanghai, China.

Current liabilities increased by \$34.5 million to \$247.6 million as at 30 September 2014 due to additional financing to fund the Group's investment in Perennial Somerset Investors Pte Ltd, new office purchase in Shanghai, China and capital expenditure in new outlets;

Non-current liabilities decreased 3.7% or \$5.6 million as at 30 September 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 \$41.6 million in the period ended 30 September 2014 and raised a further financing of \$25.7 million to support \$74.9 million used in investing activities, resulting in an increase in its cash and cash equivalent (excluding fixed deposit) of \$68.5 million to \$71.3 million as at 30 September 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

Bakery Division remains focused on fine-tuning its new concept while revamping its product offering for the Singapore market. While Ramen Play expects to complete its business restructuring exercise within the last quarter of the year. Moving forward, Taiwan's Food Atrium should show better performance following the restructuring which was completed in the 3Q 2014.

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? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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	1,351	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Sky One Art Investment Pte Ltd - Purchase of artwork	293	
(3) Kung Fu Kitchen - Food court rental income/miscellaneous charges	170	

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 and period ended 30 September 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
4 November 2014