

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Year Ended 31 December 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 year ended 31 December 2017. The figures presented below have not been audited.

	Group			Group		
	4Q 2017	4Q 2016	Increase/ (Decrease)	12M 2017	12M 2016	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Revenue	150,296	153,321	-2.0%	599,747	614,995	-2.5%
Cost of sales	(65,623)	(67,816)	-3.2%	(266,465)	(277,508)	-4.0%
Gross profit	84,673	85,505	-1.0%	333,282	337,487	-1.2%
Other income	7,043	4,749	48.3%	33,178	29,540	12.3%
Interest income	1,097	421	160.6%	2,234	1,162	92.3%
Distribution and selling expenses	(62,333)	(60,075)	3.8%	(241,674)	(256,323)	-5.7%
Administrative expenses	(18,630)	(17,669)	5.4%	(80,850)	(75,389)	7.2%
Interest expense	(1,786)	(1,354)	31.9%	(5,420)	(5,931)	-8.6%
Profit before tax and share of results of joint ventures	10,064	11,577	-13.1%	40,750	30,546	33.4%
Share of results of associates	(212)	(1,387)	-84.7%	(883)	(1,960)	-54.9%
Share of results of joint ventures	277	360	-23.1%	1,097	1,130	-2.9%
Profit before tax	10,129	10,550	-4.0%	40,964	29,716	37.9%
Taxation	(2,814)	(4,684)	-39.9%	(11,047)	(12,119)	-8.8%
Profit after tax	7,315	5,866	24.7%	29,917	17,597	70.0%
Attributable to:						
Shareholders of the Company	5,067	4,430	14.4%	21,848	11,436	91.0%
Non-controlling interests	2,248	1,436	56.5%	8,069	6,161	31.0%
	7,315	5,866	24.7%	29,917	17,597	70.0%
Other comprehensive income:						
Net gain on available-for-sale financial assets	(2)	-	N.M	15	-	N.M
Foreign currency translation	(250)	1,192	N.M	(1,656)	(594)	178.8%
Other comprehensive (loss) income for the period, net of tax	(252)	1,192	N.M	(1,641)	(594)	176.3%
Total comprehensive income for the period	7,063	7,058	0.1%	28,276	17,003	66.3%
Attributable to:						
Shareholders of the Company	4,815	5,622	-14.4%	20,207	10,842	86.4%
Non-controlling interests	2,248	1,436	56.5%	8,069	6,161	31.0%
	7,063	7,058	0.1%	28,276	17,003	66.3%

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		
	4Q 2017 \$'000	4Q 2016 \$'000	Increase/ (Decrease)	12M 2017 \$'000	12M 2016 \$'000	Increase/ (Decrease)
Depreciation and amortisation	8,815	15,586	-43.4%	40,482	52,202	-22.5%
Foreign exchange (gain)/loss, net	(134)	(586)	-77.1%	466	604	-22.8%
(Gain)/loss on disposal of property, plant and equipment	(195)	(1,417)	-86.2%	(2,334)	345	N.M.
Gain on divestment of investment securities	(76)	-	N.M.	(8,714)	(8,841)	-1.4%
Government grant	(271)	(790)	-65.7%	(1,732)	(4,539)	-61.8%
Impairment on investment securities	-	41	-100.0%	-	208	-100.0%
Impairment/(Write back) of loan and receivables						
- trade receivables	209	-	N.M.	250	(181)	N.M.
- other receivables	-	(275)	N.M.	85	87	-2.3%
Intangible assets written off	-	187	N.M.	-	320	N.M.
Operating lease expenses	34,993	34,700	0.8%	136,618	145,809	-6.3%
Personnel expenses	46,152	46,772	-1.3%	185,127	186,702	-0.8%
Property, plant and equipment written off (Note 1)	599	232	158.2%	3,244	2,691	20.5%

N.M. - Not meaningful

Notes:

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

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

	Group		Company	
	31.12.2017 \$'000	31.12.2016 \$'000	31.12.2017 \$'000	31.12.2016 \$'000
Non-current assets				
Property, plant and equipment	169,097	180,663	73,228	71,252
Investment property	39,463	22,984	-	-
Intangible assets	6,089	6,433	-	-
Investment securities	72,068	72,878	-	825
Investment in subsidiaries	-	-	24,418	24,296
Investment in associates	26,682	27,033	-	-
Investment in joint ventures	10,040	8,234	-	-
Other receivables	1,107	1,413	-	-
Due from related corporations	-	-	30,692	26,768
Deferred tax assets	2,559	2,749	-	-
	<u>327,105</u>	<u>322,387</u>	<u>128,338</u>	<u>123,141</u>

