

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 2016

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 2016. The figures presented below have not been audited.

	Group			Group		
	2Q 2016 \$000	2Q 2015 \$000	Increase/ (Decrease)	1H 2016 \$000	1H 2015 \$000	Increase/ (Decrease)
Revenue	149,767	154,885	-3.3%	304,330	307,335	-1.0%
Cost of sales	<u>(67,395)</u>	<u>(73,274)</u>	-8.0%	<u>(140,886)</u>	<u>(147,103)</u>	-4.2%
Gross profit	82,372	81,611	0.9%	163,444	160,232	2.0%
Other income	4,780	2,821	69.4%	19,109	7,342	160.3%
Interest income	162	963	-83.2%	402	1,677	-76.0%
Distribution and selling expenses	(58,283)	(57,109)	2.1%	(123,191)	(118,552)	3.9%
Administrative expenses	(22,148)	(22,123)	0.1%	(45,488)	(38,383)	18.5%
Interest expense	<u>(1,704)</u>	<u>(1,258)</u>	35.5%	<u>(3,068)</u>	<u>(2,463)</u>	24.6%
Profit before tax and share of results of joint ventures	5,179	4,905	5.6%	11,208	9,853	13.8%
Share of results of associates	(251)	82	N.M	(704)	(302)	133.1%
Share of results of joint ventures	<u>220</u>	<u>27</u>	714.8%	<u>341</u>	<u>243</u>	40.3%
Profit before tax	5,148	5,014	2.7%	10,845	9,794	10.7%
Taxation	<u>(2,184)</u>	<u>(1,204)</u>	81.4%	<u>(4,468)</u>	<u>(2,831)</u>	57.8%
Profit after tax	<u><u>2,964</u></u>	<u><u>3,810</u></u>	-22.2%	<u><u>6,377</u></u>	<u><u>6,963</u></u>	-8.4%
Attributable to:						
Shareholders of the Company	1,305	2,887	-54.8%	3,750	4,888	-23.3%
Non-controlling interests	<u>1,659</u>	<u>923</u>	79.7%	<u>2,627</u>	<u>2,075</u>	26.6%
	<u><u>2,964</u></u>	<u><u>3,810</u></u>	-22.2%	<u><u>6,377</u></u>	<u><u>6,963</u></u>	-8.4%
Other comprehensive income:						
Net gain on available-for-sale financial assets	21	2	950.0%	39	3	N.M
Foreign currency translation	<u>(777)</u>	<u>(305)</u>	154.8%	<u>(2,393)</u>	<u>851</u>	N.M
Other comprehensive (loss) income for the period, net of tax	<u>(756)</u>	<u>(303)</u>	149.5%	<u>(2,354)</u>	<u>854</u>	N.M
Total comprehensive income for the period	<u><u>2,208</u></u>	<u><u>3,507</u></u>	-37.0%	<u><u>4,023</u></u>	<u><u>7,817</u></u>	-48.5%
Attributable to:						
Shareholders of the Company	549	2,584	-78.8%	1,396	5,742	-75.7%
Non-controlling interests	<u>1,659</u>	<u>923</u>	79.7%	<u>2,627</u>	<u>2,075</u>	26.6%
	<u><u>2,208</u></u>	<u><u>3,507</u></u>	-37.0%	<u><u>4,023</u></u>	<u><u>7,817</u></u>	-48.5%

