

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Third Quarter and Period Ended 30 September 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 third quarter and period ended 30 September 2015. The figures presented below have not been audited.

	Group			Group		
	3Q 2015 \$000	3Q 2014 \$000	Increase/ (Decrease)	YTD Sep 2015 \$000	YTD Sep 2014 \$000	Increase/ (Decrease)
Revenue	161,724	154,493	4.7%	469,059	434,811	7.9%
Cost of sales	<u>(74,536)</u>	<u>(73,542)</u>	1.4%	<u>(221,639)</u>	<u>(206,685)</u>	7.2%
Gross profit	87,188	80,951	7.7%	247,420	228,126	8.5%
Other income	6,922	3,930	76.1%	14,264	11,890	20.0%
Interest income	215	717	-70.0%	1,892	1,320	43.3%
Distribution and selling expenses	(67,642)	(60,831)	11.2%	(186,194)	(172,550)	7.9%
Administrative expenses	(18,873)	(16,729)	12.8%	(57,256)	(51,608)	10.9%
Interest expense	(1,531)	(902)	69.7%	(3,994)	(2,605)	53.3%
Profit before tax and share of results of joint	<u>6,279</u>	<u>7,136</u>	-12.0%	<u>16,132</u>	<u>14,573</u>	10.7%
Share of results of associates	(637)	(270)	135.9%	(939)	(745)	26.0%
Share of results of joint ventures	<u>63</u>	<u>141</u>	-55.3%	<u>306</u>	<u>529</u>	-42.2%
Profit before tax	5,705	7,007	-18.6%	15,499	14,357	8.0%
Taxation	<u>(2,302)</u>	<u>(1,804)</u>	27.6%	<u>(5,133)</u>	<u>(4,179)</u>	22.8%
Profit after tax	<u><u>3,403</u></u>	<u><u>5,203</u></u>	-34.6%	<u><u>10,366</u></u>	<u><u>10,178</u></u>	1.8%
Attributable to:						
Shareholders of the Company	1,568	3,919	-60.0%	6,456	8,347	-22.7%
Non-controlling interests	<u>1,835</u>	<u>1,284</u>	42.9%	<u>3,910</u>	<u>1,831</u>	113.5%
	<u><u>3,403</u></u>	<u><u>5,203</u></u>	-34.6%	<u><u>10,366</u></u>	<u><u>10,178</u></u>	1.8%
Other comprehensive income:						
Net loss on available-for-sale financial assets	(3)	(35)	-91.4%	-	(11)	N.M
Foreign currency translation	<u>1,715</u>	<u>630</u>	172.2%	<u>2,566</u>	<u>55</u>	N.M
Other comprehensive (loss) income for the period, net of tax	<u>1,712</u>	<u>595</u>	187.7%	<u>2,566</u>	<u>44</u>	N.M
Total comprehensive income for the period	<u><u>5,115</u></u>	<u><u>5,798</u></u>	-11.8%	<u><u>12,932</u></u>	<u><u>10,222</u></u>	26.5%
Attributable to:						
Shareholders of the Company	3,280	4,514	-27.3%	9,022	8,391	7.5%
Non-controlling interests	<u>1,835</u>	<u>1,284</u>	42.9%	<u>3,910</u>	<u>1,831</u>	113.5%
	<u><u>5,115</u></u>	<u><u>5,798</u></u>	-11.8%	<u><u>12,932</u></u>	<u><u>10,222</u></u>	26.5%

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

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

	Group			Group		
	3Q 2015 \$'000	3Q 2014 \$'000	Increase/ (Decrease)	YTD Sep 2015 \$'000	YTD Sep 2014 \$'000	Increase/ (Decrease)
Depreciation and amortisation	11,763	10,116	16.3%	37,385	33,836	10.5%
Operating lease expenses	33,539	31,735	5.7%	106,335	93,350	13.9%
Personnel expenses	44,460	41,208	7.9%	127,584	117,741	8.4%
Property, plant and equipment written off (Note 1)	731	420	74.0%	2,558	2,591	-1.3%
Loss /(Gain) on disposal of property, plant and equipment	218	(757)	N.M	249	(856)	N.M
Impairment/(Write back) of loan and receivables						
- trade receivables	30	18	66.7%	131	109	20.2%
- other receivables	-	-	N.M	77	(50)	N.M
Bad debts written off						
- other receivables	-	-	N.M	243	-	N.M
Inventories written off	91	-	N.M	96	12	700.0%
Foreign exchange (gain)/loss, net	(82)	(313)	-73.8%	(107)	13	N.M
Government grant	(1,013)	(52)	N.M	(1,124)	(1,506)	-25.4%

