

## BREADTALK GROUP LIMITED

### Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 2017

#### 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 2017. The figures presented below have not been audited.

	Group			Group		
	2Q 2017	2Q 2016	Increase/ (Decrease)	1H 2017	1H 2016	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Revenue	147,569	149,767	-1.5%	295,195	304,330	-3.0%
Cost of sales	<u>(65,005)</u>	<u>(67,395)</u>	-3.5%	<u>(131,680)</u>	<u>(140,886)</u>	-6.5%
Gross profit	82,564	82,372	0.2%	163,515	163,444	0.0%
Other income	5,676	4,780	18.7%	20,880	19,109	9.3%
Interest income	297	162	83.3%	714	402	77.6%
Distribution and selling expenses	(60,305)	(58,283)	3.5%	(120,092)	(123,191)	-2.5%
Administrative expenses	(20,067)	(22,148)	-9.4%	(40,857)	(45,488)	-10.2%
Interest expense	(1,144)	(1,704)	-32.9%	(2,515)	(3,068)	-18.0%
Profit before tax and share of results of joint ventures	<u>7,021</u>	<u>5,179</u>	35.6%	<u>21,645</u>	<u>11,208</u>	93.1%
Share of results of associates	(583)	(251)	132.3%	(393)	(704)	-44.2%
Share of results of joint ventures	<u>375</u>	<u>220</u>	70.5%	<u>564</u>	<u>341</u>	65.4%
Profit before tax	6,813	5,148	32.3%	21,816	10,845	101.2%
Taxation	<u>(2,810)</u>	<u>(2,184)</u>	28.7%	<u>(5,380)</u>	<u>(4,468)</u>	20.4%
Profit after tax	<u>4,003</u>	<u>2,964</u>	35.1%	<u>16,436</u>	<u>6,377</u>	157.7%
Attributable to:						
<b>Shareholders of the Company</b>	<b>2,113</b>	<b>1,305</b>	61.9%	<b>12,803</b>	<b>3,750</b>	241.4%
Non-controlling interests	<u>1,890</u>	<u>1,659</u>	13.9%	<u>3,633</u>	<u>2,627</u>	38.3%
	<u>4,003</u>	<u>2,964</u>	35.1%	<u>16,436</u>	<u>6,377</u>	157.7%
<b>Other comprehensive income:</b>						
Net gain on available-for-sale financial assets	6	21	-71.4%	17	39	-56.4%
Foreign currency translation	<u>(275)</u>	<u>(777)</u>	-64.6%	<u>(1,272)</u>	<u>(2,393)</u>	-46.8%
Other comprehensive (loss) income for the period, net of tax	<u>(269)</u>	<u>(756)</u>	-64.4%	<u>(1,255)</u>	<u>(2,354)</u>	-46.7%
Total comprehensive income for the period	<u>3,734</u>	<u>2,208</u>	69.1%	<u>15,181</u>	<u>4,023</u>	277.4%
Attributable to:						
<b>Shareholders of the Company</b>	<b>1,844</b>	<b>549</b>	235.9%	<b>11,548</b>	<b>1,396</b>	727.2%
Non-controlling interests	<u>1,890</u>	<u>1,659</u>	13.9%	<u>3,633</u>	<u>2,627</u>	38.3%
	<u>3,734</u>	<u>2,208</u>	69.1%	<u>15,181</u>	<u>4,023</u>	277.4%

## 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 2017	2Q 2016	Increase/ (Decrease)	1H 2017	1H 2016	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Depreciation and amortisation	10,470	11,685	-10.4%	21,111	24,496	-13.8%
Foreign exchange (gain)/loss, net	(51)	357	N.M.	585	1,296	-54.9%
(Gain)/loss on disposal of property, plant and equipment	4	24	-83.3%	(1,767)	86	N.M.
Gain on divestment of investment securities	-	(319)	-100.0%	(8,601)	(8,841)	-2.7%
Government grant	(423)	(146)	189.7%	(1,261)	(1,773)	-28.9%
Impairment on investment securities	-	75	-100.0%	-	75	-100.0%
Impairment/(Write back) of loan and receivables						
- trade receivables	-	(181)	N.M.	41	(181)	N.M.
- other receivables	2	259	-99.2%	88	259	-66.0%
Intangible assets written off	-	-	N.M.	-	133	N.M.
Operating lease expenses	34,328	36,281	-5.4%	69,591	74,179	-6.2%
Personnel expenses	45,083	41,285	9.2%	92,288	93,649	-1.5%
Property, plant and equipment written off (Note 1)	1,291	3,198	-59.6%	1,585	3,784	-58.1%