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		
	2Q 2016 \$'000	2Q 2015 \$'000	Increase/ (Decrease)	1H 2016 \$'000	1H 2015 \$'000	Increase/ (Decrease)
Depreciation and amortisation	11,685	12,717	-8.1%	24,496	25,622	-4.4%
Foreign exchange loss/(gain), net	357	2,007	-82.2%	1,296	1,251	3.6%
Gain on divestment of investment securities	(319)	-	N.M.	(8,841)	-	N.M.
Government grant	(146)	(26)	461.5%	(1,773)	(1,595)	11.2%
Impairment on investment securities	75	-	N.M.	75	-	N.M.
Impairment/(Write back) of loan and receivables						
- trade receivables	(181)	292	N.M.	(181)	344	N.M.
- other receivables	259	66	292.4%	259	76	240.8%
Reversal of inventories written off	(36)	-	N.M.	(36)	-	N.M.
Loss on disposal of property, plant and equipment	24	26	-7.7%	86	31	177.4%
Operating lease expenses	36,281	37,273	-2.7%	74,179	72,796	1.9%
Personnel expenses	41,285	40,591	1.7%	93,649	83,124	12.7%
Property, plant and equipment written off (Note 1)	3,198	1,582	102.1%	3,784	1,827	107.1%
Write off of intangible assets	-	-	N.M.	133	-	N.M.

N.M. - Not meaningful

Notes:

(1) The property, plant and equipment were written off as a result of closure, relocation or upgrading of outlets.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.06.2016 \$000	31.12.2015 \$000	30.06.2016 \$000	31.12.2015 \$000
Non-current assets				
Property, plant and equipment	185,980	205,696	71,015	72,593
Investment property	22,392	24,053	-	-
Intangible assets	6,358	6,903	-	-
Investment securities	90,273	90,309	925	1,000
Investment in subsidiaries	-	-	21,130	24,206
Investment in associates	26,925	26,322	-	-
Investment in joint ventures	7,529	7,553	-	-
Other receivables	23	546	-	-
Due from related corporations	-	-	4,542	-
Deferred tax assets	2,774	4,444	-	-
	<u>342,254</u>	<u>365,826</u>	<u>97,612</u>	<u>97,799</u>

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	\$000	\$000	\$000	\$000
Current assets				
Investment securities	-	7,224	-	-
Inventories	9,731	9,878	-	-
Trade and other receivables	58,672	60,039	1,472	336
Prepayments	4,892	5,726	103	116
Tax recoverable	15	-	-	-
Due from related corporations	721	1,046	78,923	32,999
Amount due from minority shareholders of subsidiaries (non-trade)	498	506	-	-
Cash and cash equivalents	111,971	94,896	16,440	2,516
	<u>186,500</u>	<u>179,315</u>	<u>96,938</u>	<u>35,967</u>
Current liabilities				
Trade and other payables	82,866	94,123	1,606	1,553
Other liabilities	55,513	57,544	3,363	2,042
Provision for reinstatement cost	14,284	15,002	25	25
Due to related corporations	3,778	4,522	30,973	32,084
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	9,866	38,321	-	10,000
Current portion of long-term loans	26,023	43,679	4,122	4,122
Tax payable	8,559	8,879	-	180
	<u>201,089</u>	<u>262,270</u>	<u>40,089</u>	<u>50,006</u>
Net current liabilities	(14,589)	(82,955)	56,849	(14,039)
Non-current liabilities				
Long-term loans	90,977	119,685	116,859	43,920
Notes payables	75,000	-	-	-
Loan from a minority shareholder of a subsidiary	512	538	-	-
Other liabilities	9,762	12,282	-	-
Deferred tax liabilities	4,021	3,942	1,103	1,103
	<u>180,272</u>	<u>136,447</u>	<u>117,962</u>	<u>45,023</u>
Net assets	<u>147,393</u>	<u>146,424</u>	<u>36,499</u>	<u>38,737</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(661)	(378)	(661)	(378)
Accumulated profits	91,483	90,545	3,379	5,375
Other reserves	3,415	5,728	478	437
	<u>127,540</u>	<u>129,198</u>	<u>36,499</u>	<u>38,737</u>
Non-controlling interests	19,853	17,226	-	-
Total equity	<u>147,393</u>	<u>146,424</u>	<u>36,499</u>	<u>38,737</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 30.06.2016	
Secured	Unsecured
\$000	\$000
20,098	15,991