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	
	30.09.2015 \$000	31.12.2014 \$000	30.09.2015 \$000	31.12.2014 \$000
Non-current assets				
Property, plant and equipment	209,959	220,670	73,366	75,560
Investment Property	23,678	23,153	-	-
Intangible assets	7,771	7,691	-	-
Investment securities	96,529	77,182	-	-
Investment in subsidiaries	-	-	24,307	24,170
Investment in associates	3,757	3,033	-	-
Investment in joint ventures	7,788	8,235	-	-
Other receivables	2,077	2,350	1,093	-
Deferred tax assets	4,952	4,970	-	-
	<u>356,511</u>	<u>347,284</u>	<u>98,766</u>	<u>99,730</u>

	Group		Company	
	30.09.2015 \$000	31.12.2014 \$000	30.09.2015 \$000	31.12.2014 \$000
Current assets				
Assets of disposal group	-	-	-	-
Inventories	10,353	10,629	-	-
Trade and other receivables	60,290	54,494	2,383	1,854
Prepayments	4,211	5,783	89	120
Tax recoverable	53	8	-	-
Due from related corporations	657	1,885	30,109	26,412
Amount due from minority shareholders of subsidiaries (non-trade)	547	518	-	-
Cash and cash equivalents	92,855	95,452	3,874	3,047
	<u>168,966</u>	<u>168,769</u>	<u>36,455</u>	<u>31,433</u>
Current liabilities				
Trade and other payables	90,054	97,675	1,788	1,430
Other liabilities	66,179	65,226	2,745	3,280
Provision	13,305	11,681	24	22
Due to related corporations	3,292	5,162	31,633	32,103
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	41,951	32,367	10,000	-
Current portion of long-term loans	39,092	43,965	4,107	4,032
Tax payable	5,164	6,825	-	-
	<u>259,237</u>	<u>263,101</u>	<u>50,297</u>	<u>40,867</u>
Net current liabilities	(90,271)	(94,332)	(13,842)	(9,434)
Non-current liabilities				
Long-term loans	128,909	121,487	44,775	47,158
Loan from a minority shareholder of a subsidiary	476	476	-	-
Other liabilities	9,991	12,626	-	-
Deferred tax liabilities	2,639	2,619	167	167
	<u>142,015</u>	<u>137,208</u>	<u>44,942</u>	<u>47,325</u>
Net assets	<u>124,225</u>	<u>115,744</u>	<u>39,982</u>	<u>42,971</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(378)	(3)	(378)	(3)
Accumulated profits	66,239	64,515	6,376	9,008
Translation reserve				
Other reserves	7,372	4,687	681	663
	<u>106,536</u>	<u>102,502</u>	<u>39,982</u>	<u>42,971</u>
Non-controlling interests	17,689	13,242	-	-
Total equity	<u>124,225</u>	<u>115,744</u>	<u>39,982</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 30.09.2015	
Secured	Unsecured
\$000	\$000
6,305	74,938

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

Amount repayable after one year

As at 30.09.2015	
Secured	Unsecured
\$000	\$000
113,717	15,668

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

Details of any collateral

- (1) As at 30 September 2015, a total amount of \$90.6 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;
 - certain investment securities.
 - 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	
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	5,705	7,007	15,499	14,357
Adjustments for:				
Amortisation of intangible assets	138	113	363	334
Depreciation of property, plant and equipment	11,625	10,003	37,022	33,502
Impairment of trade receivables	30	18	131	109
Impairment/(w rite back of impairment) of other receivables	-	-	77	(50)
Bad debts w ritten off	-	-	243	-
Interest expense	1,531	902	3,994	2,605
Interest income	(215)	(717)	(1,892)	(1,320)
Loss/(gain) on disposal of property, plant and equipment	218	(757)	249	(856)
Write back of provision for reinstatement cost	(8)	-	(8)	-
Property, plant and equipment w ritten off	731	420	2,558	2,591
Impairment loss on investment securities	24	-	24	-
Share based payment expenses	100	96	294	890
Share of results of associates	637	270	939	745
Share of results of joint ventures	(63)	(141)	(306)	(529)
Inventories w ritten off	91	-	96	12
Exchange differences	(644)	(300)	(2,076)	63
Operating cash flow before working capital changes	19,900	16,914	57,207	52,453