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Current assets				
Investment securities	12,886	17,222	-	-
Inventories	9,721	9,806	-	-
Trade and other receivables	57,823	57,472	2,417	4,269
Prepayments	6,771	4,824	92	123
Due from related corporations	1,073	1,094	105,149	61,885
Amount due from minority shareholders of subsidiaries (non-trade)	525	509	-	-
Cash and cash equivalents	141,245	120,589	1,278	8,486
	<u>230,044</u>	<u>211,516</u>	<u>108,936</u>	<u>74,763</u>
Current liabilities				
Trade and other payables	88,118	86,404	2,175	1,955
Other liabilities	80,918	69,612	7,588	3,971
Provision for reinstatement cost	15,846	14,417	27	27
Due to related corporations	3,826	3,903	57,787	30,674
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	19,237	7,215	10,000	-
Current portion of long-term loans	37,864	24,238	4,122	4,122
Tax payable	10,660	9,854	565	551
	<u>256,669</u>	<u>215,843</u>	<u>82,264</u>	<u>41,300</u>
Net current (liabilities)/assets	(26,625)	(4,327)	26,672	33,463
Non-current liabilities				
Long-term loans	50,533	74,857	35,676	39,798
Notes payables	75,000	75,000	75,000	75,000
Loan from a minority shareholder of a subsidiary	508	549	-	-
Other liabilities	9,392	11,385	-	-
Deferred tax liabilities	4,576	4,324	2,391	1,791
	<u>140,009</u>	<u>166,115</u>	<u>113,067</u>	<u>116,589</u>
Net assets	<u>160,471</u>	<u>151,945</u>	<u>41,943</u>	<u>40,015</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(460)	(587)	(460)	(587)
Accumulated profits	98,933	93,966	8,332	6,779
Other reserves	3,216	5,328	768	520
	<u>134,992</u>	<u>132,010</u>	<u>41,943</u>	<u>40,015</u>
Non-controlling interests	25,479	19,935	-	-
Total equity	<u>160,471</u>	<u>151,945</u>	<u>41,943</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 31.12.2017	
Secured	Unsecured
\$'000	\$'000
36,502	20,799

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

Amount repayable after one year

As at 31.12.2017	
Secured	Unsecured
\$'000	\$'000
49,740	76,301

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

Details of any collateral

- (1) As at 31 December 2017, a total amount of \$97.1 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	
	4Q 2017	4Q 2016	12M 2017	12M 2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	10,129	10,550	40,964	29,716
Adjustments for:				
Amortisation of intangible assets	108	146	437	514
Allowance for inventory obsolescence	5	84	5	84
Bad debts written off	15	1,565	15	1,565
Depreciation of property, plant and equipment	8,707	15,440	40,045	51,688
Dividend income from quoted investment equity	(57)	(36)	(57)	(36)
Fair value gain on investment property	(118)	(2)	(118)	(2)
Gain on disposal of intangible assets	(54)	-	(54)	-
Gain on divestment of investment securities	(76)	-	(8,714)	(8,841)
(Gain)/loss on disposal of property, plant and equipment	(195)	(1,417)	(2,334)	345
(Write back)/impairment loss on property, plant and equipment	123	779	(438)	779
Impairment loss on investment in associates	1,800	-	1,800	-
Impairment loss on investment securities	-	41	-	208
Intangible assets written off	-	187	-	320
Interest expense	1,786	1,354	5,420	5,931
Interest income	(1,097)	(421)	(2,234)	(1,162)
Inventories written off	-	29	7	18
Property, plant and equipment written off	599	232	3,244	2,691
Share based payment expenses	99	1	375	163
Share of results of associates	212	1,387	883	1,960
Share of results of joint ventures	(277)	(360)	(1,097)	(1,130)
(Write back)/impairment loss on trade receivables	209	-	250	(181)
(Write back)/impairment loss on other receivables	-	(275)	85	87
Write back of provision for reinstatement cost	(16)	(241)	(82)	(292)
Exchange differences	(644)	(5,675)	1,139	2,688
Operating cash flow before working capital changes	21,258	23,368	79,541	87,113