As at 31.12.2015	
Secured	Unsecured
\$000	\$000
6,320	75,575

Amount repayable after one year

As at 30.06.2016	
Secured	Unsecured
\$000	\$000
87,348	79,141

As at 31.12.2015	
Secured	Unsecured
\$000	\$000
112,314	8,213

Details of any collateral

- (1) As at 30 June 2016, a total amount of \$95.1 million of the Group's bank borrowings are unsecured.
- (2) The remaining bank loans are secured by the following:
 - a closed legal mortgage in favour of the bank over the property at Private Lot A0135906 at Plot 1A, Tai Seng Street in Paya Lebar Industrial Estate;
 - 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	
	2Q 2016	2Q 2015	1H 2016	1H 2015
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	5,148	5,014	10,845	9,794
Adjustments for:				
Amortisation of intangible assets	117	114	244	225
Depreciation of property, plant and equipment	11,568	12,603	24,252	25,397
Gain on disposal of investment securities	(319)	-	(8,841)	-
Loss on disposal of property, plant and equipment	24	26	86	31
Write off of intangible assets	-	-	133	-
Impairment loss on investment securities	75	-	75	-
Interest expense	1,704	1,258	3,068	2,463
Interest income	(162)	(963)	(402)	(1,677)
Inventories written off	(36)	5	(36)	5
Property, plant and equipment written off	3,198	1,582	3,784	1,827
Share based payment expenses	51	98	122	194
Share of results of associates	251	(82)	704	302
Share of results of joint ventures	(220)	(27)	(341)	(243)
(Write back) Impairment loss on trade receivables	(181)	292	(181)	344
(Write back) Impairment loss on other receivables	259	66	259	76
Write back of provision for reinstatement cost	(18)	-	(37)	-
Exchange differences	1,555	1,843	4,480	(1,431)
Operating cash flow before working capital changes	23,014	21,829	38,214	37,307

	Group		Group	
	2Q 2016	2Q 2015	1H 2016	1H 2015
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	(206)	2	183	(164)
Trade and other receivables	1,820	(2,615)	1,411	(5,992)
Prepayments	1,093	294	834	998
Amount due from joint ventures (trade)	37	-	134	33
Amount due from associate (trade)	-	-	-	(2)
Increase/(decrease) in:				
Trade and other payables	659	(2,925)	(6,135)	(4,663)
Other liabilities	(7,590)	(2,313)	(3,288)	(5,650)
Amount due to associates (non-trade)	678	1,103	(794)	212
Amount due to a joint venture (trade)	604	163	28	(167)
Cash generated from operations	20,109	15,538	30,587	21,912
Tax paid	(2,416)	(2,887)	(3,120)	(4,250)
Net cash flow from operating activities	17,693	12,651	27,467	17,662
Cash flows from investing activities				
Interest income received	162	649	535	1,809
Dividends received from a joint venture	-	-	-	751
Dividend income from an associate	-	-	98	-
Purchase of property, plant and equipment	(6,184)	(4,348)	(17,740)	(20,942)
Proceeds from disposal of property, plant and equipment	22	21	53	29
Additions to intangible assets	(33)	(276)	(51)	(290)
Cash paid for reinstatement expenses	(288)	(120)	(919)	(263)
Amount due from joint ventures (non-trade)	(162)	(269)	192	(248)
Amount due to joint ventures (non-trade)	9	(8)	23	(1)
Investment in an associate	-	(570)	(1,405)	(1,662)
Proceeds from divestment of investment securities	319	-	16,334	-
Purchase of investment securities	-	(9,322)	-	(10,875)
Subscription of junior bonds	-	(8,496)	-	(8,496)
Net cash flow (used in) investing activities	(6,155)	(22,739)	(2,880)	(40,188)
Cash flows from financing activities				
Interest paid	(1,704)	(1,258)	(3,068)	(2,463)
Dividends paid to shareholders of the company	(2,812)	(2,819)	(2,812)	(2,819)
Repayment of loan due to minority shareholder	-	-	(25)	-
Purchase of treasury shares	(308)	(276)	(363)	(276)
Proceeds from short-term loans	253	7,263	5,274	21,766
Repayment of short-term loans	(28,331)	(4,168)	(33,488)	(8,930)
Proceeds from long-term loans	-	28,939	-	28,939
Proceeds from term notes	75,000	-	75,000	-
Repayment of long-term loans	(41,837)	(5,156)	(46,256)	(12,020)
Capital contribution from non-controlling interest	-	150	-	150
Net cash flow (used in) from financing activities	261	22,675	(5,738)	24,347
Net increase in cash and cash equivalents	11,799	12,587	18,849	1,821
Effect of exchange rate changes on cash and cash equivalent	(524)	(813)	(1,774)	834
Cash and cash equivalents at beginning of financial period	100,696	86,333	94,896	95,452
Cash and cash equivalents at end of financial period	111,971	98,107	111,971	98,107

