

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The First Quarter Ended 31 March 2015

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 first quarter ended 31 March 2015. The figures presented below have not been audited.

	Group		Increase/ (Decrease)
	1Q 2015 \$000	1Q 2014 \$000	
Revenue	152,450	140,424	8.6%
Cost of sales	(73,829)	(67,240)	9.8%
Gross profit	78,621	73,184	7.4%
Other income	4,521	3,491	29.5%
Interest income	714	365	95.6%
Distribution and selling expenses	(61,443)	(56,220)	9.3%
Administrative expenses	(16,260)	(16,330)	-0.4%
Interest expense	(1,205)	(816)	47.7%
Profit before tax and share of results of joint ventures	4,948	3,674	34.7%
Share of results of associates	(384)	(165)	132.7%
Share of results of joint ventures	216	170	27.1%
Profit before tax	4,780	3,679	29.9%
Taxation	(1,627)	(1,744)	-6.7%
Profit after tax	3,153	1,935	62.9%
Attributable to:			
Shareholders of the Company	2,001	1,804	10.9%
Non-controlling interests	1,152	131	779.4%
	3,153	1,935	62.9%
Other comprehensive income:			
Net loss on available-for-sale financial assets	1	10	-90.0%
Foreign currency translation	1,156	(365)	N.M.
Other comprehensive (loss) income for the period, net of tax	1,157	(355)	N.M.
Total comprehensive income for the period	4,310	1,580	172.8%
Attributable to:			
Shareholders of the Company	3,158	1,449	117.9%
Non-controlling interests	1,152	131	779.4%
	4,310	1,580	172.8%

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

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

	Group		Increase/ (Decrease)
	1Q 2015 \$000	1Q 2014 \$000	
Depreciation and amortisation	12,905	12,034	7.2%
Operating lease expenses	35,523	33,180	7.1%
Personnel expenses	42,533	39,221	8.4%
Property, plant and equipment written off (Note 1)	245	483	-49.3%
(Gain)/ Loss on disposal of property, plant and equipment	5	(9)	N.M.
(Write Back)/ Impairment of loan and receivables			
- trade receivables	52	-	N.M.
- other receivables	10	-	N.M.
Foreign exchange (gain)/loss, net	(756)	197	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	
	31.03.2015 \$000	31.12.2014 \$000	31.03.2015 \$000	31.12.2014 \$000
Non-current assets				
Property, plant and equipment	219,257	220,670	74,884	75,560
Investment Property	23,903	23,153	-	-
Intangible assets	7,617	7,691	-	-
Investment securities	77,184	77,182	-	-
Investment in subsidiaries	-	-	25,306	24,170
Investment in associates	3,741	3,033	-	-
Investment in joint ventures	7,898	8,235	-	-
Other receivables	2,098	2,350	-	-
Deferred tax assets	5,125	4,970	-	-
	346,823	347,284	100,190	99,730