	Group		Group	
	4Q 2017	4Q 2016	12M 2017	12M 2016
	\$'000	\$'000	\$'000	\$'000
(Increase)/decrease in:				
Amount due from associate (trade)	-	-	(3)	-
Amount due from joint ventures (trade)	345	(89)	466	(189)
Inventories	736	(83)	73	(30)
Prepayments	1,871	(555)	(1,947)	902
Trade and other receivables	(1,657)	(4,555)	(511)	(1,944)
Increase/(decrease) in:				
Amount due to a joint venture (trade)	(178)	403	(214)	279
Other liabilities	9,828	2,883	10,374	11,158
Trade and other payables	3,451	2,944	6,763	(5,704)
Cash generated from operations	35,654	24,316	94,542	91,585
Tax paid	(346)	(2,407)	(10,124)	(9,100)
Net cash flow from operating activities	35,308	21,909	84,418	82,485
Cash flows from investing activities				
Additions to intangible assets	(32)	(320)	(55)	(375)
Amount due from joint ventures (non-trade)	(20)	(322)	(441)	140
Amount due to joint ventures (non-trade)	(50)	(45)	(104)	(59)
Amount due to associates (non-trade)	198	(56)	239	(839)
Cash paid for reinstatement expenses	(308)	(423)	(927)	(2,339)
Dividends received from a joint venture	-	-	348	363
Dividends received from an associate	-	-	-	98
Dividend income from quoted investment security	57	36	57	36
Interest income received	1,018	480	2,155	3,066
Investment in an associate	(40)	-	(2,273)	(2,769)
Investment in a joint venture	-	-	(1,005)	-
Proceeds from disposal of property, plant and equipment	274	(26)	3,361	30
Proceeds from divestment of investment securities	633	-	27,438	16,334
Purchase of investment property	(16,681)	-	(16,681)	-
Purchase of property, plant and equipment	(13,651)	(1,295)	(37,087)	(31,935)
Purchase of investment securities	(5,571)	-	(12,886)	-
Net cash flow used in investing activities	(34,173)	(1,971)	(37,861)	(18,249)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	540	-	(1,163)
Dividends paid to minority shareholders of a subsidiary	(3,444)	(1,640)	(3,444)	(1,640)
Dividends paid to shareholders of the company	(2,814)	-	(16,881)	(8,015)
Interest paid	(1,786)	(1,354)	(5,420)	(5,931)
Proceeds from long-term loans	13,500	-	13,500	3,602
Proceeds from short-term loans	19,320	2,710	37,657	8,039
Proceeds from term notes	-	-	-	75,000
Purchase of treasury shares	-	(133)	-	(830)
Repayment of loan due to minority shareholder	(8)	30	(42)	11
Repayment of long-term loans	(2,447)	(8,329)	(24,126)	(67,839)
Repayment of short-term loans	(6,999)	(5,033)	(25,691)	(39,407)
Net cash flow from/(used in) financing activities	15,322	(13,209)	(24,447)	(38,173)
Net increase in cash and cash equivalents	16,457	6,729	22,110	26,063
Effect of exchange rate changes on cash and cash equivalents	24	1,363	(1,454)	(370)
Cash and cash equivalents at beginning of financial period	124,764	112,497	120,589	94,896
Cash and cash equivalents at end of financial period	141,245	120,589	141,245	120,589

Note A: Cash and cash equivalents comprise:

	Group	
	31.12.2017	31.12.2016
	\$'000	\$'000
Cash on hand and at bank	139,789	115,572
Short term FD	1,456	5,017
	<u>141,245</u>	<u>120,589</u>

