

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Year Ended 31 December 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 year ended 31 December 2014. The figures presented below have not been audited.

	Group			Group		
	4Q 2014 \$000	4Q 2013 \$000	Increase/ (Decrease)	FY2014 \$000	FY2013 \$000	Increase/ (Decrease)
Revenue	154,833	147,087	5.3%	589,644	536,530	9.9%
Cost of sales	(72,470)	(69,146)	4.8%	(279,155)	(251,973)	10.8%
Gross profit	82,363	77,941	5.7%	310,489	284,557	9.1%
Other income	5,576	5,084	9.7%	17,466	11,899	46.8%
Interest income	738	115	541.7%	2,058	1,316	56.4%
Distribution and selling expenses	(59,166)	(55,619)	6.4%	(231,716)	(209,937)	10.4%
Administrative expenses	(19,708)	(18,150)	8.6%	(71,316)	(63,596)	12.1%
Interest expense	(1,123)	(819)	37.1%	(3,728)	(2,675)	39.4%
Profit before tax and share of results of joint ventures	8,680	8,552	1.5%	23,253	21,564	7.8%
Share of results of associates	(340)	(336)	1.2%	(1,085)	231	N.M.
Share of results of joint ventures	116	128	-9.4%	645	595	8.4%
Profit before tax	8,456	8,344	1.3%	22,813	22,390	1.9%
Taxation	(2,581)	(1,390)	85.7%	(6,760)	(6,251)	8.1%
Profit after tax	5,875	6,954	-15.5%	16,053	16,139	-0.5%
Attributable to:						
Shareholders of the Company	3,847	5,556	-30.8%	12,194	13,600	-10.3%
Non-controlling interests	2,028	1,398	45.1%	3,859	2,539	52.0%
	5,875	6,954	-15.5%	16,053	16,139	-0.5%
Other comprehensive income:						
Net loss on available-for-sale financial assets	(98)	(69)	42.0%	(109)	(103)	5.8%
Foreign currency translation	1,588	383	314.6%	1,643	1,421	15.6%
Other comprehensive (loss) income for the period, net of tax	1,490	314	374.5%	1,534	1,318	16.4%
Total comprehensive income for the period	7,365	7,268	1.3%	17,587	17,457	0.7%
Attributable to:						
Shareholders of the Company	5,337	5,870	-9.1%	13,728	14,918	-8.0%
Non-controlling interests	2,028	1,398	45.1%	3,859	2,539	52.0%
	7,365	7,268	1.3%	17,587	17,457	0.7%

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		
	4Q 2014 \$000	4Q 2013 \$000	Increase/ (Decrease)	FY2014 \$000	FY2013 \$000	Increase/ (Decrease)
Depreciation and amortisation	12,101	10,050	20.4%	45,937	39,338	16.8%
Operating lease expenses	40,275	31,011	29.9%	133,625	114,802	16.4%
Personnel expenses	41,126	36,595	12.4%	158,867	142,638	11.4%
Property, plant and equipment written off (Note 1)	544	350	55.4%	3,135	743	321.9%
Impairment loss on property, plant and equipment	-	363	-100.0%	-	824	-100.0%
(Gain)/ Loss on disposal of property, plant and equipment	(145)	436	-133.3%	(1,001)	(111)	801.8%
Gain on disposal of joint venture	(27)	-	N.M.	(27)	-	N.M.
Gain on disposal of intangible assets	-	(53)	-100.0%	-	(11)	-100.0%
Impairment on Investment securities (Write Back)/ Impairment of loan and receivables	77	-	N.M.	77	-	N.M.
- trade receivables	28	90	-68.9%	137	197	-30.5%
- other receivables	151	(73)	-306.7%	101	26	288.2%
- joint venture	-	607	-100.0%	-	607	-100.0%
Inventories written off	-	-	N.M.	12	-	N.M.
Foreign exchange (gain)/loss, net	(507)	185	-374.1%	(494)	(148)	233.8%
Government grant	(594)	-	N.M.	(2,100)	-	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	
	31.12.14 \$000	31.12.2013 \$000	31.12.14 \$000	31.12.2013 \$000
Non-current assets				
Property, plant and equipment	220,670	225,860	75,560	74,115
Investment Property	23,153	-	-	-
Intangible assets	7,691	7,772	-	-
Investment securities	77,182	59,799	-	-
Investment in subsidiaries	-	-	24,170	23,657
Investment in associates	3,033	4,568	-	-
Investment in joint ventures	8,235	3,638	-	-
Other receivables	2,350	3,277	-	-
Fixed deposit	-	10,671	-	-
Deferred tax assets	4,970	4,287	-	67
	<u>347,284</u>	<u>319,872</u>	<u>99,730</u>	<u>97,839</u>