	Group		Company	
	31.03.2015 \$000	31.12.2014 \$000	31.03.2015 \$000	31.12.2014 \$000
Current assets				
Inventories	10,796	10,629	-	-
Trade and other receivables	59,875	55,123	3,036	1,854
Prepayments	5,079	5,783	117	120
Tax recoverable	8	8	-	-
Due from related corporations	1,138	1,188	25,723	26,412
Amount due from minority shareholders of subsidiaries (non-trade)	537	518	-	-
Cash and cash equivalents	86,333	95,452	2,026	3,047
	<u>163,766</u>	<u>168,701</u>	<u>30,902</u>	<u>31,433</u>
Current liabilities				
Trade and other payables	89,296	97,675	1,465	1,430
Other liabilities	60,615	65,167	3,002	3,280
Provision	11,951	11,681	22	22
Due to related corporations	3,952	5,163	32,816	32,104
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	43,032	32,367	-	-
Current portion of long-term loans	41,222	43,965	4,051	4,032
Tax payable	7,096	6,825	-	-
	<u>257,364</u>	<u>263,043</u>	<u>41,356</u>	<u>40,868</u>
Net current liabilities	(93,598)	(94,342)	(10,454)	(9,435)
Non-current liabilities				
Long-term loans	117,774	121,487	46,126	47,158
Loan from a minority shareholder of a subsidiary	476	476	-	-
Other liabilities	12,154	12,616	-	-
Deferred tax liabilities	2,672	2,619	167	167
	<u>133,076</u>	<u>137,198</u>	<u>46,293</u>	<u>47,325</u>
Net assets	<u>120,149</u>	<u>115,744</u>	<u>43,443</u>	<u>42,970</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(3)	(3)	(3)	(3)
Accumulated profits	66,447	64,515	9,385	9,008
Other reserves	6,008	4,687	758	662
	<u>105,755</u>	<u>102,502</u>	<u>43,443</u>	<u>42,970</u>
Non-controlling interests	14,394	13,242	-	-
Total equity	<u>120,149</u>	<u>115,744</u>	<u>43,443</u>	<u>42,970</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 31.03.2015		
Secured		Unsecured
\$000		\$000
17,163		67,291

As at 31.12.2014		
Secured		Unsecured
\$000		\$000
15,835		60,697

Amount repayable after one year

As at 31.03.2015		
Secured		Unsecured
\$000		\$000
112,885		5,365

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

Details of any collateral

- (1) As at 31 March 2015, a total amount of \$72.7 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	
	1Q 2015	1Q 2014
	\$000	\$000
Cash flows from operating activities		
Profit before tax	4,780	3,679
Adjustments for:		
Amortisation of intangible assets	111	111
Depreciation of property, plant and equipment	12,794	11,923
Impairment of trade receivables	52	-
Interest expense	1,205	816
Interest income	(714)	(365)
(Gain)/loss on disposal of property, plant and equipment	5	(9)
Property, plant and equipment written off	245	483
Share based payment expenses	96	71
Share of results of associates	384	165
Share of results of joint ventures	(216)	(170)
Exchange differences	(3,264)	168
Operating cash flow before working capital changes	15,478	16,872

	Group	
	1Q 2015	1Q 2014
	\$000	\$000
(Increase)/decrease in:		
Inventories	(166)	(192)
Trade and other receivables	(3,377)	(391)
Prepayments	704	1,022
Amount due from joint ventures (trade)	33	-
Amount due from associate (trade)	(2)	-
Increase/(decrease) in:		
Trade and other payables	(1,738)	(9,565)
Other liabilities	(3,337)	(2,279)
Amount due to an associate (non-trade)	(891)	-
Amount due to a joint venture (trade)	(330)	(107)
Cash generated from operations	6,374	5,360
Tax refunded/(paid)	(1,363)	(947)
Net cash flow from operating activities	5,011	4,413
Cash flows from investing activities		
Interest income received	1,160	236
Dividends received from a joint venture	751	-
Purchase of property, plant and equipment	(16,594)	(12,090)
Proceeds from disposal of property, plant and equipment	8	13
Proceeds from disposal of assets held for sale	-	505
Additions to intangible assets	(14)	(226)
Cash paid for reinstatement expenses	(143)	(38)
Amount due from joint ventures (non-trade)	21	(69)
Amount due to joint ventures (non-trade)	7	(5)
Amount due to associates (non-trade)	-	241
Investment in an associate	(1,092)	-
Investment in a joint venture	-	(1,022)
Loan to an investee	-	(4,833)
Deposit paid for purchase of investment securities	(1,553)	-
Purchase of investment securities	-	(5,085)
Subscription of junior bonds	-	(12,137)
Net cash flow used in investing activities	(17,449)	(34,510)
Cash flows from financing activities		
Interest paid	(1,205)	(816)
Dividends paid to minority shareholders of a subsidiary	-	(576)
Loan due to minority shareholder	-	476
Purchase of treasury shares	-	(163)
Proceeds from short-term loans	14,503	3,319
Repayment of short-term loans	(4,762)	(2,378)
Proceeds from long-term loans	-	16,915
Repayment of long-term loans	(6,864)	(5,638)
Repayment of amount owing to landlord	-	-
Net cash flow from financing activities	1,672	11,139
Net increase in cash and cash equivalents	(10,766)	(18,958)
Effect of exchange rate changes on cash and cash equivalents	1,648	259
Cash and cash equivalents at beginning of financial period	95,451	79,420
Cash and cash equivalents at end of financial period	86,333	60,721
Note A: Cash and cash equivalents comprise:		
	Group	
	31.03.2015	31.03.2014
	\$000	\$000
Cash on hand and at bank	74,813	60,715
Short term fixed deposits	11,520	6
	86,333	60,721