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

Attributable to Shareholders of the Company

Group	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 2017	33,303	(587)	93,966	5,328	132,010	19,935	151,945
Profit for the period	-	-	16,781	-	16,781	5,821	22,602
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	17	17	-	17
Foreign currency translation	-	-	-	(1,406)	(1,406)	-	(1,406)
Total other comprehensive income, net of tax	-	-	-	(1,389)	(1,389)	-	(1,389)
Total comprehensive income for the period	-	-	16,781	(1,389)	15,392	5,821	21,213
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	-	-	-	-	-
Share-based payments	-	-	-	276	276	-	276
Dividends paid	-	-	(14,067)	-	(14,067)	-	(14,067)
Purchase of treasury shares	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-	-	-
Total contributions by and distributions to owners	-	127	(14,067)	149	(13,791)	-	(13,791)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(719)	(719)	719	-
Issuance of new shares to non-controlling interest	-	-	-	-	-	200	200
Total changes in ownership interests in a subsidiary	-	-	-	(719)	(719)	919	200
Balance at 30 September 2017	33,303	(460)	96,680	3,369	132,892	26,675	159,567
Profit for the period	-	-	5,067	-	5,067	2,248	7,315
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(2)	(2)	-	(2)
Foreign currency translation	-	-	-	(250)	(250)	-	(250)
Total other comprehensive income, net of tax	-	-	-	(252)	(252)	-	(252)
Total comprehensive income for the period	-	-	5,067	(252)	4,815	2,248	7,063
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	-	-	-	-	-
Share-based payments	-	-	-	99	99	-	99
Dividends paid	-	-	(2,814)	-	(2,814)	(3,444)	(6,258)
Purchase of treasury shares	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(2,814)	99	(2,715)	(3,444)	(6,159)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	-	-
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
Balance at 31 December 2017	33,303	(460)	98,933	3,216	134,992	25,479	160,471

Group	Attributable to Shareholders of the Company				Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000			
Balance at 1 January 2016	33,303	(378)	90,545	5,728	129,198	17,226	146,424
Profit for the period	-	-	7,006	-	7,006	4,725	11,731
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	(1,786)	(1,786)	-	(1,786)
Total other comprehensive income, net of tax	-	-	-	(1,786)	(1,786)	-	(1,786)
Total comprehensive income for the period	-	-	7,006	(1,786)	5,220	4,725	9,945
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	161	161	-	161
Dividends paid	-	-	(8,015)	-	(8,015)	-	(8,015)
Purchase of treasury shares	-	(696)	-	-	(696)	-	(696)
Treasury shares transferred on vesting of restricted share grant	-	80	-	(80)	-	-	-
Total contributions by and distributions to owners	-	(616)	(8,015)	81	(8,550)	-	(8,550)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	111	111	(1,812)	(1,701)
Total changes in ownership interests in a subsidiary	-	-	-	111	111	(1,812)	(1,701)
Balance at 30 September 2016	33,303	(994)	89,536	4,134	125,979	20,139	146,118
Profit for the period	-	-	4,430	-	4,430	1,436	5,866
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	1,192	1,192	-	1,192
Total other comprehensive income, net of tax	-	-	-	1,192	1,192	-	1,192
Total comprehensive income for the period	-	-	4,430	1,192	5,622	1,436	7,058
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	2	2	-	2
Dividends paid	-	-	-	-	-	(1,640)	(1,640)
Purchase of treasury shares	-	(134)	-	-	(134)	-	(134)
Treasury shares transferred on vesting of restricted share grant	-	541	-	-	541	-	541
Total contributions by and distributions to owners	-	407	-	2	409	(1,640)	(1,231)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
Balance at 31 December 2016	33,303	(587)	93,966	5,328	132,010	19,935	151,945

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
As at 1 January 2017	33,303	(587)	6,779	520	40,015
Profit for the period	-	-	10,674	-	10,674
Total comprehensive income for the period	-	-	10,674	-	10,674
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	276	276
Dividend paid	-	-	(14,067)	-	(14,067)
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-
Total contributions by and distributions to owners	-	127	(14,067)	149	(13,791)
Balance at 30 September 2017	33,303	(460)	3,386	669	36,898
Profit for the period	-	-	7,760	-	7,760
Total comprehensive income for the period	-	-	7,760	-	7,760
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	99	99
Dividend paid	-	-	(2,814)	-	(2,814)
Total contributions by and distributions to owners	-	-	(2,814)	99	(2,715)
Balance at 31 December 2017	33,303	(460)	8,332	768	41,943