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	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	167,346	180,663	69,835	71,252
Investment property	22,432	22,984	-	-
Intangible assets	6,298	6,433	-	-
Investment securities	72,895	72,878	825	825
Investment in subsidiaries	-	-	24,341	24,296
Investment in associates	28,082	27,033	-	-
Investment in joint ventures	9,742	8,234	-	-
Other receivables	3,159	1,413	-	-
Due from related corporations	-	-	33,692	26,768
Deferred tax assets	2,732	2,749	-	-
	<u>312,686</u>	<u>322,387</u>	<u>128,693</u>	<u>123,141</u>

	Group		Company	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>				
Investment securities	-	17,222	-	-
Inventories	9,479	9,806	-	-
Trade and other receivables	51,648	57,472	1,495	4,269
Prepayments	6,343	4,824	73	123
Due from related corporations	1,005	1,094	70,754	61,885
Amount due from minority shareholders of subsidiaries (non-trade)	521	509	-	-
Cash and cash equivalents	128,131	120,589	12,545	8,486
	<u>197,127</u>	<u>211,516</u>	<u>84,867</u>	<u>74,763</u>
<b>Current liabilities</b>				
Trade and other payables	80,508	86,404	1,803	1,955
Other liabilities	68,074	69,612	6,075	3,971
Provision for reinstatement cost	15,939	14,417	27	27
Due to related corporations	4,072	3,903	45,716	30,674
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	6,348	7,215	-	-
Current portion of long-term loans	20,916	24,238	4,122	4,122
Tax payable	10,025	9,854	854	551
	<u>206,082</u>	<u>215,843</u>	<u>58,597</u>	<u>41,300</u>
<b>Net current (liabilities)/assets</b>	<b>(8,955)</b>	<b>(4,327)</b>	<b>26,270</b>	<b>33,463</b>
<b>Non-current liabilities</b>				
Long-term loans	58,753	74,857	37,737	39,798
Notes payables	75,000	75,000	75,000	75,000
Loan from a minority shareholder of a subsidiary	523	549	-	-
Other liabilities	9,203	11,385	-	-
Deferred tax liabilities	4,203	4,324	1,791	1,791
	<u>147,682</u>	<u>166,115</u>	<u>114,528</u>	<u>116,589</u>
Net assets	<u>156,049</u>	<u>151,945</u>	<u>40,435</u>	<u>40,015</u>
<b>Share capital and reserves</b>				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(460)	(587)	(460)	(587)
Accumulated profits	95,516	93,966	7,023	6,779
Other reserves	3,403	5,328	569	520
	<u>131,762</u>	<u>132,010</u>	<u>40,435</u>	<u>40,015</u>
Non-controlling interests	24,287	19,935	-	-
Total equity	<u>156,049</u>	<u>151,945</u>	<u>40,435</u>	<u>40,015</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 30.06.2017		
Secured		Unsecured
\$'000		\$'000
17,360		10,104

As at 31.12.2016		
Secured		Unsecured
\$'000		\$'000
19,456		12,197

### Amount repayable after one year

As at 30.06.2017		
Secured		Unsecured
\$'000		\$'000
56,801		77,475

As at 31.12.2016		
Secured		Unsecured
\$'000		\$'000
71,350		79,056

### Details of any collateral

- (1) As at 30 June 2017, a total amount of \$87.6 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	
	2Q 2017	2Q 2016	1H 2017	1H 2016
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	6,813	5,148	21,816	10,845
Adjustments for:				
Amortisation of intangible assets	132	117	227	244
Depreciation of property, plant and equipment	10,338	11,568	20,884	24,252
Gain on divestment of investment securities	-	(319)	(8,601)	(8,841)
(Gain)/loss on disposal of property, plant and equipment	4	24	(1,767)	86
(Write back)/impairment loss on property, plant and equipment	(232)	-	(232)	-
Impairment loss on investment securities	-	75	-	75
Intangible assets written off	-	-	-	133
Interest expense	1,144	1,704	2,515	3,068
Interest income	(297)	(162)	(714)	(402)
Inventories written off	5	(36)	5	(36)
Property, plant and equipment written off	1,291	3,198	1,585	3,784
Share based payment expenses	146	51	176	122
Share of results of associates	583	251	393	704
Share of results of joint ventures	(375)	(220)	(564)	(341)
(Write back)/impairment loss on trade receivables	-	(181)	41	(181)
(Write back)/impairment loss on other receivables	2	259	88	259
Write back of provision for reinstatement cost	(42)	(18)	(42)	(37)
Exchange differences	(783)	1,555	1,981	4,480
Operating cash flow before working capital changes	18,729	23,014	37,791	38,214