	Group		Company	
	31.12.14 \$000	31.12.2013 \$000	31.12.14 \$000	31.12.2013 \$000
Current assets				
Assets of disposal group classified as held for sale	-	2,056	-	-
Inventories	10,629	10,004	-	-
Trade and other receivables	55,123	49,145	1,854	968
Prepayments	5,783	6,395	120	86
Tax recoverable	8	6	-	-
Due from related corporations	1,188	959	26,412	16,753
Amount due from minority shareholders of subsidiaries (non-trade)	518	395	-	-
Cash and cash equivalents	95,452	79,420	3,047	9,214
	<u>168,701</u>	<u>148,380</u>	<u>31,433</u>	<u>27,021</u>
Current liabilities				
Trade and other payables	97,675	102,589	1,430	2,669
Other liabilities	65,167	59,531	3,280	5,793
Provision	11,681	10,223	22	22
Due to related corporations	5,163	3,901	32,104	27,457
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	32,367	9,746	-	-
Current portion of long-term loans	43,965	20,554	4,032	3,135
Tax payable	6,825	6,458	-	-
	<u>263,043</u>	<u>213,202</u>	<u>40,868</u>	<u>39,076</u>
Net current liabilities	(94,342)	(64,822)	(9,435)	(12,055)
Non-current liabilities				
Long-term loans	121,487	138,216	47,158	49,048
Loan from a minority shareholder of a subsidiary	476	-	-	-
Other liabilities	12,616	10,297	-	-
Deferred tax liabilities	2,619	2,554	167	-
	<u>137,198</u>	<u>151,067</u>	<u>47,325</u>	<u>49,048</u>
Net assets	<u>115,744</u>	<u>103,983</u>	<u>42,970</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	64,515	57,499	9,008	3,159
Other reserves	4,687	3,338	662	461
	<u>102,502</u>	<u>93,953</u>	<u>42,970</u>	<u>36,736</u>
Non-controlling interests	13,242	10,030	-	-
Total equity	<u>115,744</u>	<u>103,983</u>	<u>42,970</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 31.12.2014	
Secured	Unsecured
\$000	\$000
15,835	60,697

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

Amount repayable after one year

As at 31.12.2014	
Secured	Unsecured
\$000	\$000
111,580	10,383

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

Details of any collateral

- (1) As at 31 December 2014, a total amount of \$71.1 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	
	4Q 2014 \$000	4Q 2013 \$000	FY2014 \$000	FY2013 \$000
Cash flows from operating activities				
Profit before tax	8,456	8,344	22,813	22,390
Adjustments for:				
Amortisation of intangible assets	108	138	442	489
Depreciation of property, plant and equipment	11,993	9,912	45,495	38,849
Gain on disposal of intangible assets	-	(53)	-	(11)
Impairment of trade receivables	28	90	137	197
Impairment of amount due from joint venture	52	607	52	607
Impairment/(write back of impairment) of other receivables	151	(73)	101	26
Interest expense	1,123	819	3,728	2,675
Interest income	(738)	(115)	(2,058)	(1,316)
(Gain)/loss on disposal of property, plant and equipment	(145)	436	(1,001)	(111)
Write back of provision for reinstatement cost	(92)	-	(92)	(394)
Property, plant and equipment written off	544	350	3,135	743
Impairment loss on property, plant and equipment	-	363	-	824
Impairment loss on investment securities	77	-	77	-
Share based payment expenses	64	73	954	146
Share of results of associates	340	336	1,085	(231)
Share of results of joint ventures	(116)	(128)	(645)	(595)
Inventories written off	-	-	12	-
Unrealised exchange (gain)/loss, net	362	(307)	425	(1,115)
Operating cash flow before working capital changes	22,207	20,792	74,660	63,173