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 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 reserves	-	-	(101)	101	-	-	-
Share-based payments	-	-	-	71	71	-	71
Purchase of treasury shares	-	(163)	-	-	(163)	-	(163)
Total contributions by and distributions to owners	-	(163)	(101)	172	(92)	-	(92)
Balance at 31 March 2014	33,303	(350)	59,202	3,155	95,310	10,161	105,471

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 2015	33,303	(3)	64,515	4,687	102,502	13,242	115,744
Profit for the period	-	-	2,001	-	2,001	1,152	3,153
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	1	1	-	1
Foreign currency translation	-	-	-	1,156	1,156	-	1,156
Total other comprehensive income, net of tax	-	-	-	1,157	1,157	-	1,157
Total comprehensive income for the period	-	-	2,001	1,157	3,158	1,152	4,310
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(69)	69	-	-	-
Share-based payments	-	-	-	95	95	-	95
Purchase of treasury shares	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(69)	164	95	-	95
Balance at 31 March 2015	33,303	(3)	66,447	6,008	105,755	14,394	120,149

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

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2015	33,303	(3)	9,008	663	42,971
Profit for the period	-	-	377	-	377
Total comprehensive income for the period	-	-	377	-	377
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	95	95
Dividend paid	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	95	95
Balance at 31 March 2015	33,303	(3)	9,385	758	43,443

Note B: Other reserves

	Group		Company	
	31.03.2015 \$000	31.03.2014 \$000	31.03.2015 \$000	31.03.2014 \$000
Statutory reserve fund	2,930	2,858	-	-
Translation reserve	3,469	301	-	-
Fair value adjustment reserve	-	121	-	-
Capital reserve	307	175	307	175
Share based compensation reserve	451	357	451	357
Premium on acquisition of non-controlling interests	(1,149)	(657)	-	-
	6,008	3,155	758	532

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 1Q 2015.

There were a total of 3,090 treasury shares held as at 31 March 2015 (31 March 2014: 564,624).

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 March 2015, the Company's issued and paid up capital, excluding 3,090 (31 December 2014: 3,090) treasury shares held, comprises 281,890,148 (31 December 2014: 281,890,148) 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	
	1Q 2015	1Q 2014
Balance at beginning of financial period	3,090	381,624
Purchase of treasury shares	-	183,000
Balance at end of financial period	3,090	564,624

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 2014, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2015.

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 2015. 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	
	1Q 2015	1Q 2014
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	0.71 cents	0.64 cents
Weighted average number of ordinary shares	281,890,148	281,328,614
(b) On a fully diluted basis	0.71 cents	0.64 cents
Adjusted weighted average number of ordinary shares	282,506,428	282,038,664

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	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Net asset value per ordinary share based on issued share capital as at the end of period	<u>37.5 cents</u>	<u>36.4 cents</u>	<u>15.4 cents</u>	<u>15.2 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 31 March 2015 is computed based on the total number of issued shares (excluding 3,090 treasury shares) of 281,890,148 (31 December 2014: 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 for 1Q 2015 grew across all divisions by 8.6% from \$140.4 million to \$152.5 million. Profit after tax and attributable to shareholders ("PATMI") for the same period improved by 10.9% from \$1.8 million to \$2.0 million.

