

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 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 second quarter and half year ended 30 June 2015. The figures presented below have not been audited.

	Group			Group		
	2Q 2015 \$000	2Q 2014 \$000	Increase/ (Decrease)	1H 2015 \$000	1H 2014 \$000	Increase/ (Decrease)
Revenue	154,885	139,894	10.7%	307,335	280,318	9.6%
Cost of sales	<u>(73,274)</u>	<u>(65,903)</u>	11.2%	<u>(147,103)</u>	<u>(133,143)</u>	10.5%
Gross profit	81,611	73,991	10.3%	160,232	147,175	8.9%
Other income	2,821	4,468	-36.9%	7,342	7,959	-7.8%
Interest income	963	238	304.6%	1,677	603	178.1%
Distribution and selling expenses	(57,109)	(55,499)	2.9%	(118,552)	(111,719)	6.1%
Administrative expenses	(22,123)	(18,548)	19.3%	(38,383)	(34,878)	10.0%
Interest expense	(1,258)	(886)	42.0%	(2,463)	(1,702)	44.7%
Profit before tax and share of results of joint ventures	<u>4,905</u>	<u>3,764</u>	30.3%	<u>9,853</u>	<u>7,438</u>	32.5%
Share of results of associates	82	(310)	N.M	(302)	(475)	-36.4%
Share of results of joint ventures	<u>27</u>	<u>218</u>	-87.6%	<u>243</u>	<u>388</u>	-37.4%
Profit before tax	5,014	3,672	36.5%	9,794	7,351	33.2%
Taxation	<u>(1,204)</u>	<u>(631)</u>	90.8%	<u>(2,831)</u>	<u>(2,375)</u>	19.2%
Profit after tax	<u><u>3,810</u></u>	<u><u>3,041</u></u>	25.3%	<u><u>6,963</u></u>	<u><u>4,976</u></u>	39.9%
Attributable to:						
Shareholders of the Company	2,887	2,624	10.0%	4,888	4,428	10.4%
Non-controlling interests	<u>923</u>	<u>417</u>	121.3%	<u>2,075</u>	<u>548</u>	278.6%
	<u><u>3,810</u></u>	<u><u>3,041</u></u>	25.3%	<u><u>6,963</u></u>	<u><u>4,976</u></u>	39.9%
Other comprehensive income:						
Net gain on available-for-sale financial assets	2	11	-81.8%	3	21	-85.7%
Foreign currency translation	<u>(305)</u>	<u>(207)</u>	47.3%	<u>851</u>	<u>(572)</u>	N.M
Other comprehensive (loss) income for the period, net of tax	<u>(303)</u>	<u>(196)</u>	54.6%	<u>854</u>	<u>(551)</u>	N.M
Total comprehensive income for the period	<u><u>3,507</u></u>	<u><u>2,845</u></u>	23.3%	<u><u>7,817</u></u>	<u><u>4,425</u></u>	76.7%
Attributable to:						
Shareholders of the Company	2,584	2,428	6.4%	5,742	3,877	48.1%
Non-controlling interests	<u>923</u>	<u>417</u>	121.3%	<u>2,075</u>	<u>548</u>	278.6%
	<u><u>3,507</u></u>	<u><u>2,845</u></u>	23.3%	<u><u>7,817</u></u>	<u><u>4,425</u></u>	76.7%

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		
	2Q 2015 \$'000	2Q 2014 \$'000	Increase/ (Decrease)	1H 2015 \$'000	1H 2014 \$'000	Increase/ (Decrease)
Depreciation and amortisation	12,717	11,686	8.8%	25,622	23,720	8.0%
Operating lease expenses	37,273	28,435	31.1%	72,796	61,615	18.1%
Personnel expenses	40,591	37,312	8.8%	83,124	76,533	8.6%
Property, plant and equipment written off (Note 1)	1,582	1,688	-6.3%	1,827	2,171	-15.8%
Loss /(Gain) on disposal of property, plant and equipment	26	(90)	N.M	31	(99)	N.M
Impairment/(Write back) of loan and receivables						
- trade receivables	292	91	220.9%	344	91	278.0%
- other receivables	66	(50)	N.M	76	(50)	N.M
Foreign exchange (gain)/loss, net	2,007	129	N.M	1,251	326	283.7%
Government grant	(111)	(1,033)	-89.3%	(111)	(1,454)	-92.4%