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	-	-	6,561	-	6,561
Total comprehensive income for the period	-	-	6,561	-	6,561
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	161	161
Dividends paid	-	-	(8,015)	-	(8,015)
Purchase of treasury shares	-	(696)	-	-	(696)
Treasury shares transferred on vesting of restricted share grant	-	80	-	(80)	-
Total contributions by and distributions to owners	-	(616)	(8,015)	81	(8,550)
Balance at 30 September 2016	33,303	(994)	3,921	518	36,748
Profit for the period	-	-	2,858	-	2,858
Total comprehensive income for the period	-	-	2,858	-	2,858
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	2	2
Dividends paid	-	-	-	-	-
Purchase of treasury shares	-	(134)	-	-	(134)
Treasury shares transferred on vesting of restricted share grant	-	541	-	-	541
Total contributions by and distributions to owners	-	407	-	2	409
Balance at 31 December 2016	33,303	(587)	6,779	520	40,015

Note B: Other reserves

	Group		Company	
	31.12.2017 \$000	31.12.2016 \$000	31.12.2017 \$000	31.12.2016 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	1,641	3,295	-	-
Fair value adjustment reserve	15	-	-	-
Capital reserve	177	177	177	177
Share based compensation reserve	591	343	591	343
Premium on acquisition of non-controlling interests	(2,162)	(1,441)	-	-
	3,216	5,328	768	520

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 4Q 2017. There were a total of 457,954 treasury shares held as at 31 December 2017 (31 December 2016: 579,060). The Company did not have any subsidiary holdings or other convertibles as at 31 December 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 31 December 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			
	4Q 2017	4Q 2016	12M 2017	12M 2016
Balance at beginning of financial period	457,954	1,079,060	579,060	337,570
Purchase of treasury shares	-	-	-	816,400
Treasury shares transferred on vesting of restricted share grant	-	-	(121,106)	(74,910)
Treasury shares transferred on acquisition of non controlling interest	-	(500,000)	-	(500,000)
Balance at end of financial period	<u>457,954</u>	<u>579,060</u>	<u>457,954</u>	<u>579,060</u>

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	
	4Q 2017	4Q 2016	12M 2017	12M 2016
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	1.80 cents	1.57 cents	7.76 cents	4.07 cents
Weighted average number of ordinary shares	281,435,284	281,314,178	281,394,915	281,300,341
(b) On a fully diluted basis	1.80 cents	1.57 cents	7.75 cents	4.06 cents
Adjusted weighted average number of ordinary shares	281,992,676	281,425,718	281,840,844	281,411,716

7. Net asset value (for the issuer and the group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net asset value per ordinary share based on issued share capital as at the end of period	57.0 cents	54.0 cents	14.9 cents	14.2 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 December 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 FY2017 declined 2.5% Y/Y from \$615.0 million to \$599.7 million in line with our consolidation strategy for FY2017. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group declined 3.5% Y/Y to \$84.4 million with EBITDA margin steady at 14.1% (FY2016: 14.2%), primarily due to weaker operating profit at the Bakery Division. Profit After Tax and Minority Interests ("PATMI") for FY2017 improved 91.0% from \$11.4 million to \$21.8 million. PATMI margin rose to 3.6% (FY2016: 1.9%).

FY2017 saw the recognition of \$9.3 million in net capital gain from the divestment of the Group's investment in TripleOne Somerset during 1Q FY2017, while FY2016 saw the recognition of \$8.8 million in net capital gain from the divestment of 112 Katong Mall during 1Q FY2016. Excluding one-off items, core Food & Beverage (F&B) business net profit for FY2017 would have been \$17.7 million, an improvement of 153.3% from a net profit of \$7.0 million in FY2016.

Bakery Division revenue declined 3.2% Y/Y to \$297.2 million during FY2017, attributed to lower revenue from direct operated stores at Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from China due to the planned early termination of 8 franchisees during the year. There were 20 less direct operated stores Y/Y, at 240, following the re-classification of the 8 outlets in Malaysia in 4Q FY2017 to franchise, as well as closures in Singapore and China. Franchise outlets ended the year at 631, 29 more Y/Y due to the addition of the re-classified outlets from Malaysia as well

as more outlet openings by our Indonesia, Philippines and Thailand franchisees. EBITDA for the Division declined 20.5% to \$23.2 million, with EBITDA margin at 7.8% (FY2016: 9.5%) primarily due to lower profitability at our Singapore and Shanghai direct operated stores, and lower high-margin revenue contribution from the China franchise business.