	Group		Group	
	2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
(Increase)/decrease in:				
Amount due from associate (trade)	-	-	(3)	-
Amount due from joint ventures (trade)	110	37	212	134
Inventories	496	(206)	321	183
Prepayments	(764)	1,093	(1,518)	834
Trade and other receivables	(908)	1,820	3,290	1,411
Increase/(decrease) in:				
Amount due to a joint venture (trade)	353	604	(191)	28
Other liabilities	(1,198)	(7,590)	(2,296)	(3,288)
Trade and other payables	2,962	659	(328)	(6,135)
Cash generated from operations	19,680	19,431	37,178	31,381
Tax paid	(4,151)	(2,416)	(5,328)	(3,120)
<b>Net cash flow from operating activities</b>	<b>15,529</b>	<b>17,015</b>	<b>31,850</b>	<b>28,261</b>
<b>Cash flows from investing activities</b>				
Additions to intangible assets	(22)	(33)	(23)	(51)
Amount due from joint ventures (non-trade)	39	(162)	(120)	192
Amount due to joint ventures (non-trade)	(40)	9	(83)	23
Amount due to associates (non-trade)	483	678	444	(794)
Cash paid for reinstatement expenses	(164)	(288)	(232)	(919)
Dividends received from an associate	-	-	-	98
Interest income received	297	162	714	535
Investment in an associate	-	-	(1,424)	(1,405)
Investment in a joint venture	(1,005)	-	(1,005)	-
Proceeds from disposal of property, plant and equipment	-	22	2,302	53
Proceeds from divestment of investment securities	25,174	319	26,500	16,334
Purchase of property, plant and equipment	(3,748)	(6,184)	(15,937)	(17,740)
<b>Net cash flow (used in)/from investing activities</b>	<b>21,014</b>	<b>(5,477)</b>	<b>11,136</b>	<b>(3,674)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to shareholders of the company	(11,253)	(2,812)	(11,253)	(2,812)
Interest paid	(1,144)	(1,704)	(2,515)	(3,068)
Proceeds from short-term loans	5,835	253	14,979	5,274
Proceeds from term notes	-	75,000	-	75,000
Purchase of treasury shares	-	(308)	-	(363)
Repayment of loan due to minority shareholder	(8)	-	(26)	(25)
Repayment of long-term loans	(2,657)	(41,837)	(19,370)	(46,256)
Repayment of short-term loans	(8,124)	(28,331)	(15,921)	(33,488)
<b>Net cash flow (used in) financing activities</b>	<b>(17,351)</b>	<b>261</b>	<b>(34,106)</b>	<b>(5,738)</b>
Net (decrease)/increase in cash and cash equivalents	19,192	11,799	8,880	18,849
Effect of exchange rate changes on cash and cash equivalents	(216)	(524)	(1,338)	(1,774)
Cash and cash equivalents at beginning of financial period	109,155	100,696	120,589	94,896
<b>Cash and cash equivalents at end of financial period</b>	<b>128,131</b>	<b>111,971</b>	<b>128,131</b>	<b>111,971</b>