	Group		Group	
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	343	66	179	(713)
Trade and other receivables	582	(5,265)	(5,410)	(4,593)
Prepayments	574	150	1,572	(59)
Amount due from joint ventures (trade)	67	(117)	100	(186)
Amount due from associate (trade)	(5)	-	(7)	-
Increase/(decrease) in:				
Trade and other payables	143	3,608	(4,520)	(2,951)
Other liabilities	5,255	11,177	(395)	4,955
Amount due to associates (non-trade)	(1,476)	-	(1,264)	-
Amount due to a joint venture (trade)	(384)	121	(551)	(136)
Cash generated from operations	<u>24,999</u>	<u>26,654</u>	<u>46,911</u>	<u>48,770</u>
Tax paid	(2,467)	(2,492)	(6,717)	(7,127)
Net cash flow from operating activities	<u>22,532</u>	<u>24,162</u>	<u>40,194</u>	<u>41,643</u>
Cash flows from investing activities				
Interest income received	215	608	2,024	1,392
Deposit paid on the purchase of investment property	-	(17,323)	-	(21,590)
Dividends received from a joint venture	(11)	-	740	-
Dividend income from an associate	-	-	-	187
Purchase of property, plant and equipment	(7,866)	(10,116)	(28,796)	(37,182)
Proceeds from disposal of property, plant and equipment	-	22	17	213
Proceeds from disposal of assets held for sale	-	23	-	2,056
Additions to intangible assets	(134)	(36)	(424)	(297)
Cash paid for reinstatement expenses	(18)	(79)	(281)	(237)
Amount due from joint ventures (non-trade)	686	572	438	377
Amount due to joint ventures (non-trade)	(55)	12	(56)	(14)
Amount due to associates (non-trade)	-	(112)	-	257
Investment in an associate	-	-	(1,662)	-
Investment in a joint venture	-	-	-	(1,022)
Loan to an investee	-	3,365	-	(1,468)
Purchase of investment securities	-	(347)	(10,875)	(5,432)
Subscription of junior bonds	-	-	(8,496)	(12,137)
Net cash flow (used in) investing activities	<u>(7,183)</u>	<u>(23,411)</u>	<u>(47,371)</u>	<u>(74,897)</u>
Cash flows from financing activities				
Interest paid	(1,531)	(902)	(3,994)	(2,605)
Dividends paid to minority shareholders of a subsidiary	-	-	-	(984)
Dividends paid to shareholders of the company	(1,409)	(1,410)	(4,228)	(5,072)
Loan due to minority shareholder	-	-	-	476
Purchase of treasury shares	(375)	-	(651)	(569)
Proceeds from short-term loans	252	21,653	32,018	36,987
Repayment of short-term loans	(13,768)	(5,392)	(22,698)	(14,565)
Proceeds from long-term loans	814	5,873	19,753	30,486
Repayment of long-term loans	(5,295)	(6,241)	(17,315)	(18,456)
Capital contribution from non-controlling interest	-	-	150	-
Acquisition of non-controlling interests	(16)	-	(16)	-
Net cash flow (used in) from financing activities	<u>(21,328)</u>	<u>13,581</u>	<u>3,019</u>	<u>25,698</u>
Net increase in cash and cash equivalents	(5,979)	14,332	(4,158)	(7,556)
Effect of exchange rate changes on cash and cash equivalents	727	(33)	1,561	77
Cash and cash equivalents at beginning of financial period	98,107	57,868	95,452	79,420
Reclassification of long term fixed deposit due within 12 months	-	10,445	-	10,671
Cash and cash equivalents at end of financial period	<u>92,855</u>	<u>82,612</u>	<u>92,855</u>	<u>82,612</u>