	Group		Group	
	4Q 2014 \$000	4Q 2013 \$000	FY2014 \$000	FY2013 \$000
(Increase)/decrease in:				
Inventories	75	287	(638)	(992)
Trade and other receivables	(1,382)	(3,775)	(5,975)	(8,319)
Prepayments	671	644	612	(71)
Amount due from joint ventures (trade)	48	1	(138)	278
Increase/(decrease) in:				
Trade and other payables	2,351	650	(600)	10,400
Other liabilities	4,711	(81)	9,666	14,019
Amount due to an associate (non-trade)	904	1,192	904	-
Amount due to a joint venture (trade)	500	448	364	496
Cash generated from operations	30,085	20,158	78,855	78,984
Tax refunded/(paid)	184	(589)	(6,943)	(7,545)
Net cash flow from operating activities	30,269	19,569	71,912	71,439
Cash flows from investing activities				
Interest income received	1,244	364	2,636	2,070
Deposit refunded on the purchase of investment property	21,590	-	-	-
Dividends received from a joint venture	147	208	334	208
Dividend income from an associate	450	-	450	-
Purchase of property, plant and equipment	(33,454)	(13,724)	(70,636)	(106,441)
Proceeds from disposal of property, plant and equipment	6,392	100	6,605	271
Proceeds from disposal of assets held for sale	(2,056)	-	-	-
Additions to intangible assets	(40)	(28)	(337)	(219)
Cash paid for reinstatement expenses	(555)	(374)	(792)	(375)
Amount due from joint ventures (non-trade)	(515)	(290)	(138)	(138)
Amount due to joint ventures (non-trade)	4	30	(10)	-
Amount due to associates (non-trade)	(257)	-	-	1,193
Investment in an associate	-	-	-	(2,910)
Investment in a joint venture	(4,022)	-	(5,044)	-
Loan to an investee	1,468	-	-	-
Loan to a joint venture	-	(25)	-	(55)
Purchase of investment securities	-	-	(17,569)	(14,020)
Cash under asset held for sale	-	(4)	-	(4)
Net cash flow used in investing activities	(9,604)	(13,743)	(84,501)	(120,420)
Cash flows from financing activities				
Interest paid	(1,123)	(819)	(3,728)	(2,675)
Dividends paid to minority shareholders of a subsidiary	(156)	-	(1,140)	(984)
Dividends paid to shareholders of the company	1	-	(5,071)	(3,660)
Loan due to minority shareholder	-	-	476	-
Purchase of treasury shares	-	-	(569)	-
Proceeds from short-term loans	3,752	207	40,739	34,159
Repayment of short-term loans	(4,126)	(1,783)	(18,691)	(3,223)
Proceeds from long-term loans	272	9,149	30,758	73,831
Repayment of long-term loans	(5,803)	(1,677)	(24,259)	(32,314)
Repayment of amount owing to landlord	-	-	-	(14)
Net cash flow from financing activities	(7,183)	5,077	18,515	65,120
Net increase in cash and cash equivalents	13,482	10,903	5,926	16,139
Effect of exchange rate changes on cash and cash equivalents	(642)	(34)	(983)	(964)
Cash and cash equivalents at beginning of financial period	71,329	68,551	79,420	64,245
Reclassification of long term fixed deposit due within 12 months	11,283	-	11,089	-
Cash and cash equivalents at end of financial period	95,452	79,420	95,452	79,420
Note A: Cash and cash equivalents comprise:				
	Group			
	31 Dec 2014 \$000	31 Dec 2013 \$000		
Cash on hand and at bank	84,363	79,414		
Short term fixed deposits	11,089	6		
Assets held for sale	-	4		
	<u>95,452</u>	<u>79,424</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	-	-	8,044	-	8,044	1,141	9,185
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(35)	(35)	-	(35)
Foreign currency translation	-	-	-	1,040	1,040	-	1,040
Total other comprehensive income, net of tax	-	-	-	1,005	1,005	-	1,005
Total comprehensive income for the period	-	-	8,044	1,005	9,049	1,141	10,190
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	72	72	-	72
Dividend paid	-	-	(3,660)	-	(3,660)	-	(3,660)
Treasury shares transferred on vesting of restricted share grant	-	219	-	(219)	-	-	-
Total contributions by and distributions to owners	-	219	(3,660)	(147)	(3,588)	-	(3,588)
Balance at 30 September 2013	33,303	(187)	51,943	2,952	88,011	9,616	97,627
Profit for the period	-	-	5,556	-	5,556	1,398	6,954
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(68)	(68)	-	(68)
Foreign currency translation	-	-	-	381	381	-	381
Total other comprehensive income, net of tax	-	-	-	313	313	-	313
Total comprehensive income for the period	-	-	5,556	313	5,869	1,398	7,267
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	73	73	-	73
Dividends payable	-	-	-	-	-	(984)	(984)
Total contributions by and distributions to owners	-	-	-	73	73	(984)	(911)
Balance at 31 December 2013	33,303	(187)	57,499	3,338	93,953	10,030	103,983