**Note A: Cash and cash equivalents comprise:**

	Group	
	30.06.2017 \$'000	30.06.2016 \$'000
Cash on hand and at bank	125,071	111,714
Short term FD	3,060	257
	<u>128,131</u>	<u>111,971</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**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Other reserves (Note B) \$'000</b>	<b>Total \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2017</b>	<b>33,303</b>	<b>(587)</b>	<b>93,966</b>	<b>5,328</b>	<b>132,010</b>	<b>19,935</b>	<b>151,945</b>
Profit for the period	-	-	10,690	-	10,690	1,743	12,433
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	11	11	-	11
Foreign currency translation	-	-	-	(997)	(997)	-	(997)
Total other comprehensive income, net of tax	-	-	-	(986)	(986)	-	(986)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>10,690</b>	<b>(986)</b>	<b>9,704</b>	<b>1,743</b>	<b>11,447</b>
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	30	30	-	30
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>30</b>
<b>Balance at 31 March 2017</b>	<b>33,303</b>	<b>(587)</b>	<b>104,656</b>	<b>4,372</b>	<b>141,744</b>	<b>21,678</b>	<b>163,422</b>
Profit for the period	-	-	2,113	-	2,113	1,890	4,003
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	6	6	-	6
Foreign currency translation	-	-	-	(275)	(275)	-	(275)
Total other comprehensive income, net of tax	-	-	-	(269)	(269)	-	(269)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2,113</b>	<b>(269)</b>	<b>1,844</b>	<b>1,890</b>	<b>3,734</b>
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	-	-	-	-	-
Share-based payments	-	-	-	146	146	-	146
Dividends paid	-	-	(11,253)	-	(11,253)	-	(11,253)
Purchase of treasury shares	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>127</b>	<b>(11,253)</b>	<b>19</b>	<b>(11,107)</b>	<b>-</b>	<b>(11,107)</b>
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(719)	(719)	719	-
<b>Total changes in ownership interests in a subsidiary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(719)</b>	<b>(719)</b>	<b>719</b>	<b>-</b>
<b>Balance at 30 June 2017</b>	<b>33,303</b>	<b>(460)</b>	<b>95,516</b>	<b>3,403</b>	<b>131,762</b>	<b>24,287</b>	<b>156,049</b>

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			
<b>Balance at 1 January 2016</b>	<b>33,303</b>	<b>(378)</b>	<b>90,545</b>	<b>5,728</b>	<b>129,198</b>	<b>17,226</b>	<b>146,424</b>
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)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2,445</b>	<b>(1,598)</b>	<b>847</b>	<b>968</b>	<b>1,815</b>
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	71	71	-	71
Purchase of treasury shares	-	(56)	-	-	(56)	-	(56)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>(56)</b>	<b>-</b>	<b>71</b>	<b>15</b>	<b>-</b>	<b>15</b>
<b>Balance at 31 March 2016</b>	<b>33,303</b>	<b>(434)</b>	<b>92,990</b>	<b>4,201</b>	<b>130,060</b>	<b>18,194</b>	<b>148,254</b>
Profit for the period	-	-	1,305	-	1,305	1,659	2,964
<u>Other comprehensive income</u>							
Net loss 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)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,305</b>	<b>(756)</b>	<b>549</b>	<b>1,659</b>	<b>2,208</b>
<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)	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>(227)</b>	<b>(2,812)</b>	<b>(30)</b>	<b>(3,069)</b>	<b>-</b>	<b>(3,069)</b>
<b>Balance at 30 June 2016</b>	<b>33,303</b>	<b>(661)</b>	<b>91,483</b>	<b>3,415</b>	<b>127,540</b>	<b>19,853</b>	<b>147,393</b>

<b>Company</b>	<b>Share capital</b> \$'000	<b>Treasury shares</b> \$'000	<b>Accumulated profits</b> \$'000	<b>Other reserves (Note B)</b> \$'000	<b>Total</b> \$'000
<b>As at 1 January 2017</b>	<b>33,303</b>	<b>(587)</b>	<b>6,779</b>	<b>520</b>	<b>40,015</b>
Profit for the period	-	-	899	-	899
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>899</b>	<b>-</b>	<b>899</b>
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	30	30
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>
<b>Balance at 31 March 2017</b>	<b>33,303</b>	<b>(587)</b>	<b>7,678</b>	<b>550</b>	<b>40,944</b>
Profit for the period	-	-	10,698	-	10,698
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>10,698</b>	<b>-</b>	<b>10,698</b>
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	146	146
Dividend paid	-	-	(11,253)	-	(11,253)
Purchase of treasury shares	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>127</b>	<b>(11,253)</b>	<b>19</b>	<b>(11,107)</b>
<b>Balance at 30 June 2017</b>	<b>33,303</b>	<b>(460)</b>	<b>7,123</b>	<b>569</b>	<b>40,535</b>



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

**Note B: Other reserves**

	Group		Company	
	30.06.2017 \$000	31.06.2016 \$000	30.06.2017 \$000	31.06.2016 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	2,023	1,496	-	-
Fair value adjustment reserve	17	39	-	-
Capital reserve	177	178	177	178
Share based compensation reserve	392	300	392	300
Premium on acquisition of non-controlling interests	(2,160)	(1,552)	-	-
	<b>3,403</b>	<b>3,415</b>	<b>569</b>	<b>478</b>

**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017. There were a total of 457,954 treasury shares held as at 30 June 2017 (30 June 2016: 612,060). The Company did not have any subsidiary holdings or other convertibles as at 30 June 2017.