Note A: Cash and cash equivalents comprise:

	Group	
	30.06.2016	30.06.2015
	\$000	\$000
Cash on hand and at bank	111,714	86,777
Short term FD	257	11,330
	<u>111,971</u>	<u>98,107</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Attributable to Shareholders of the Company				Total \$000	Non- controlling interests \$000	Total equity \$000
	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000			
Balance at 1 January 2016	33,303	(378)	90,545	5,728	129,198	17,226	146,424
Profit for the period	-	-	2,445	-	2,445	968	3,413
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	18	18	-	18
Foreign currency translation	-	-	-	(1,616)	(1,616)	-	(1,616)
Total other comprehensive income, net of tax	-	-	-	(1,598)	(1,598)	-	(1,598)
Total comprehensive income for the period	-	-	2,445	(1,598)	847	968	1,815
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	71	71	-	71
Purchase of treasury shares	-	(56)	-	-	(56)	-	(56)
Total contributions by and distributions to owners	-	(56)	-	71	15	-	15
Balance at 31 March 2016	33,303	(434)	92,990	4,201	130,060	18,194	148,254
Profit for the period	-	-	1,305	-	1,305	1,659	2,964
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	21	21	-	21
Foreign currency translation	-	-	-	(777)	(777)	-	(777)
Total other comprehensive income, net of tax	-	-	-	(756)	(756)	-	(756)
Total comprehensive income for the period	-	-	1,305	(756)	549	1,659	2,208
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	50	50	-	50
Dividends paid	-	-	(2,812)	-	(2,812)	-	(2,812)
Purchase of treasury shares	-	(307)	-	-	(307)	-	(307)
Treasury shares transferred on vesting of restricted share grant	-	80	-	(80)	-	-	-
Total contributions by and distributions to owners	-	(227)	(2,812)	(30)	(3,069)	-	(3,069)
Balance at 30 June 2016	33,303	(661)	91,483	3,415	127,540	19,853	147,393

Attributable to Shareholders of the Company

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)	87,261	4,687	125,248	13,242	138,490
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 reserves	-	-	(69)	69	-	-	-
Share-based payments	-	-	-	95	95	-	95
Total contributions by and distributions to owners	-	-	(69)	164	95	-	95
Balance at 31 March 2015	33,303	(3)	89,193	6,008	128,501	14,394	142,895
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 reserves	-	-	(25)	25	-	-	-
Share-based payments	-	-	-	99	99	-	99
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)	(152)	(2,996)	-	(2,996)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	150	150
Total changes in ownership interests in a subsidiary	-	-	-	-	-	150	150
Balance at 30 June 2015	33,303	(3)	89,236	5,553	128,089	15,467	143,556