Food Atrium Division revenue was 5.4% Y/Y lower at \$149.3 million as number of outlets decreased by 4 Y/Y. The same store sales growth momentum for the entire portfolio of food atrium outlets was strong, especially in China. The two new outlets that opened in Shenzhen during 4Q FY2017, at MIXC World and Uniwalk had not made significant revenue contribution for the year due to the short operating period, but are expected to do so in FY2018. EBITDA improved 51.6% Y/Y to \$25.1 million with EBITDA margin improving from 10.5% to 16.8%.

Restaurant Division revenue rose 2.2% Y/Y to \$140.7 million with the addition of one new outlet during the year in Thailand. EBITDA rose in tandem by 2.1% Y/Y to \$30.1 million as EBITDA margin kept steady at 21.4% (FY2016: 21.4%), despite having incurred some costs related to the start-up of our first Din Tai Fung outlet in London during the financial year. The outlet is expected to be operational in 3Q FY2018.

4orth Division is a new business division incorporated with the objective of incubating new Food & Beverage (F&B) business concepts, as well as enter into joint ventures or other forms of collaboration with good potential F&B partners, with whom we would take these F&B businesses to the regional level. The Division ended the year with revenue of \$7.9 million and EBITDA of \$0.5 million, translating to an EBITDA margin of 6.8%. The conversion of Ramen Play outlets into Sō started in March 2017 and completed in September 2017, so the Y/Y comparative figures for this Division are not meaningful.

Despite a rising interest rate environment, overall interest expense for the Group declined 8.6% Y/Y to \$5.4 million, through our discipline in maintaining a healthy gearing level. Our active treasury management efforts also saw an improvement in interest income for the Group by 92.3% Y/Y from \$1.2 million to \$2.2 million.

Tax expense also declined 8.8% from \$12.1 million to \$11.0 million, translating to an improvement in effective tax rate from 40.8% to 27.0%, attributed to the turning around in some of our China businesses during FY2017 from loss making to profitable, thereby utilising earlier accumulated tax credits.

Earnings per share (EPS) on a fully diluted basis for FY2017 was 7.75 cents compared to 4.06 cents for FY2016.

Net asset value (NAV) per share was 57.0 cents as at 31 December 2017 compared to 54.0 cents as at 31 December 2016.

Number of outlets including franchise under the Group:

	31.12.2017	31.12.2016	Net increase / (decrease)
Bakery	871	862	1.0%
- Direct operated stores	240	260	-7.7%
- Franchise	631	602	4.8%
Food Atrium	53	57	-7.0%
Restaurant	25	24	4.2%
4orth	5	6	-16.7%
Others	2	2	0.0%

(B) Balance Sheet

As at 31 December 2017,

Non-current assets increased by \$4.7 million or 1.5% from \$322.4 million to \$327.1 million mainly due to increase in investment property by \$16.5 million and offset by a decrease in property, plant and equipment by \$11.6 million due to depreciation.

Current assets increased by \$18.5 million or 8.8% from \$211.5 million to \$230.0 million mainly due to increase in:

- (i) cash and cash equivalents by \$20.7 million; and
- (ii) prepayments by \$1.9 million;

offset by a decrease in investment securities by \$4.3 million.

Current liabilities increased by \$40.8 million or 18.9% from \$215.8 million to \$256.7 million mainly due to increase in:

- (i) current portion of long term loans by \$13.6 million; and
- (ii) short term loans by \$12.0 million; and
- (iii) other liabilities by \$11.3 million; and
- (iv) trade and other payables by \$1.7 million; and
- (v) provision for reinstatement cost by \$1.4 million.

Non-current liabilities decreased by \$26.1 million or 15.7% from \$166.1 million to \$140.0 million mainly due to decrease in:

- (i) long term loans by \$24.3 million; and
- (ii) other liabilities by \$2.0 million.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$84.4 million in FY2017, an improvement of \$1.9 million from the \$82.5 million generated in FY2016, once again a testimony to the underlying strength of the core business.

Net cash flow used in investing activities was \$37.9 million in FY2017. Net cash flow was used primarily in the purchase of property, plant and equipment amounting to \$37.1 million and purchase of investment property amounting to \$16.7 million.