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	
	30.06.2015 \$000	31.12.2014 \$000	30.06.2015 \$000	31.12.2014 \$000
Non-current assets				
Property, plant and equipment	211,808	220,670	74,077	75,560
Investment Property	23,373	23,153	-	-
Intangible assets	7,764	7,691	-	-
Investment securities	96,557	77,182	-	-
Investment in subsidiaries	-	-	24,259	24,170
Investment in associates	4,393	3,033	-	-
Investment in joint ventures	7,753	8,235	-	-
Other receivables	2,053	2,350	1,093	-
Deferred tax assets	5,245	4,970	-	-
	<u>358,946</u>	<u>347,284</u>	<u>99,429</u>	<u>99,730</u>

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	\$000	\$000	\$000	\$000
Current assets				
Inventories	10,786	10,629	-	-
Trade and other receivables	60,927	54,494	2,670	1,854
Prepayments	4,785	5,783	123	120
Tax recoverable	121	8	-	-
Due from related corporations	1,401	1,885	28,215	26,412
Amount due from minority shareholders of subsidiaries (non-trade)	537	518	-	-
Cash and cash equivalents	98,107	95,452	1,527	3,047
	<u>176,664</u>	<u>168,769</u>	<u>32,535</u>	<u>31,433</u>
Current liabilities				
Trade and other payables	89,279	97,675	1,886	1,430
Other liabilities	60,774	65,226	2,393	3,280
Provision	12,173	11,681	24	22
Due to related corporations	5,203	5,162	26,636	32,103
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	55,606	32,367	-	-
Current portion of long-term loans	39,701	43,965	14,107	4,032
Tax payable	5,792	6,825	-	-
	<u>268,728</u>	<u>263,101</u>	<u>45,046</u>	<u>40,867</u>
Net current liabilities	(92,064)	(94,332)	(12,511)	(9,434)
Non-current liabilities				
Long-term loans	132,864	121,487	45,802	47,158
Loan from a minority shareholder of a subsidiary	476	476	-	-
Other liabilities	10,143	12,626	-	-
Deferred tax liabilities	2,589	2,619	168	167
	<u>146,072</u>	<u>137,208</u>	<u>45,970</u>	<u>47,325</u>
Net assets	<u>120,810</u>	<u>115,744</u>	<u>40,948</u>	<u>42,971</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(3)	(3)	(3)	(3)
Accumulated profits	66,490	64,515	7,067	9,008
Other reserves	5,553	4,687	581	663
	<u>105,343</u>	<u>102,502</u>	<u>40,948</u>	<u>42,971</u>
Non-controlling interests	15,467	13,242	-	-
Total equity	<u>120,810</u>	<u>115,744</u>	<u>40,948</u>	<u>42,971</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 30.06.2015	
Secured	Unsecured
\$000	\$000
15,880	79,627

As at 31.12.2014	
Secured	Unsecured
\$000	\$000
15,570	60,962

Amount repayable after one year

As at 30.06.2015	
Secured	Unsecured
\$000	\$000
104,966	28,374

As at 31.12.2014	
Secured	Unsecured
\$000	\$000
106,580	15,383

Details of any collateral

- (1) As at 30 June 2015, a total amount of \$108.0 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 leasehold land and property at Private Lot A0135906 at Plot 1A, Tai Seng Street in Paya Lebar Industrial Estate; and
 - certain investment securities; and
 - certain machineries and equipment

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 2015 \$000	2Q 2014 \$000	1H 2015 \$000	1H 2014 \$000
Cash flows from operating activities				
Profit before tax	5,014	3,672	9,794	7,351
Adjustments for:				
Amortisation of intangible assets	114	110	225	221
Depreciation of property, plant and equipment	12,603	11,576	25,397	23,499
Impairment of trade receivables	292	91	344	91
Impairment/(w rite back of impairment) of other receivables	66	(50)	76	(50)
Interest expense	1,258	886	2,463	1,702
Interest income	(963)	(238)	(1,677)	(603)
Loss/(gain) on disposal of property, plant and equipment	26	(90)	31	(99)
Property, plant and equipment written off	1,582	1,688	1,827	2,171
Share based payment expenses	98	723	194	794
Share of results of associates	(82)	310	302	475
Share of results of joint ventures	(27)	(218)	(243)	(388)
Inventories written off	5	12	5	12
Exchange differences	1,843	195	(1,431)	363
Operating cash flow before working capital changes	21,829	18,667	37,307	35,539