Excluding Thailand, which has transferred its business to a new joint venture last year, Bakery division revenue improved by 11.3% while PATMI took a dip largely due to lower profitability from Mainland China and underperforming stores in Malaysia as well as escalating operating cost in Singapore.

Food Atrium division revenue gained 7.8% led by further growth in Hong Kong and recovery in Thailand and Taiwan. Despite the better topline the division reported a net loss mainly due to some underperforming stores in Mainland China and higher rental and labour cost bases as some newly opened outlets remain in gestation and revenue has not reached full potential.

Restaurant division registered revenue growth of 13.2% attributable mainly to Din Tai Fung in Singapore and Thailand and offset by lower revenue in Ramen Play following the closure of 6 non-performing stores last year. However, PATMI improved significantly due to better contribution from Din Tai Fung and also lower losses from Ramen Play.

Other income increased by 29.5% due mainly to receipts under the Singapore's Wage Credit Scheme. Interest income increased 95.6% from \$0.4 million to \$0.7 million as the Group receives higher returns from its fixed income bond investments.

Earnings per share (EPS) on a fully diluted basis for 1Q 2015 increased 10.9% to 0.71 cents compared to 0.64 cents in 1Q 2014.

Net asset value per share was higher at 37.5 cents as at 31 March 2015 compared to 36.4 cents as at 31 December 2014.

Number of outlets including franchise under the Group:

	31.03.2015	31.12.2014	Net increase / (decrease)
Bakery	827	817	1.2%
Food Atrium	62	63	-1.6%
Restaurant	33	34	-2.9%
	922	914	0.9%

(B) Balance Sheet

Non-current assets decreased by \$0.4 million or 0.1 % from \$347.3 million to \$346.8 million as at 31 March 2015 mainly due to the additional capital injection in an associated company amounting to \$1.1 million and offset by decreased in property, plant and equipment of \$1.4 million.

Current assets decreased by \$4.9 million from \$168.7 million to \$163.8 million as at 31 March 2015 which was attributed mainly to:

- (i) A decrease in cash and cash equivalents of \$9.1 million due mainly to the repayment of bank borrowings; offset by
- (ii) Deposit paid of \$1.6 million in relation to the acquisition of an investment security; and
- (iii) Increased in deposits receivable in relation to new leases.

Current liabilities decreased by \$5.7 million to \$257.3 million as at 31 March 2015 due to:

- (i) additional financing of \$10.7 million to fund mainly the Group's new stores renovation project costs; and
- (ii) offset by the reduction in trade and other payables due mainly to repayment of new stores renovation project costs and refund of sales collection to tenants in food atriums

Non-current liabilities decreased 3.0% or \$4.1 million as at 31 March 2015 as a portion of the Group's long term financing are reclassified as current.

(C) Cash Flow Statement

The Group generated operating cashflow of \$5.0 million for the period ended 31 March 2015 and raised further financing of \$1.7 million to support \$17.5 million used in investing activities. As a result, cash and cash equivalents decreased from \$95.5 million to \$86.3 million.

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 is in the process of launching a new concept café and also consolidating its market leadership position in Singapore. The restructuring of Ramen Play has reached a significant milestone with the closure of 6 of its nonperforming stores last year which resulted in lower losses during 1Q 2015. The focus going forward is to turnaround the business through better product offerings and customers in-store experience. Food Atrium division is intensifying its marketing efforts to boost sales from the coming summer school holiday period. The division is also in the process of improving its product mix to better suit consumers' palates.

Barring any unforeseen circumstances, the Group expects to remain profitable for the rest of FY2015.

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	457	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Sky One Art Investment Pte Ltd - Purchase of artwork	112	
(3) Kung Fu Kitchen - Food court rental income/miscellaneous charges	60	
(4) Capitol F&B - Food court rental income/miscellaneous charges	36	

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 first quarter ended 31 March 2015 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
13 May 2015