**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 2017, the Company's issued and paid up capital, excluding 457,954 (31 December 2016: 579,060) treasury shares held, comprises 281,435,284 (31 December 2016: 281,314,178) 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 2017	2Q 2016	1H 2017	1H 2016
Balance at beginning of financial period	579,060	387,770	579,060	337,570
Purchase of treasury shares	-	299,200	-	349,400
Treasury shares transferred on vesting of restricted share grant	(121,106)	(74,910)	(121,106)	(74,910)
Balance at end of financial period	457,954	612,060	457,954	612,060

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable.

**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 2016, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2017.

**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 2017. 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 2017	2Q 2016	1H 2017	1H 2016
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.75 cent	0.46 cent	4.55 cents	1.33 cents
Weighted average number of ordinary shares	281,394,915	281,256,208	281,354,547	281,380,838
(b) On a fully diluted basis	0.75 cent	0.46 cent	4.55 cents	1.33 cents
Adjusted weighted average number of ordinary shares	281,952,307	281,367,748	281,689,013	281,492,048

**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	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Net asset value per ordinary share based on issued share capital as at the end of period	55.4 cents	54.0 cents	14.4 cents	14.2 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2017 is computed based on the total number of issued shares (excluding 457,954 treasury shares) of 281,435,284 (31 December 2016: 281,314,178).

**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 FY2017 declined 3.0% Y/Y from \$304.3 million to \$295.2 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group rose 16.1% Y/Y to \$44.6 million with EBITDA margin improving to 15.1% (1H FY2016: 12.6%). Profit After Tax and Minority Interests ("PATMI") for 1H FY2017 improved 241.4% from \$3.8 million to \$12.8 million. PATMI margin rose to 4.3% (1H FY2016: 1.2%).

1QFY2017 saw the recognition of \$9.3 million in net capital gain from the divestment of the Group's investment in TripleOne Somerset, while 1QFY2016 saw the recognition of S\$8.8 million in net capital gain from the divestment of 112 Katong Mall. Excluding one-off items, core Food & Beverage (F&B) business net profit for 1H FY2017 would have been \$7.1 million, a turnaround from a loss of \$2.4 million in 1H FY2016.

Revenue declined 3.2% Y/Y to \$145.9 million during 1H FY2017 at the Bakery Division. The decline was primarily due to weaker direct operated stores performance at Shanghai and Beijing. Direct operated stores remained relatively unchanged at 259 while franchise outlets saw a net increase of 12 Y/Y to 597. During 1H FY2017, we terminated the franchise agreements of some underperforming franchisees in China, which largely explained the decline in franchise outlets YTD. EBITDA for the Division declined 12.6% Y/Y to \$12.1 million, with EBITDA margin at 8.3% (1H FY2016: 9.2%) on higher raw materials cost and weaker revenue at the Shanghai and Beijing direct operated stores.

For the Food Atrium Division, Revenue declined 8.1% to \$73.7 million as number of outlets decreased by 5 Y/Y, primarily due to the closure of underperforming outlets in China. Following the consolidation of operations, the remaining China food atrium portfolio displayed strong recovery. As a result, EBITDA for the Division rebounded strongly by 363.1% to \$10.8 million with EBITDA margin improving from 2.9% to 14.6%.

Restaurant Division revenue continued to improve at a steady pace of 3.0% Y/Y to \$75.7 million. EBITDA improved 5.7% Y/Y to \$14.7 million, with EBITDA margin rising from 18.9% to 19.4%. Outlet count was reduced by 1 Y/Y following the closure of RamenPlay at JEM in May 2017. We have already converted two RamenPlay outlets to Sō – Nex Serangoon and BreadTalk IHQ. The revenue performance of the two Sō outlets, following their openings, have been significantly higher than the original RamenPlay brand on the same sites.