	Group		Group	
	2Q 2015	2Q 2014	1H 2015	1H 2014
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	2	(587)	(164)	(779)
Trade and other receivables	(2,615)	1,063	(5,992)	672
Prepayments	294	(1,231)	998	(209)
Amount due from joint ventures (trade)	-	-	33	(69)
Amount due from associate (trade)	-	-	(2)	-
Increase/(decrease) in:				
Trade and other payables	(2,925)	2,878	(4,663)	(6,928)
Other liabilities	(2,313)	(3,943)	(5,650)	(6,222)
Amount due to an associate (non-trade)	1,103	128	212	369
Amount due to a joint venture (trade)	163	(219)	(167)	(257)
Cash generated from operations	15,538	16,756	21,912	22,116
Tax refunded/(paid)	(2,887)	(3,688)	(4,250)	(4,635)
Net cash flow from operating activities	12,651	13,068	17,662	17,481
Cash flows from investing activities				
Interest income received	649	548	1,809	784
Deposit paid on the purchase of investment property	-	(4,267)	-	(4,267)
Dividends received from a joint venture	-	-	751	-
Dividend income from an associate	-	187	-	187
Purchase of property, plant and equipment	(4,348)	(14,976)	(20,942)	(27,066)
Proceeds from disposal of property, plant and equipment	21	178	29	191
Proceeds from disposal of assets held for sale	-	1,528	-	2,033
Additions to intangible assets	(276)	(35)	(290)	(261)
Cash paid for reinstatement expenses	(120)	(120)	(263)	(158)
Amount due from joint ventures (non-trade)	(269)	(126)	(248)	(195)
Amount due to joint ventures (non-trade)	(8)	(21)	(1)	(26)
Amount due to associates (non-trade)	-	128	-	369
Investment in an associate	(570)	-	(1,662)	-
Investment in a joint venture	-	-	-	(1,022)
Loan to an investee	-	-	-	(4,833)
Purchase of investment securities	(9,322)	-	(10,875)	(5,085)
Subscription of junior bonds	(8,496)	-	(8,496)	(12,137)
Net cash flow used in investing activities	(22,739)	(16,976)	(40,188)	(51,486)
Cash flows from financing activities				
Interest paid	(1,258)	(886)	(2,463)	(1,702)
Dividends paid to minority shareholders of a subsidiary	-	(408)	-	(984)
Dividends paid to shareholders of the company	(2,819)	(3,662)	(2,819)	(3,662)
Loan due to minority shareholder	-	-	-	476
Purchase of treasury shares	(276)	(406)	(276)	(569)
Proceeds from short-term loans	7,263	12,015	21,766	15,334
Repayment of short-term loans	(4,168)	(6,795)	(8,930)	(9,173)
Proceeds from long-term loans	28,939	7,698	28,939	24,613
Repayment of long-term loans	(5,156)	(6,577)	(12,020)	(12,215)
Capital contribution from non-controlling interest	150	-	150	-
Net cash flow from financing activities	22,675	979	24,347	12,118
Net increase in cash and cash equivalents	12,587	(2,929)	1,821	(21,887)
Effect of exchange rate changes on cash and cash equivalents	(813)	76	834	335
Cash and cash equivalents at beginning of financial period	86,333	60,721	95,452	79,420
Cash and cash equivalents at end of financial period	98,107	57,868	98,107	57,868

Note A: Cash and cash equivalents comprise:

	Group	
	30.06.2015	30.06.2014
	\$000	\$000
Cash on hand and at bank	86,777	57,252
Short term FD	11,330	616
	<u>98,107</u>	<u>57,868</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 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
Profit for the period	-	-	2,624	-	2,624	417	3,041
<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)
Treasury shares transferred	-	227	-	(227)	-	-	-
Purchase of treasury shares	-	(406)	-	-	(406)	-	(406)
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