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	-	-	8,347	-	8,347	1,832	10,179
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(14)	(14)	-	(14)
Foreign currency translation	-	-	-	58	58	-	58
Total other comprehensive income, net of tax	-	-	-	44	44	-	44
Total comprehensive income for the period	-	-	8,347	44	8,391	1,832	10,223
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(103)	103	-	-	-
Share-based payments	-	526	-	364	890	-	890
Dividends paid	-	-	(5,071)	-	(5,071)	-	(5,071)
Purchase of treasury shares	-	(569)	-	-	(569)	-	(569)
Treasury shares transferred on vesting of restricted share grant	-	227	-	(227)	-	-	-
Total contributions by and distributions to owners	-	184	(5,174)	240	(4,750)	-	(4,750)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(492)	(492)	492	-
Total changes in ownership interests in a subsidiary	-	-	-	(492)	(492)	492	-
Balance at 30 September 2014	33,303	(3)	60,672	3,130	97,102	12,354	109,456
Profit for the period	-	-	3,847	-	3,847	2,028	5,875
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(98)	(98)	-	(98)
Foreign currency translation	-	-	-	1,588	1,588	-	1,588
Total other comprehensive income, net of tax	-	-	-	1,490	1,490	-	1,490
Total comprehensive income for the period	-	-	3,847	1,490	5,337	2,028	7,365
<u>Contributions by and distributions to owners</u>							
Transfer out from statutory reserve	-	-	(4)	4	-	-	-
Share-based payments	-	-	-	63	63	-	63
Dividends paid	-	-	-	-	-	(1,140)	(1,140)
Total contributions by and distributions to owners	-	-	(4)	67	63	(1,140)	(1,077)
Balance at 30 December 2014	33,303	(3)	64,515	4,687	102,502	13,242	115,744

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	-	-	12,942	-	12,942
Total comprehensive income for the period	-	-	12,942	-	12,942
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	72	72
Dividends paid	-	-	(3,660)	-	(3,660)
Treasury shares transferred on vesting of restricted share grant	-	219	-	(219)	-
Total contributions by and distributions to owners	-	219	(3,660)	(147)	(3,588)
Balance at 30 September 2013	33,303	(187)	4,155	388	37,659
Loss for the period	-	-	(996)	-	(996)
Total comprehensive income for the period	-	-	(996)	-	(996)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	73	73
Total contributions by and distributions to owners	-	-	-	73	73
Balance at 31 December 2013	33,303	(187)	3,159	461	36,736