Interest income rose 77.6% to \$0.7 million on higher coupon return on investment securities, while interest expense was reduced significantly Y/Y by 18% to \$2.5 million, despite a higher interest rate environment as total borrowings reduced by \$20.3 million Y/Y to \$161.7 million.

Earnings per share (EPS) on a fully diluted basis were 4.55 cents for 1H FY2017 compared to 1.33 cents for 1H FY2016.

Net asset value (NAV) per share was 55.4 cents as at 30 June 2017 compared to 54.0 cents as at 31 December 2016.

Number of outlets including franchise under the Group:

	30.06.2017	31.12.2016	Net increase / (decrease)	31.06.2016	Net increase / (decrease)
Bakery	856	862	-0.7%	842	1.7%
- Direct operated stores	259	260	-0.4%	257	0.8%
- Franchise	597	602	-0.8%	585	2.1%
Food Atrium	56	57	-1.8%	61	-8.2%
Restaurant	30	32	-6.3%	31	-3.2%

## **(B) Balance Sheet**

As at 30 June 2017,

Non-current assets declined by \$9.7 million or 3.0% from \$322.4 million to \$312.7 million mainly due to decrease in property, plant and equipment by \$13.3 million, due to depreciation;

offset by an increase in:

- (i) other receivables by \$1.7 million;
- (ii) investment in joint ventures by \$1.5 million; and
- (iii) investment in associates by \$1.0 million.

Current assets decreased by \$14.4 million or 6.8% from \$211.5 million to \$197.1 million mainly due to decrease in:

- (i) investment securities by \$17.2 million following the divestment of TripleOne Somerset; and
- (ii) trade and other receivables by \$5.8 million with improved collection;

offset by an increase in:

- (i) cash and cash equivalents by \$7.5 million; and
- (ii) prepayments by \$1.5 million.

Current liabilities decreased by \$9.7 million or 4.4% from \$215.8 million to \$206.2 million mainly due to decrease in:

- (i) trade and other payables by \$5.9 million; and
- (ii) short term loans and current portion of long term loans by \$4.2 million.

Non-current liabilities decreased by \$18.4 million or 11.1% from \$166.1 million to \$147.7 million mainly due to decrease in:

- (i) long term loans by \$16.1 million; and
- (ii) other liabilities by \$2.2 million.

### **(C) Cash Flow Statement**

The Group generated net cash flow from operating activities of \$31.9 million in 1H FY2017, an improvement of \$3.6 million from the \$28.3 million generated in 1H FY2016, a testimony to the underlying strength of the core business.

Net cash flow generated from investing activities was \$11.1 million in 1H FY2017, boosted by the \$26.5 million proceeds from divestment of TripleOne Somerset. Excluding this, net cash flow was used primarily in the purchase of property, plant and equipment amounting to \$15.9 million.

The Group continues its effort to pare down its debt. In 1H FY2017, there was a net repayment of \$20.3 million of borrowings compared to the net borrowings of \$0.5 million in 1H FY2016. During the period, the Group also paid out \$11.3 million in dividends. As a result, net cash flow used in financing activities in 1H FY2017 was \$34.1 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$8.9 million in 1H FY2017, ending the period with a cash and cash equivalents of \$128.1 million.

**(D) Segment Information**

	<b>Bakery<sup>(1)</sup></b>	<b>Food atrium</b>	<b>Restaurant</b>	<b>Investment</b>	<b>Others<sup>(2)</sup></b>	<b>Elimination</b>	<b>Group</b>
<b>1H 2017</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>							
External sales	145,868	73,662	75,665	-	-	-	295,195
Inter-segment sales	674	1,083	-	-	-	(1,757)	-
Total revenue	<u>146,542</u>	<u>74,745</u>	<u>75,665</u>	<u>-</u>	<u>-</u>	<u>(1,757)</u>	<u>295,195</u>
<b>Results</b>							
Profit from operations	4,351	2,701	11,397	7,767	(2,718)	(52)	23,446
Interest income	107	226	541	474	812	(1,446)	714
Interest expense	(811)	(283)	(10)	(2,000)	(853)	1,442	(2,515)
Share of associates' results	-	-	-	-	(393)	-	(393)
Share of joint ventures'	456	108	-	-	-	-	564
Segment profit	<u>4,103</u>	<u>2,752</u>	<u>11,928</u>	<u>6,241</u>	<u>(3,152)</u>	<u>(56)</u>	<u>21,816</u>
Tax expense							<u>(5,380)</u>
Profit after tax							<u><u>16,436</u></u>
Segment assets	159,408	126,402	119,054	74,907	205,126	(177,716)	507,181
Tax recoverable							-
Deferred tax assets							2,732
Total Assets							<u><u>509,913</u></u>
Segment liabilities	123,678	128,367	32,678	70,568	173,646	(189,301)	339,636
Tax payable							10,025
Deferred tax liabilities							4,203
Total liabilities							<u><u>353,864</u></u>
Investment in associate	-	-	-	-	28,082	-	28,082
Investment in joint ventures	8,977	765	-	-	-	-	9,742
Additions to non-current assets <sup>(3)</sup>	5,177	4,108	1,405	-	378	-	11,068
Depreciation & Amortisation	7,790	8,061	3,317	-	1,943	-	21,111
Other non-cash expenses	580	892	247	-	176	-	1,895