Group	Attributable to Shareholders of the Company						Total equity \$000
	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000	Non-controlling interests \$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 gain 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	-	-	-	96	96	-	96
Total contributions by and distributions to owners	-	-	(69)	165	96	-	96
Balance at 31 March 2015	33,303	(3)	66,447	6,009	105,756	14,394	120,150
Profit for the period	-	-	2,887	-	2,887	923	3,810
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	2	2	-	2
Foreign currency translation	-	-	-	(305)	(305)	-	(305)
Total other comprehensive income, net of tax	-	-	-	(303)	(303)	-	(303)
Total comprehensive income for the period	-	-	2,887	(303)	2,584	923	3,507
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(25)	25	-	-	-
Share-based payments	-	-	-	98	98	-	98
Dividends paid	-	-	(2,819)	-	(2,819)	-	(2,819)
Purchase of treasury shares	-	(276)	-	-	(276)	-	(276)
Treasury shares transferred on vesting of restricted share grant	-	276	-	(276)	-	-	-
Total contributions by and distributions to owners	-	-	(2,844)	(153)	(2,997)	-	(2,997)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	150	150
Total changes in ownership interests in a subsidiary	-	-	-	-	-	150	150
Balance at 30 June 2015	33,303	(3)	66,490	5,553	105,343	15,467	120,810

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)	-
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

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	-	-	-	96	96
Total contributions by and distributions to owners	-	-	-	96	96
Balance at 31 March 2015	33,303	(3)	9,385	759	43,444
Profit for the period	-	-	501	-	501
Total comprehensive income for the period	-	-	501	-	501
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	98	98
Dividend paid	-	-	(2,819)	-	(2,819)
Purchase of treasury shares	-	(276)	-	-	(276)
Treasury shares transferred on vesting of restricted share grant	-	276	-	(276)	-
Total contributions by and distributions to owners	-	-	(2,819)	(178)	(2,997)
Balance at 30 June 2015	33,303	(3)	7,067	581	40,948

Note B: Other reserves

	Group		Company	
	30.06.2015 \$000	30.06.14 \$000	30.06.2015 \$000	30.06.14 \$000
Statutory reserve fund	2,954	2,858	-	-
Translation reserve	3,165	94	-	-
Fair value adjustment reserve	3	132	-	-
Capital reserve	177	307	177	307
Share based compensation reserve	404	195	404	195
Premium on acquisition of non-controlling interests	(1,150)	(657)	-	-
	5,553	2,929	581	502

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 2015.

There were a total of 3,070 treasury shares held as at 30 June 2015 (30 June 2014: 3,090).

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 2015, the Company's issued and paid up capital, excluding 3,070 (31 December 2014: 3,090) treasury shares held, comprises 281,890,168 (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			
	2Q 2015	2Q 2014	1H 2015	1H 2014
Balance at beginning of financial period	3,090	564,624	3,090	381,624
Purchase of treasury shares	199,900	300,000	199,900	483,000
Treasury shares transferred on vesting of restricted share grant	(199,920)	(861,534)	(199,920)	(861,534)
Balance at end of financial period	<u>3,070</u>	<u>3,090</u>	<u>3,070</u>	<u>3,090</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 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		Group	
	2Q 2015	2Q 2014	1H 2015	1H 2014
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares	1.02 cents	0.93 cents	1.73 cents	1.57 cents
Weighted average number of ordinary shares	281,823,528	281,637,739	281,856,838	281,483,176
(b) On a fully diluted basis	1.02 cents	0.93 cents	1.73 cents	1.57 cents
Adjusted weighted average number of ordinary shares	282,497,201	282,286,202	282,501,815	282,162,433

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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Net asset value per ordinary share based on issued share capital as at the end of period	<u>42.9 cents</u>	<u>41.1 cents</u>	<u>14.5 cents</u>	<u>15.2 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2015 is computed based on the total number of issued shares (excluding 3,070 treasury shares) of 281,890,168 (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 1H 2015 grew 9.6% Y/Y from \$280.3 million to \$307.3 million, driven by broad-based improvements across all divisions. For the same period, despite rising manpower and rental costs, EBITDA for the Group rose 12.4%, translating to an EBITDA margin of 11.8% (1H 2014: 11.5%); while profit after tax and minority interests ("PATMI") rose 10.4%, from \$4.4 million to \$4.9 million.

Revenue for the Bakery Division came in 10.5% higher Y/Y at \$153.8 million, driven primarily by an increase in the number of outlets to 837 (1H 2014: 751). This is despite the cessation of revenue consolidation of Thailand, whose business was transferred into our 50-50 joint venture in BTM (Thailand) Co., Ltd from August 2014. EBITDA for the Division was 14.5% higher Y/Y, translating to an EBITDA margin of 7.5% (1H 2014: 7.3%).