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	-	-	863	-	863
Total comprehensive income for the period	-	-	863	-	863
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	526	-	364	890
Dividend paid	-	-	(5,072)	-	(5,072)
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	(5,072)	137	(4,751)
Balance at 30 September 2014	33,303	(3)	(1,050)	598	32,848
Profit for the period	-	-	10,058	-	10,058
Total comprehensive income for the period	-	-	10,058	-	10,058
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	64	64
Total contributions by and distributions to owners	-	-	-	64	64
Balance at 31 December 2014	33,303	(3)	9,008	662	42,970

Note B: Other reserves

	Group		Company	
	31 Dec 2014 \$000	31 Dec 2013 \$000	31 Dec 2014 \$000	31 Dec 2013 \$000
Statutory reserve fund	2,863	2,757	-	-
Translation reserve	2,311	667	-	-
Fair value adjustment reserve	-	109	-	-
Capital reserve	307	176	307	175
Share based compensation reserve	356	286	355	286
Premium on acquisition of non-controlling interests	(1,150)	(657)	-	-
	4,687	3,338	662	461

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 4Q 2014.

There were a total of 3,090 treasury shares held as at 31 December 2014 (31 December 2013: 381,624).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 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			
	4Q 2014	4Q 2013	FY2014	FY2013
Balance at beginning of financial period	3,090	829,614	381,624	829,614
Purchase of treasury shares	-	-	483,000	-
Treasury shares transferred on vesting of restricted share grant	-	(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 are 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	
	4Q 2014	4Q 2013	31-Dec-14	31-Dec-13
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	1.36 cents	1.97 cents	4.33 cents	4.83 cents
Weighted average number of ordinary shares	281,890,148	281,511,614	281,686,662	281,362,284
(b) On a fully diluted basis	1.36 cents	1.97 cents	4.32 cents	4.82 cents
Adjusted weighted average number of ordinary shares	282,506,428	282,221,664	282,334,778	282,239,001

7. Net asset value (for the issuer and the group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net asset value per ordinary share based on issued share capital as at the end of period	36.4 cents	33.4 cents	15.2 cents	13.0 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 December 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 financial year ended 31 December 2014 grew to \$589.6 million representing a 9.9% growth against last year. Profit after tax and attributable to Shareholders ("PATMI") however closed at \$12.2 million or 10.3% lower than prior year.

The traditionally strong 4th Quarter revenue performance did not materialise due to softer than expected demand across all markets especially Mainland China. Group margin was also compromised due to the intense competition in Singapore along with cost pressure on labour and rental including closure cost for 2 Ramen Play stores.

Bakery Division revenue increased by 8.4% to \$294.5 million due to improved contribution from all markets. However, PATMI was 36.8% lower than prior year as a result of higher rental and labour cost new concepts gestation period, and store closure cost.

Food Atrium Division registered a 15.2% increase in revenue to \$168.2 million representing 28.5% of the Group revenue in FY2014. The growth was led by Mainland China, Hong Kong and Singapore with Thailand, Malaysia and Taiwan not performing within expectation. PATMI was 12.9% higher than last year contributed mainly by Hong Kong and Singapore and offset by non-performing stores in Western Mainland China and Taiwan.

Excluding Carl's Junior which was divested in March 2014, Restaurant Division registered 12.5% additional revenue to \$129.5 million contributed mainly by Din Tai Fung operations. On the same basis, PATMI was almost flat against prior year due to continuing operating loss sustained by Ramen Play as well as the cost of closure for 6 of its stores during the year.

Other income for the year which increased 46.8% included monies received for Singapore's Wage Credit Scheme, gain on sale of assets to the new joint venture in Thailand and increase in management fee income from food court operations. Interest income also climbed 56.4% from \$1.3 million to \$2.0 million as the Group received higher returns from its investments.

Earnings per share (EPS) on a fully diluted basis for the year ended 31 December 2014 decreased 10.4% to 4.32 cents compared to 4.83 cents last year.

Net asset value per share was higher at 36.4 cents as at 31 December 2014 compared to 33.4 cents as at 31 December 2013.