<b>1H 2016</b>	<b>Bakery<sup>(1)</sup></b>	<b>Food atrium</b>	<b>Restaurant</b>	<b>Investment</b>	<b>Others<sup>(2)</sup></b>	<b>Elimination</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>							
External sales	150,675	80,188	73,467	-	-	-	304,330
Inter-segment sales	195	1,455	-	-	-	(1,650)	-
<b>Total revenue</b>	<b>150,870</b>	<b>81,643</b>	<b>73,467</b>	<b>-</b>	<b>-</b>	<b>(1,650)</b>	<b>304,330</b>
<b>Results</b>							
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
<b>Segment profit</b>	<b>4,270</b>	<b>(7,643)</b>	<b>10,589</b>	<b>6,841</b>	<b>(2,581)</b>	<b>(631)</b>	<b>10,845</b>
Tax expense							(4,468)
<b>Profit after tax</b>							<b>6,377</b>
<b>Segment assets</b>	<b>171,883</b>	<b>102,493</b>	<b>99,162</b>	<b>94,559</b>	<b>188,687</b>	<b>(130,819)</b>	<b>525,965</b>
Tax recoverable							15
Deferred tax assets							2,774
<b>Total Assets</b>							<b>528,754</b>
<b>Segment liabilities</b>	<b>126,659</b>	<b>112,075</b>	<b>28,604</b>	<b>83,938</b>	<b>207,524</b>	<b>(190,019)</b>	<b>368,781</b>
Tax payable							8,559
Deferred tax liabilities							4,021
<b>Total liabilities</b>							<b>381,361</b>
Investment in associate	-	-	-	-	26,925	-	26,925
Investment in joint ventures	6,970	559	-	-	-	-	7,529
Additions to non-current assets <sup>(3)</sup>	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

## Geographical Information

	External Sales		Non-current assets <sup>(3)</sup>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Singapore	163,622	163,796	121,331	129,720
Mainland China	81,011	87,984	57,867	61,285
Hong Kong	27,044	34,862	10,477	14,151
Rest of the world	23,518	17,688	6,401	9,574
	<u>295,195</u>	<u>304,330</u>	<u>196,076</u>	<u>214,730</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 significant trends and 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

Efforts continue to be underway this year to evaluate and streamline our Bakery Division franchise portfolio with the objective of delivering sustainable franchise income growth. Progress has been made in turning around any underperforming direct operated stores. We are also actively managing the procurement of our raw materials to diversify our sources and further improve our operating cost structure.

Vacancy rate at our Food Atrium Division has continued to stay at record low of under 3%. The team continues to fine-tune our tenant mix in each food atrium to maximum revenue generation potential of our assets. The profitability improvement seen at the Division remains encouraging, and is strong testimony to the fact that our strategies are effective.

Profitability at the Restaurant Division continues to improve, driven by Din Tai Fung in Singapore and Thailand, with the losses at RamenPlay narrowing significantly. We expect to complete the conversion of all remaining RamenPlay outlets to Sō by end of September 2017.

The Group stays its course in consolidating underperforming operations and expanding its outperformers. New outlet openings remain at a cautious pace, with the focus remaining on profitability and the quality of earnings for FY2017.

### 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	1.0 Singapore cent (tax exempt one-tier)



**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	Interim
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 31 August 2017.

**(d) Books closure date**

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 17 August 2017 ("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 17 August 2017 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	42	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	204	

**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 2017 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  
2 August 2017