Note A: Cash and cash equivalents comprise:

	Group	
	30.09.2015	30.09.2014
	\$000	\$000
Cash on hand and at bank	92,849	71,329
Short term FD	6	11,283
	<u>92,855</u>	<u>82,612</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						
	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	-	-	4,428	-	4,428	548	4,976
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	21	21	-	21
Foreign currency translation	-	-	-	(572)	(572)	-	(572)
Total other comprehensive income, net of tax	-	-	-	(551)	(551)	-	(551)
Total comprehensive income for the period	-	-	4,428	(551)	3,877	548	4,425
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserves	-	-	(101)	101	-	-	-
Share-based payments	-	526	-	268	794	-	794
Dividends paid	-	-	(3,662)	-	(3,662)	-	(3,662)
Treasury shares transferred	-	227	-	(227)	-	-	-
Purchase of treasury shares	-	(569)	-	-	(569)	-	(569)
Total contributions by and distributions to owners	-	184	(3,763)	142	(3,437)	-	(3,437)
Balance at 30 June 2014	33,303	(3)	58,164	2,929	94,393	10,578	104,971
Profit for the period	-	-	3,919	-	3,919	1,284	5,203
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(35)	(35)	-	(35)
Foreign currency translation	-	-	-	630	630	-	630
Total other comprehensive income, net of tax	-	-	-	595	595	-	595
Total comprehensive income for the period	-	-	3,919	595	4,514	1,284	5,798
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserves	-	-	-	96	96	-	96
Share-based payments	-	-	(1,410)	-	(1,410)	-	(1,410)
Purchase of treasury shares	-	-	(2)	2	-	-	-
Total contributions by and distributions to owners	-	-	(1,412)	98	(1,314)	-	(1,314)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(493)	(493)	490	(3)
Total changes in ownership interests in a subsidiary	-	-	-	(493)	(493)	490	(3)
Balance at 30 September 2014	33,303	(3)	60,671	3,129	97,100	12,352	109,452

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	-	-	4,888	-	4,888	2,075	6,963
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	3	3	-	3
Foreign currency translation	-	-	-	851	851	-	851
Total other comprehensive income, net of tax	-	-	-	854	854	-	854
Total comprehensive income for the period	-	-	4,888	854	5,742	2,075	7,817
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(94)	94	-	-	-
Share-based payments	-	-	-	194	194	-	194
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	-	-	(2,913)	12	(2,901)	-	(2,901)
<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
Profit for the period	-	-	1,568	-	1,568	1,835	3,403
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(3)	(3)	-	(3)
Foreign currency translation	-	-	-	1,715	1,715	-	1,715
Total other comprehensive income, net of tax	-	-	-	1,712	1,712	-	1,712
Total comprehensive income for the period	-	-	1,568	1,712	3,280	1,835	5,115
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(1)	1	-	-	-
Share-based payments	-	-	-	100	100	-	100
Dividends paid	-	-	(1,409)	-	(1,409)	-	(1,409)
Purchase of treasury shares	-	(375)	-	-	(375)	-	(375)
Total contributions by and distributions to owners	-	(375)	(1,410)	101	(1,684)	-	(1,684)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	(409)	6	(403)	387	(16)
Total changes in ownership interests in a subsidiary	-	-	(409)	6	(403)	387	(16)
Balance at 30 September 2015	33,303	(378)	66,239	7,372	106,536	17,689	124,225

Company	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)	Total
	\$000	\$000	\$000	\$000	\$000
As at 1 January 2014	33,303	(187)	3,159	461	36,736
Profit for the period	-	-	539	-	539
Total comprehensive income for the period	-	-	539	-	539
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	526	-	268	794
Dividends paid	-	-	(3,662)	-	(3,662)
Purchase of treasury shares	-	(569)	-	-	(569)
Treasury shares transferred on vesting of restricted share grant	-	227	-	(227)	-
Total contributions by and distributions to owners	-	184	(3,662)	41	(3,437)
Balance at 30 June 2014	33,303	(3)	36	502	33,838
Profit for the period	-	-	324	-	324
Total comprehensive income for the period	-	-	324	-	324
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	96	96
Dividends paid	-	-	(1,410)	-	(1,410)
Total contributions by and distributions to owners	-	-	(1,410)	96	(1,314)
Balance at 30 September 2014	33,303	(3)	(1,050)	598	32,848