In FY2017, there was a net borrowing of \$1.3 million compared to the net repayment of \$20.6 million in FY2016. During the period, the Group also paid out \$20.3 million in dividends. As a result, net cash flow used in financing activities in FY2017 was \$24.4 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$22.1 million in FY2017, ending the period with a cash and cash equivalents of \$141.2 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the 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

In FY2017, our Bakery business invested significant efforts to consolidate and turnaround some underperforming direct operated stores in China and Singapore. In addition, the Management has taken a strategic decision to revamp the Toast Box product in China to better suit the local Chinese palate and meet the consumers' mobile lifestyle. Concerted efforts are also ongoing to bring excitement to our BreadTalk customers with refreshed concepts and new products in the next year.

The Food Atrium Division ended FY2017 with a record low vacant stalls rate of below 2%, which laid the foundation for stronger revenue momentum in FY2018. With the success of the first direct operated restaurant concept at Shanghai Tower, the Division is looking to transform its business model ahead with the opening of more direct operated restaurants that are smaller in outlet area and potentially higher profit margin in nature.

While we expect to open our first London Din Tai Fung outlet in 4Q FY2018, the Management team is also staying focused on deepening our reach in our existing Singapore and Thailand markets to further optimise economies of scale. As of January 2018, two new outlets have already been opened, namely at the newly opened Northpoint City in Singapore and at Thonglor in Bangkok, Thailand.

Our 4orh Division business had a good start in FY2017 with the successful launch of Sō, rebranding all five Ramen Play outlets and turning the business profitable.

Heading into FY2018, our first joint venture Song Fa Bak Kut Teh outlet in Jing An Kerry Centre officially opened on 26 January 2018 to great fanfare by our customers in Shanghai. This initial success has given us strong confidence in powering ahead with our outlet opening plans for the Song Fa brand in other parts of Shanghai as well as the other partnered cities in China and Thailand. The Management is also working hard to potentially bring on-board other renowned F&B brands and innovative dining concepts to the 4orh Division array of brands, which is in line with the original objective of the 4orh division.

Looking into 2018, the Management team is excited to kick-start our partnership with Shinmei Corporation, following our JV signing on 22 December 2017. The team will be working intensively with our partners in FY2018 to improve our procurement efforts, generate greater economies of scale, cost savings and new dining concepts for our core F&B businesses.

11. Dividend

(a) Current Financial Period Reported On

Name of dividend	Special (paid)	Interim (paid)	Special (recommended)	Final (recommended)
Dividend type	Cash	Cash	Cash	Cash
Dividend amount per ordinary share	2.0 Singapore cents (tax exempt one-tier)	2.0 Singapore cents (tax exempt one-tier)	1.0 Singapore cent (tax exempt one-tier)	2.0 Singapore cents (tax exempt one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	Special (paid)	Interim (paid)	Final (paid)
Dividend type	Cash	Cash	Cash
Dividend amount per ordinary share	1.35 Singapore cents (tax exempt one-tier)	0.5 Singapore cent (tax exempt one-tier)	2.0 Singapore cents (tax exempt one-tier)

(c) Date payable

15 May 2018, subject to shareholders' approval at the upcoming Annual General Meeting on 20 April 2018.

(d) Books closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 3 May 2018 ("Book Closure Date") for the purpose of determining members' entitlement to the special and final 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 3 May 2018 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	292	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	394	

14. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Frankie Quek Sw ee Heng	51	Brother of George Quek Meng Tong (Group Chairman & Substantial Shareholder)	Head, Real Estate with effect from 1 July 2017, responsible for leasing arrangements in Singapore, and the management of BreadTalk IHQ building	Country CEO (ASEAN) with effect from 15 October 2013 to 30 June 2017, responsible for Administration, Legal and R&D matters of operations in ASEAN

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.