Food Atrium Division saw revenue rise 7.3% Y/Y to \$84.4 million driven by resilient same store sales performance at our Hong Kong outlets despite weaker tourist arrivals from Mainland China. Both our Taiwan and Thailand operations saw double-digit improvements in revenue, helped by an improved strategy and more stable political situation respectively. During the period, the Division ceased operations of two outlets in China, resulting in one-time write-off of around \$1.5 million, which caused the Division to report 24.3% lower Y/Y EBITDA and EBITDA margin of 11.7% (1H 2014: 16.7%).

Restaurant Division turned in a stellar set of performance with revenue rising 10.6% Y/Y to \$69.1 million driven largely by consistent performance of our Din Tai Fung operations in Singapore and ramp up in revenue contribution by our Din Tai Fung outlets in Thailand. Together with the better revenue contribution from the new Sanpou-Tei ramen concept, the Division was able to more than mitigate the lower revenue contribution from Ramen Play due to lower number of outlets. Coupled with good cost control, EBITDA for the Division rose a strong 64.3% Y/Y, translating to significantly better EBITDA margin of 17.5% (1H 2014: 11.8%).

Other income decreased by 7.8% due mainly to lower government grants in Mainland China coupled with loss of food atrium management fee income due to closure of 2 food atria in Mainland China. Interest income increased 178.1% from \$0.6 million to \$1.7 million as the Group received higher returns from its fixed income bond investments.

Earnings per share (EPS) on a fully diluted basis for 1H 2015 increased 10.2% to 1.73 cents compared to 1.57 cents in 1H 2014.

Net asset value per share was higher at 42.9 cents as at 30 June 2015 compared to 41.1 cents as at 31 December 2014.

Number of outlets including franchise under the Group:

	30.06.2015	31.12.2014	Net increase / (decrease)	30.06.2014	Net increase / (decrease)
Bakery	837	817	2.4%	751	11.5%
Food Atrium	62	63	-1.6%	59	5.1%
Restaurant	33	34	-2.9%	34	-2.9%
	932	914	2.0%	844	10.4%

(B) Balance Sheet

Non-current assets increased by \$11.7 million or 3.4% from \$347.3 million to \$358.9 million as at 30 June 2015 mainly due to:

- (i) Additional capital injection in an associated company amounting to \$1.1 million;
- (ii) Increase in investment securities amounting to \$19.4 million; and offset by
- (iii) A reduction in property, plant and equipment.

Current assets increased by \$7.9 million or 4.7% from \$168.8 million to \$176.7 million as at 30 June 2015 attributed mainly to:

- (i) An increase in trade and other receivables due mainly to the increase in deposits paid; and
- (ii) An increase in cash and cash equivalents due to lower cash outflow from capital expenditure.

Current liabilities increased by \$5.6 million or 2.1% from \$263.1 million to \$268.7 million as at 30 June 2015 due to:

- (i) additional financing of \$19.0 million to fund mainly the Group's new stores renovation project costs and investment in securities; and
- (ii) offset by the reduction in trade and other payables of \$8.4 million due mainly to repayment of new stores renovation project costs and refund of sales collection to tenants in food atria.

Non-current liabilities increased \$8.9 million or 6.5% from \$137.2 million to \$146.1 million as at 30 June 2015 to fund the Group's new investment in securities.

(C) Cash Flow Statement

The Group generated operating cash flow of \$17.7 million for the period ended 30 June 2015 and raised further financing of \$24.3 million to support \$40.2 million used in investing activities, resulting in an increase in its cash and cash equivalent from \$95.5 million to \$98.1 million as at 30 June 2015.