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	-	-	878	-	878
Total comprehensive income for the period	-	-	878	-	878
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	194	194
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)	(82)	(2,901)
Balance at 30 June 2015	33,303	(3)	7,067	581	40,948
As at 1 July 2015	33,303	(3)	7,067	581	40,948
Profit for the period	-	-	718	-	718
Total comprehensive income for the period	-	-	718	-	718
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	100	100
Dividend paid	-	-	(1,409)	-	(1,409)
Purchase of treasury shares	-	(375)	-	-	(375)
Total contributions by and distributions to owners	-	(375)	(1,409)	100	(1,684)
Balance at 30 September 2015	33,303	(378)	6,376	681	39,982

Note B: Other reserves

	Group		Company	
	30.09.15 \$000	30.09.14 \$000	30.09.15 \$000	30.09.14 \$000
Statutory reserve fund	2,959	2,859	-	-
Translation reserve	4,875	724	-	-
Fair value adjustment reserve	-	98	-	-
Capital reserve	177	307	177	307
Share based compensation reserve	504	291	504	291
Premium on acquisition of non-controlling interests	(1,143)	(1,150)	-	-
	<u>7,372</u>	<u>3,129</u>	<u>681</u>	<u>598</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital of the Company in 3Q 2015.

There were a total of 337,570 treasury shares held as at 30 September 2015 (30 September 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 September 2015, the Company's issued and paid up capital, excluding 337,570 (31 December 2014: 3,090) treasury shares held, comprises 281,555,668 (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			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
Balance at beginning of financial period	3,070	3,090	3,090	381,624
Purchase of treasury shares	334,500	-	534,400	483,000
Treasury shares transferred on vesting of restricted share grant	-	-	(199,920)	(861,534)
Balance at end of financial period	<u>337,570</u>	<u>3,090</u>	<u>337,570</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	
	3Q 2015	3Q 2014	30-Sep-15	30-Sep-14
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.56 cent	1.39 cents	2.29 cents	2.96 cents
Weighted average number of ordinary shares	281,667,168	281,637,739	281,793,615	281,618,834
(b) On a fully diluted basis	0.56 cent	1.39 cents	2.29 cents	2.95 cents
Adjusted weighted average number of ordinary shares	282,369,538	282,286,202	282,457,722	282,277,561

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	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Net asset value per ordinary share based on issued share capital as at the end of period	44.1 cents	41.1 cents	14.2 cents	15.2 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 September 2015 is computed based on the total number of issued shares (excluding 337,570 treasury shares) of 281,555,668 (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 9M 2015 grew 7.9% Y/Y from \$434.8 million to \$469.1 million, driven by broad-based contribution across all divisions. For the same period, EBITDA for the Group rose 11.9%, with EBITDA margin improving to 11.9% (9M 2014: 11.4%). However, Profit After Tax and Minority Interests ("PATMI") declined 22.7% from \$8.3 million to \$6.5 million, mainly due to higher depreciation expense of \$3.5 million (+10.5% Y/Y) from newly opened outlets during the year that are still under gestation and higher operating cost environment in our key markets – China and Singapore.

Revenue for the Bakery Division came in 7.1% higher Y/Y at \$232.4 million, driven primarily by an increase in the number of outlets to 835 (9M 2014: 772) and strong same store sales growth at our Singapore Toast Box business. This revenue growth was achieved 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 5.7% lower Y/Y, translating to an EBITDA margin of 6.9% (9M 2014: 7.8%), primarily attributed to higher staff costs and underperformance at our Beijing, Hong Kong and Malaysia operations.

Food Atrium Division revenue rose 6.8% Y/Y to \$130.2 million. Same store sales growth in Singapore continued its positive momentum into the third quarter while Hong Kong stayed resilient despite lower tourist arrivals from Mainland China. Recovery at Taiwan and Thailand remains on track. However, the Mainland China operation continues to face pressure from weaker shopping mall traffic caused by a general slowdown in the economic environment. For the nine months, the Division ceased operations of three outlets in China (two prematurely and one upon lease expiry), resulting in one-time write-off of around \$1.6 million. We also opened four new outlets during the period – two in Singapore, one in Shanghai and one in Hangzhou, mostly during the third quarter, which gave rise to start-up expenses. As a result, EBITDA for the Division declined 19.1% Y/Y with EBITDA margin lower at 11.5% (9M 2014: 15.2%).