Number of outlets including franchise under the Group:

	31-Dec-14	31-Dec-13	Net increase
Bakery	817	737	10.9%
Food Atrium	63	58	8.6%
Restaurant	34	41	-17.1%
	<u>914</u>	<u>836</u>	9.3%

(B) Balance Sheet

Non-current assets increased by \$27.4 million or 8.6% from \$319.9 million to \$347.3 million as at 31 December 2014 mainly due to:

- (i) Increase in investment securities of \$17.2 million from equity interest investment in Perennial Somerset Investors Pte Ltd;
- (ii) Purchase of investment property amounting to \$23.2 million; and offset by
- (iii) Disposal of property, plant and equipment in relation to the transfer of business to new joint venture company in Thailand; and
- (iv) Reclassification of long term fixed deposit to current asset as it will be due within 12 months.

Current assets increased by \$20.3 million from \$148.3 million to \$168.7 million as at 31 December 2014 which was attributed to:

- (i) Increase in cash and cash equivalents of \$16.0 million mainly due to the reclassification of long term fixed deposit from non-current assets; and
- (ii) Disposal of assets held for sale, amounting to \$2.1 million, to an associated company; and
- (iii) A higher cash inflow from operating activities.

Current liabilities increased by \$49.8 million to \$263.0 million as at 31 December 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 9.2% or \$13.9 million as at 31 December 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 \$71.9 million for the year ended 31 December 2014 and raised further financing of \$18.5 million to support \$84.5 million used in investing activities, resulting in an increase in its cash and cash equivalent from \$79.4 million to \$84.4 million (excluding short term fixed deposits of \$11.1 million) as at 31 December 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

With growth in Asia continuing to outpace that of the Western world, the Group intends to explore opportunities to grow our portfolio of proprietary brands as well as franchise network in new markets such as India, Myanmar, Cambodia, Japan and Australia.

Aside from that, the Group will continue to increase our core markets presence, particularly in Mainland China, where we intend to expand into the second and third-tier cities to maintain our first-mover advantage position. As retail consumption remains the key driver of our success, our focus for the year ahead lies in growing the breadth and depth of our brand equity as well as enhancing our customers' experiences with our brands.

The Group will adhere to our strict discipline in evaluating new outlets and rationalising our outlet portfolio. This will ensure that our outlet expansion generates sufficient returns.

11. Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend amount per ordinary share	0.5 Singapore cent (tax exempt one-tier)	1.0 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	Interim	Final
Dividend type	Cash	Cash
Dividend amount per ordinary share	0.5 Singapore cent (tax exempt one-tier)	1.3 Singapore cents (tax exempt one-tier)

(c) Date payable

Dividend payout date will be announced in due course.

(d) Books closure date

Book closure date will be announced in due course.

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	1,844	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Sky One Art Investment Pte Ltd - Purchase of artwork	493	
(3) Kung Fu Kitchen - Food court rental income/miscellaneous charges	170	

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) By Business Segments

FY2013	Bakery⁽¹⁾	Food court	Restaurant	Investment	Others⁽²⁾	Elimination	Group
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue							
External sales	271,320	143,007	122,203	-	-	-	536,530
Inter-segment sales	375	3,045	2	-	-	(3,422)	-
Total revenue	271,695	146,052	122,205	-	-	(3,422)	536,530
Results							
Profit from operations	11,145	4,873	9,019	(22)	(2,092)	-	22,923
Interest income	615	331	280	558	45	(513)	1,316
Interest expense	(487)	(884)	(52)	(992)	(773)	513	(2,675)
Share of associates' results	-	-	(193)	-	424	-	231
Share of joint ventures' results	329	266	-	-	-	-	595
Segment profit	11,602	4,586	9,054	(456)	(2,396)	-	22,390
Tax expense							(6,251)
Profit after tax							16,139
Segment assets	152,040	147,344	76,681	60,177	99,675	(71,958)	463,959
Tax recoverable							6
Deferred tax assets							4,287
Total Assets							468,252
Segment liabilities	111,901	133,654	38,795	59,057	86,578	(74,728)	355,257
Tax payable							6,458
Deferred tax liabilities							2,554
Total liabilities							364,269
Investment in an associate	-	-	2,869	-	1,699	-	4,568
Investment in joint ventures	2,773	638	-	-	227	-	3,638
Additions to non-current assets	30,564	28,299	17,711	-	31,396	-	107,970
Depreciation & Amortisation	12,791	16,696	8,313	-	1,538	-	39,338
Other non-cash expenses	143	1,070	406	-	183	-	1,802