(D) Segment Information

	Bakery⁽¹⁾	Food atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
1H 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	153,806	84,422	69,107	-	-		307,335
Inter-segment sales	178	1,548	-	-	-	(1,726)	-
Total revenue	<u>153,984</u>	<u>85,970</u>	<u>69,107</u>	<u>-</u>	<u>-</u>	<u>(1,726)</u>	<u>307,335</u>
Results							
Profit from operations	2,463	(551)	8,022	567	117	21	10,639
Interest income	10	190	24	1,070	383	-	1,677
Interest expense	(75)	(364)	(312)	(725)	(987)	-	(2,463)
Share of associates' results	-	-	-	(561)	259	-	(302)
Share of joint ventures' results	159	84	-	-	-	-	243
Segment profit	<u>2,557</u>	<u>(641)</u>	<u>7,734</u>	<u>351</u>	<u>(228)</u>	<u>21</u>	<u>9,794</u>
Tax expense							<u>(2,831)</u>
Profit after tax							<u>6,963</u>
Segment assets	180,524	119,814	89,100	122,834	118,644	(100,672)	530,244
Tax recoverable							121
Deferred tax assets							5,245
Total Assets							<u>535,610</u>
Segment liabilities	141,939	118,342	61,597	97,876	104,281	(117,616)	406,419
Tax payable							5,792
Deferred tax liabilities							2,589
Total liabilities							<u>414,800</u>
Investment in an associate	-	-	-	2,149	2,244	-	4,393
Investment in joint ventures	7,398	355	-	-	-	-	7,753
Additions to non-current assets ⁽³⁾	8,657	7,414	606	-	217	-	16,894
Depreciation & Amortisation	9,114	10,470	4,084	251	1,703	-	25,622
Other non-cash expenses	306	1,567	163	-	195	-	2,231

1H 2014	Bakery⁽¹⁾	Food atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	139,168	78,643	62,507	-	-	-	280,318
Inter-segment sales	30	1,987	20	-	-	(2,037)	-
Total revenue	139,198	80,630	62,527	-	-	(2,037)	280,318
Results							
Profit from operations	2,368	2,335	3,372	375	(723)	810	8,537
Interest income	430	227	155	112	2	(323)	603
Interest expense	(405)	(437)	(5)	(603)	(575)	323	(1,702)
Share of associates' results	-	-	(513)	-	38	-	(475)
Share of joint ventures' results	190	198	-	-	-	-	388
Segment profit	2,583	2,323	3,009	(116)	(1,258)	810	7,351
Tax expense							(2,375)
Profit after tax							4,976
Segment assets	159,202	154,075	80,277	82,497	145,454	(157,780)	463,725
Tax recoverable							-
Deferred tax assets							4,785
Total Assets							468,510
Segment liabilities	115,542	148,494	40,618	81,491	109,886	(139,756)	356,275
Tax payable							5,085
Deferred tax liabilities							2,181
Total liabilities							363,541
Investment in an associate	-	-	2,357	-	1,530	-	3,887
Investment in joint ventures	3,918	1,074	-	-	-	-	4,992
Additions to non-current assets ⁽³⁾	9,868	9,053	3,292	-	1,223	-	23,436
Depreciation & Amortisation	7,743	10,760	3,994	-	1,223	-	23,720
Other non-cash expenses	324	615	909	-	794	-	2,642

Geographical Information

	External Sales		Non-current assets ⁽³⁾	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Singapore	158,146	144,018	142,656	145,978
Mainland China	97,609	88,948	72,890	51,204
Hong Kong	35,890	31,812	13,217	11,749
Rest of the world	15,690	15,540	14,182	20,937
	<u>307,335</u>	<u>280,318</u>	<u>242,945</u>	<u>229,868</u>

(1) Bakery operations comprise operation of bakery retail outlets as well as that operated through franchising.

(2) The business segment "Others" 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, investment property and intangible assets.

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 implementing new strategies to improve its profitability, including better manpower cost control and closing the underperformance gaps in certain areas such as Hong Kong, Malaysia and Toast Box in Mainland China.

Food Atrium Division continues to see operating challenges from the slowdown in Mainland China, translating to weaker footfalls in the shopping malls where our outlets operate. However, this is partially mitigated by the good mix of residential and office customer base in the catchment of our food atria.

Restaurant Division remains focused on executing its core strategies for Din Tai Fung to continue to drive revenue growth and margin expansion in both Singapore and Thailand. The streamlining process of underperforming Ramen Play outlets in Singapore and China is expected to continue.

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? 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

4 September 2015

(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 20 August 2015 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 2015 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 20 August 2015. 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 20 August 2015 will be registered to determine entitlements to the Interim Dividend.

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) Sky One Art Investment Pte Ltd - Purchase of artwork	136	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	114	
(3) Capitol F&B - Food court rental income/miscellaneous charges	34	

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 first half ended 30 June 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
5 August 2015