The Restaurant Division sustained its strong performance with revenue increasing 11.0% to \$106.4 million, riding on strong same store sales growth, ramp up in revenue by our Din Tai Fung outlets in Thailand and contribution from our new ramen concept – Sanpoutei. Coupled with good cost control, EBITDA increased by a strong 53.9% Y/Y, translating to significantly better EBITDA margin of 18.9% (9M 2014: 13.6%).

Other income rose 20.0% Y/Y due mainly to higher food atrium management fee income. Interest income increased by 43.3% as the Group received higher returns from its fixed income bond investments. Interest expense rose 53.3% Y/Y mainly due to rising interest rates on outstanding loans. Share of results from associates and joint ventures declined from \$0.2 million to \$0.6 million due to more challenging economic climate faced by the associates in China and Malaysia.

Earnings per share (EPS) on a fully diluted basis for 9M 2015 declined 22.4% to 2.29 cents compared to 2.95 cents in 9M 2014.

Net asset value per (NAV) share was higher at 44.1 cents as at 30 September 2015 compare to 41.1 cents as at 31 December 2014.

Number of outlets including franchise under the Group:

	30.09.2015	31.12.2014	Net increase / (decrease)	30.09.2014	Net increase / (decrease)
Bakery	835	817	2.2%	772	8.2%
Food Atrium	64	63	1.6%	61	4.9%
Restaurant	33	34	-2.9%	35	-5.7%
	932	914	2.0%	868	7.4%

(B) Balance Sheet

Non-current assets increased by \$9.2 million or 2.7% from \$347.3 million to \$356.5 million as at 30 September 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;
- (iii) A reduction in property, plant and equipment.

Current assets increased by \$0.2 million or 0.1% from \$168.8 million to \$169.0 million as at 30 September 2015 which was attributed to:

- (i) An increase in trade and other receivables of \$5.8 million due mainly to increase in deposits paid, offset by
- (ii) A reduction in amount due from related corporations of \$1.2 million due mainly to repayment made by associated company; and
- (iii) A reduction in cash and cash equivalents of \$2.6 million due mainly to settlement of capital expenditure.

Current liabilities decreased by \$3.9 million or 1.1% from \$263.1 million to \$259.2 million as at 30 September 2015 due to:

- (i) A decrease in trade and other payables of \$7.6 million due mainly to settlement of capital expenditure, offset by
- (ii) Additional financing of \$4.7 million to fund the Group's new stores renovation project costs and investment in securities

Non-current liabilities increased \$4.8 million or 3.4% from \$137.2 million to \$142.0 million as at 30 September 2015 due to fund the Group's new investment in securities.

(C) Cash Flow Statement

The Group generated operating cash flow of \$40.2 million for the period ended 30 September 2015 and raised a further financing of \$3.0 million to support \$47.3 million used in investing activities, resulting in a decrease in its cash and cash equivalent from \$95.5 million to \$92.9 million as at 30 September 2015.

(D) Segment Information

	Bakery⁽¹⁾	Food atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
YTD Sep 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	232,416	130,232	106,411	-	-	-	469,059
Inter-segment sales	421	2,311	-	-	-	(2,732)	-
Total revenue	<u>232,837</u>	<u>132,543</u>	<u>106,411</u>	<u>-</u>	<u>-</u>	<u>(2,732)</u>	<u>469,059</u>
Results							
Profit from operations	3,182	(627)	14,073	36	1,623	(53)	18,234
Interest income	144	305	416	1,166	601	(740)	1,892
Interest expense	(344)	(613)	(456)	(1,277)	(2,054)	750	(3,994)
Share of associates' results	-	-	-	-	(939)	-	(939)
Share of joint ventures'	223	83	-	-	-	-	306
Segment profit	<u>3,205</u>	<u>(852)</u>	<u>14,033</u>	<u>(75)</u>	<u>(769)</u>	<u>(43)</u>	<u>15,499</u>
Tax expense							<u>(5,133)</u>
Profit after tax							<u>10,366</u>
Segment assets	186,141	118,009	96,426	122,261	121,981	(124,346)	520,472
Tax recoverable							53
Deferred tax assets							4,952
Total Assets							<u>525,477</u>
Segment liabilities	145,274	115,536	64,723	97,436	111,733	(141,253)	393,449
Tax payable							5,164
Deferred tax liabilities							2,639
Total liabilities							<u>401,252</u>
Investment in an associate	-	-	-	-	3,757	-	3,757
Investment in joint ventures	7,469	319	-	-	-	-	7,788
Additions to non-current assets ⁽³⁾	10,928	13,334	1,749	-	496	-	26,507
Depreciation & Amortisation	12,837	15,572	6,014	377	2,585	-	37,385
Other non-cash expenses	1,183	2,009	163	-	294	-	3,649