FY2014	Bakery⁽¹⁾	Food court	Restaurant	Investment	Others⁽²⁾	Elimination	Group
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue							
External sales	294,128	164,781	130,735	-	-	-	589,644
Inter-segment sales	406	3,428	4	-	-	(3,838)	-
Total revenue	<u>294,534</u>	<u>168,209</u>	<u>130,739</u>	<u>-</u>	<u>-</u>	<u>(3,838)</u>	<u>589,644</u>
Results							
Profit from operations	7,225	5,527	12,718	338	(885)	-	24,923
Interest income	798	521	346	1,133	12	(752)	2,058
Interest expense	(911)	(844)	(168)	(1,285)	(1,256)	736	(3,728)
Share of associates' results	-	-	(1,252)	-	167	-	(1,085)
Share of joint ventures' results	442	203	-	-	-	-	645
Segment profit	<u>7,554</u>	<u>5,407</u>	<u>11,644</u>	<u>186</u>	<u>(1,962)</u>	<u>(16)</u>	<u>22,813</u>
Tax expense							<u>(6,760)</u>
Profit after tax							<u>16,053</u>
Segment assets	196,153	127,036	81,227	102,256	107,945	(103,610)	511,007
Tax recoverable							8
Deferred tax assets							4,970
Total Assets							<u>515,985</u>
Segment liabilities	160,014	116,123	61,232	77,857	79,229	(103,658)	390,797
Tax payable							6,825
Deferred tax liabilities							2,619
Total liabilities							<u>400,241</u>
Investment in an associate	-	-	-	-	3,033	-	3,033
Investment in joint ventures	7,188	820	-	-	227	-	8,235
Additions to non-current assets	19,619	12,725	6,942	-	4,681	-	43,967
Depreciation & Amortisation	15,747	18,626	8,321	-	3,243	-	45,937
Other non-cash expenses	(89)	1,027	1,434	-	954	-	3,326

(b) By Geographical Segments

	Singapore	Mainland	Hong Kong	Rest of World	Elimination	Group
FY2014	\$000	China	\$000	\$000	\$000	\$000
External sales	296,212	186,201	67,130	40,101	-	589,644
Non-current assets ⁽³⁾	144,438	53,229	13,878	16,816	-	228,361
FY2013						
External sales	270,569	172,652	53,141	40,168	-	536,530
Non-current assets ⁽³⁾	145,680	53,102	12,188	22,662	-	233,632

Note:

(1) The Group's Bakery segment comprises bakery operations directly owned and operated by the Group, as well as franchising.

(2) The "Others" segment comprises the corporate services, treasury functions, investment holding activities and dormant associated company.

(3) Non-current assets information presented above consist of property, plant and equipment and intangible assets.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to section 8 for details.

16. Breakdown of revenue and profit after tax

	Group		Increase
	2014 \$000	2013 \$000	
(a) Sales reported for first half year	280,318	246,826	13.6%
(b) Operating profit after tax before deducting minority interests reported for first half year	4,976	5,273	-5.6%
(c) Sales reported for second half year	309,326	289,704	6.8%
(d) Operating profit after tax before deducting minority interests reported for second half year	11,077	10,866	1.9%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Annual Dividend (in \$ million)	2014	2013
Ordinary dividend		
- Interim	1.4	1.4
- Final #	2.8	3.7
Total:	4.2	5.1

2014 final dividend is estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Frankie Quek Swee Heng	49	Brother of George Quek Meng Tong (Group Chairman & Substantial Shareholder)	Country CEO (ASEAN) with effect from 15 October 2013, responsible for Administration, Legal and R&D matters of operations in ASEAN	NA

BY ORDER OF THE BOARD

Cho Form Po
Company Secretary
17 February 2015