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2016	33,303	(378)	5,375	437	38,737
Profit for the period	-	-	675	-	675
Total comprehensive income for the period	-	-	675	-	675
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	71	71
Purchase of treasury shares	-	(56)	-	-	(56)
Total contributions by and distributions to owners	-	(56)	-	71	15
Balance at 31 March 2016	33,303	(434)	6,050	508	39,427
Profit for the period	-	-	141	-	141
Total comprehensive income for the period	-	-	141	-	141
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	50	50
Dividend paid	-	-	(2,812)	-	(2,812)
Purchase of treasury shares	-	(307)	-	-	(307)
Treasury shares transferred on vesting of restricted share grant	-	80	-	(80)	-
Total contributions by and distributions to owners	-	(227)	(2,812)	(30)	(3,069)
Balance at 30 June 2016	33,303	(661)	3,379	478	36,499

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
Dividends 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	
	30.06.2016 \$000	30.06.2015 \$000	30.06.2016 \$000	30.06.2015 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	1,496	3,165	-	-
Fair value adjustment reserve	39	3	-	-
Capital reserve	178	177	178	177
Share based compensation reserve	300	404	300	404
Premium on acquisition of non-controlling interests	(1,552)	(1,150)	-	-
	3,415	5,553	478	581

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 2016.

There were a total of 612,060 treasury shares held as at 30 June 2016 (30 June 2015: 3,070).

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 2016, the Company's issued and paid up capital, excluding 612,060 (31 December 2015: 337,570) treasury shares held, comprises 281,281,178 (31 December 2015: 281,555,668) 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 2016	2Q 2015	1H 2016	1H 2015
Balance at beginning of financial period	387,770	3,090	337,570	3,090
Purchase of treasury shares	299,200	199,900	349,400	199,900
Treasury shares transferred on vesting of restricted share grant	(74,910)	(199,920)	(74,910)	(199,920)
Balance at end of financial period	<u>612,060</u>	<u>3,070</u>	<u>612,060</u>	<u>3,070</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 2015, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2016.

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 2016. 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 2016	2Q 2015	1H 2016	1H 2015
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.46 cent	1.02 cents	1.33 cents	1.73 cents
Weighted average number of ordinary shares	281,256,208	281,823,528	281,380,838	281,856,838
(b) On a fully diluted basis	0.46 cent	1.02 cents	1.33 cents	1.73 cents
Adjusted weighted average number of ordinary shares	281,367,748	282,497,201	281,492,048	282,501,815

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	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Net asset value per ordinary share based on issued share capital as at the end of period	52.4 cents	52.0 cents	13.0 cents	13.8 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2016 is computed based on the total number of issued shares (excluding 612,060 treasury shares) of 281,281,178 (31 December 2015: 281,555,668).

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 FY2016 declined marginally by 1.0% Y/Y from \$307.3 million to \$304.3 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group rose 5.8% Y/Y with EBITDA margin improving to 12.6% (1H FY2015: 11.8%). Profit After Tax and Minority Interests ("PATMI") for 1H FY2016 declined 23.3% from \$4.9 million to \$3.8 million. PATMI margin declined to 1.2% (1H FY2015: 1.6%).

Bakery Division revenue decreased 2.0% Y/Y to \$150.7 million, primarily attributed to weaker franchise revenue from our China franchise business, mitigated by stronger performance of our direct operated stores and International franchise business. Outlets increased to 842 (1H FY2015: 837). EBITDA for the Division rose 20.0% Y/Y to \$13.9 million, on the back of tighter cost control and productivity gains, with EBITDA margin also improving to 9.2% (1H FY2015: 7.5%).