YTD Sep 2014	Bakery⁽¹⁾	Food atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	216,972	121,953	95,886	-	-	-	434,811
Inter-segment sales	383	2,834	3	-	-	(3,220)	-
Total revenue	217,355	124,787	95,889	-	-	(3,220)	434,811
Results							
Profit from operations	5,379	5,001	6,863	306	(447)	(1,244)	15,858
Interest income	589	370	247	652	4	(542)	1,320
Interest expense	(623)	(637)	(7)	(950)	(928)	540	(2,605)
Share of associates' results	-	-	(865)	-	120	-	(745)
Share of joint ventures'	308	221	-	-	-	-	529
Segment profit	5,653	4,955	6,238	8	(1,251)	(1,246)	14,357
Tax expense							(4,179)
Profit after tax							10,178
Segment assets	209,951	127,432	100,140	79,339	154,541	(173,775)	497,628
Tax recoverable							914
Deferred tax assets							4,176
Total Assets							502,718
Segment liabilities	170,011	121,223	56,760	78,243	121,001	(160,788)	386,450
Tax payable							4,327
Deferred tax liabilities							2,489
Total liabilities							393,266
Investment in an associate	-	-	-	-	3,633	-	3,633
Investment in joint ventures	7,120	1,095	-	-	-	-	8,215
Additions to non-current assets ⁽³⁾	13,221	10,613	5,151	-	3,670	-	32,655
Depreciation & Amortisation	11,609	13,478	6,189	-	2,560	-	33,836
Other non-cash expenses	(49)	914	928	-	890	-	2,683

Geographical Information

	External Sales		Non-current assets ⁽³⁾	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Singapore	245,576	223,996	141,971	151,545
Mainland China	146,678	137,669	73,748	46,434
Hong Kong	55,832	49,519	13,461	11,845
Rest of the world	20,973	23,627	12,228	17,592
	<u>469,059</u>	<u>434,811</u>	<u>241,408</u>	<u>227,416</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, raw materials cost management, tightening of operating procedures as well as closing the underperformance gaps in certain area such as Hong Kong, Malaysia and Toast Box in Mainland China. A new BreadTalk concept store is expected to be launched in the fourth quarter.

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. The opening of the four new outlets during the year is expected to exert pressure on profitability of the Division during this initial gestation period.

Restaurant Division remains focused on executing on its core strategies for Din Tai Fung to continue to drive revenue growth and margin expansion in both Singapore and Thailand. We expect the streamlining of underperforming Ramen Play outlets in Singapore and China to be completed by the end of the year, as well as the addition of one more Din Tai Fung outlet in Thailand.

Overall, the Group expects the operating environment in China to remain challenging in the near term on the back of the economic slowdown and the shift in consumption pattern from offline to online. Against this backdrop, the Group will review its expansion strategy including refocus our business model with focus on instilling greater cost discipline on our operations as well as turning around underperforming areas amidst a more cautious outlook for the next 12 months. 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) Sky One Art Investment Pte Ltd - Purchase of artwork	199	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	346	
(3) Capitol F&B - Food court rental income/miscellaneous charges	41	

14. Confirmation by the Board pursuant to Rule 705(5) of the SGX Listing Manual

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the financial results for the third quarter and period ended 30 September 2015 of the Group and the Company to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Cho Form Po
Company Secretary
9 November 2015