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) By Business Segments

	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
<u>12M 2017</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	297,188	149,346	140,732	7,859	-	4,622	-	599,747
Inter-segment sales	369	3,143	-	-	-	-	(3,512)	-
Total revenue	297,557	152,489	140,732	7,859	-	4,622	(3,512)	599,747
Results								
Profit from operations	9,631	8,897	24,434	(332)	12,658	(11,141)	(211)	43,936
Interest income	51	307	1,243	3	1,428	2,156	(2,954)	2,234
Interest expense	(785)	(418)	(2)	(22)	(4,793)	(2,382)	2,982	(5,420)
Share of associates' results	-	-	-	-	-	(883)	-	(883)
Share of joint ventures'	873	224	-	-	-	-	-	1,097
Segment profit	9,770	9,010	25,675	(351)	9,293	(12,250)	(183)	40,964
Tax expense								(11,047)
Profit after tax								29,917
Segment assets	173,045	134,912	115,226	27,804	106,310	154,603	(157,310)	554,590
Deferred tax assets								2,559
Total Assets								557,149
Segment liabilities	133,580	133,927	26,564	29,380	25,127	172,407	(139,543)	381,442
Tax payable								10,660
Deferred tax liabilities								4,576
Total liabilities								396,678
Investment in associate	40	-	-	-	-	26,642	-	26,682
Investment in joint ventures	9,138	902	-	-	-	-	-	10,040
Additions to non-current assets ⁽³⁾	7,025	11,821	7,841	231	-	5,823	-	32,741
Depreciation & Amortisation	13,560	16,205	5,699	865	1,959	2,194	-	40,482
Other non-cash expenses	2,138	1,013	134	321	-	375	-	3,981

(a) **By Business Segments (cont'd)**

	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
12M 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	306,864	157,901	137,662	7,838	-	4,730	-	614,995
Inter-segment sales	436	3,112	-	-	-	-	(3,548)	-
Total revenue	<u>307,300</u>	<u>161,013</u>	<u>137,662</u>	<u>7,838</u>	<u>-</u>	<u>4,730</u>	<u>(3,548)</u>	<u>614,995</u>
Results								
Profit from operations	11,462	(7,005)	23,095	(649)	13,295	(3,815)	(1,068)	35,315
Interest income	37	399	875	3	795	1,267	(2,214)	1,162
Interest expense	(722)	(772)	(6)	(12)	(4,968)	(993)	1,542	(5,931)
Share of associates' results	-	-	-	-	-	(1,960)	-	(1,960)
Share of joint ventures'	887	243	-	-	-	-	-	1,130
Segment profit	<u>11,664</u>	<u>(7,135)</u>	<u>23,964</u>	<u>(658)</u>	<u>9,122</u>	<u>(5,501)</u>	<u>(1,740)</u>	<u>29,716</u>
Tax expense								<u>(12,119)</u>
Profit after tax								<u><u>17,597</u></u>
Segment assets	157,823	130,726	105,956	4,365	184,139	105,209	(157,064)	531,154
Deferred tax assets								<u>2,749</u>
Total Assets								<u><u>533,903</u></u>
Segment liabilities	115,790	134,676	26,483	16,636	156,230	79,582	(161,617)	367,780
Tax payable								<u>9,854</u>
Deferred tax liabilities								<u>4,324</u>
Total liabilities								<u><u>381,958</u></u>
Investment in associate	-	-	-	-	-	27,033	-	27,033
Investment in joint ventures	7,574	660	-	-	-	-	-	8,234
Additions to non-current assets ⁽³⁾	15,884	8,807	5,179	37	-	2,491	-	32,398
Depreciation & Amortisation	17,719	23,566	6,423	927	1,811	1,756	-	52,202
Other non-cash expenses	1,629	5,180	57	21	-	353	-	7,240

(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Singapore	340,624	336,481	143,559	127,865
Mainland China	163,895	174,530	55,687	62,205
Hong Kong	53,908	66,385	8,731	12,676
Rest of the world	41,320	37,599	6,672	7,334
	<u>599,747</u>	<u>614,995</u>	<u>214,649</u>	<u>210,080</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 associated companies.

(3) Non-current assets information presented above consist of property, plant and equipment, investment property and intangible assets.

17. Breakdown of revenue and profit after tax

	Group		
	FY 2017	FY 2016	Increase
	\$'000	\$'000	(%)
(a) Sales reported for first half year	295,195	304,330	-3.0%
(b) Operating profit after tax before deducting minority interests reported for first half year	16,436	6,377	157.7%
(c) Sales reported for second half year	304,552	310,665	-2.0%
(d) Operating profit after tax before deducting minority interests reported for second half year	13,481	11,220	20.2%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Annual Dividend (in \$ million)	FY2017	FY 2016
Ordinary dividend		
- Interim	5.6	1.4
- Final #	5.6	5.6
Special dividend		
- Paid	5.6	3.8
- Recommended#	2.8	
Total:	19.6	10.8

2017 recommended Special and Final dividend are estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year.

BY ORDER OF THE BOARD

Ms. Shirley Tan Sey Liy
Company Secretary
22 February 2018