Food Atrium revenue declined 5.0% Y/Y to \$80.2 million. At the end of 1H FY2016, the Division operated 1 less outlets Y/Y to 61. The change was a result of 5 new openings (2 in Singapore, 3 in Mainland China) and 6 closures (5 in Mainland China and 1 in Hong Kong) over the 12 months period. During the quarter, 1 new outlet was opened at Shanghai Disneyland, contributing to the Q/Q increase of 1 outlet. Same store sales growth remained healthy in Singapore, with recovery observed in Hong Kong and Guangzhou. The Mainland China operation continued to face operational headwinds from weaker traffic in certain shopping malls. Combining the impact from start-up expenses of new outlets, write-offs attributed to outlet closures as well as higher operating expenses, 1H FY2016 EBITDA declined 76.6% Y/Y to \$2.3 million with EBITDA margin lower at 2.9% (1H FY2015: 11.7%).

Restaurant Division delivered 6.3% revenue growth Y/Y to \$73.5 million, riding on strong same store sales growth, recovery at Ramen Play and higher contribution from Din Tai Fung Thailand. Total outlets decreased by 2 Y/Y to 31, attributed to the 3 new Din Tai Fung outlet (2 in Singapore and 1 in Thailand), offset by the closure of 1 Din Tai Fung outlet and 4 Ramen Play outlets (1 in Singapore and 3 in Shanghai). During the quarter, 1 new Din Tai Fung unit was opened in Singapore at City Square Mall, contributing to the Q/Q increase of 1 outlet. 1H FY2016 EBITDA rose 15.0% Y/Y to \$13.9 million with EBITDA margin improving to 18.9% (1H FY2015: 17.5%).

Interest income decreased by \$1.3 million primarily due to lower return on investment securities, while interest expense increased slightly by \$0.6 million, mainly due to higher interest cost associated with the medium term notes, partly mitigated by repayment of outstanding borrowings.

Earnings per share (EPS) on a fully diluted basis was 1.33 cents for 1H FY2016 compared to 1.73 cents for 1H FY2015.

Net asset value (NAV) per share was 52.4 cents as at 30 June 2016 compared to 52.0 cents as at 31 December 2015.

Number of outlets including franchise under the Group:

	30.06.2016	31.12.2015	Net increase / (decrease)	30.06.2015	Net increase / (decrease)
Bakery	842	862	-2.3%	837	0.6%
Food Atrium	61	65	-6.2%	62	-1.6%
Restaurant	31	30	3.3%	33	-6.1%
Total	934	957	-2.4%	932	0.2%

(B) Balance Sheet

As at 30 June 2016,

Non-current assets declined by \$23.5 million or 6.4% from \$365.8 million to \$342.4 million mainly due to decrease in:

- (i) property, plant and equipment by \$19.7 million, mainly attributed to depreciation and outlets closure;
- (ii) investment property by \$1.7 million from downward foreign exchange revaluation; and
- (iii) deferred tax assets by 1.7 million.

Current assets increased by \$7.2 million or 4.0% from \$179.3 million to \$186.5 million mainly due to increase in cash and cash equivalents by \$17.1 million, offset by decrease in:

- (i) investment securities by \$7.2 million following the divestment of 112 Katong;
- (ii) trade and other receivables by \$1.4 million with improved collection; and
- (iii) prepayments by \$0.8 million.

Current liabilities decreased by \$61.2 million or 23.3% from \$262.3 million to \$201.1 million mainly due to decrease in:

- (i) trade and other payables by \$11.3 million; and
- (ii) short term loans and current portion of long term loans by \$46.1 million;

Non-current liabilities increased by \$43.8 million or 32.1% from \$136.4 million to \$180.3 million mainly due to issuance of medium term notes of \$75 million, offset by decrease in:

- (i) long term loans by \$28.7 million; and
- (ii) other liabilities by \$2.5 million

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$27.5 million in 1H FY2016, an improvement of \$9.8 million from the \$17.7 million generated in 1H FY2015, a testimony to the underlying strength of the core business.

Net cash flow used in investing activities was \$2.9 million in 1H FY2016, boosted by the \$16.3 million proceeds from divestment of investment securities in January 2016. Excluding this, net cash flow used in investing activities would still be a manageable \$13.5 million, primarily due to the reduction in cash used in the purchase of property, plant and equipment to \$17.7 million, in line with our pursuit of a more moderate pace of outlet expansion.

Following the successful issuance of \$75 million, 3-year 4.60% medium term notes on 1 April 2016, the Group commenced its loan restructuring effort. Total repayment of both short-term and long-term borrowings during 1H FY2016 amounted to \$79.7 million. During the period, the Group also paid out \$2.8 million in dividends, related to the 1.0 cents per share final dividend for FY2015. As a result, net cash flow used in financing activities in 1H FY2016 was \$5.7 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$18.8 million in 1H FY2016, ending the period with a cash and cash equivalents of \$112.0 million.

(D) Segment Information

	Bakery⁽¹⁾	Food Atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
1H 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	150,675	80,188	73,467	-	-	-	304,330
Inter-segment sales	195	1,455	-	-	-	(1,650)	-
Total revenue	150,870	81,643	73,467	-	-	(1,650)	304,330
Results							
Profit from operations	4,829	(7,677)	10,223	8,416	(1,619)	(298)	13,874
Interest income	95	194	380	243	345	(855)	402
Interest expense	(882)	(273)	(14)	(1,818)	(603)	522	(3,068)
Share of associates' results	-	-	-	-	(704)	-	(704)
Share of joint ventures'	228	113	-	-	-	-	341
Segment profit	4,270	(7,643)	10,589	6,841	(2,581)	(631)	10,845
Tax expense							(4,468)
Profit after tax							6,377
Segment assets	171,883	102,493	99,162	94,559	188,687	(130,819)	525,965
Tax recoverable							15
Deferred tax assets							2,774
Total Assets							528,754
Segment liabilities	126,659	112,075	28,604	83,938	207,524	(190,019)	368,781
Tax payable							8,559
Deferred tax liabilities							4,021
Total liabilities							381,361
Investment in an associate	-	-	-	-	26,925	-	26,925
Investment in joint ventures	6,970	559	-	-	-	-	7,529
Additions to non-current assets ⁽³⁾	6,995	2,264	2,560	-	145	-	11,964
Depreciation & Amortisation	9,059	10,001	3,697	-	1,739	-	24,496
Other non-cash expenses	655	3,196	7	-	310	-	4,168

1H 2015	Bakery⁽¹⁾	Food Atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
	\$'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	153,984	85,970	69,107	-	-	(1,726)	307,335
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	-	-	-	-	(302)	-	(302)
Share of joint ventures'	159	84	-	-	-	-	243
Segment profit	2,557	(641)	7,734	912	(789)	21	9,794
Tax expense							(2,831)
Profit after tax							6,963
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							535,610
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							414,800
Investment in an associate	-	-	-	-	27,078	-	27,078
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

Geographical Information

	External Sales		Non-current assets ⁽³⁾	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Singapore	163,796	158,146	129,720	142,656
Mainland China	87,984	97,609	61,285	72,890
Hong Kong	34,862	35,890	14,151	13,217
Rest of the world	17,688	15,690	9,574	14,182
	<u>304,330</u>	<u>307,335</u>	<u>214,730</u>	<u>242,945</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 remains on its recovery path as the execution of our strategy to moderate the pace of outlet expansion and focusing on cost control and quality of earnings continues.

While the Food Atrium Division still faces certain headwinds in China, the situation has largely come under control following the completion of our evaluation process of the respective outlets within our portfolio.

Restaurant Division continues its steady improvement supported by both same store sales growth and good cost control.

11. Dividend

(a) Current Financial Period Reported On

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

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

(c) Date payable

The interim dividend will be paid on 2 September 2016.

(d) Books closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 18 August 2016 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, up to 5.00 p.m. on 18 August 2016 will be registered before entitlements to the dividend are determined.

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	314	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	305	

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 2016 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

Ms. Shirley Tan Sey Liy
Company Secretary
3 August 2016