

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Year Ended 31 March 2018

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 March 2018. The figures presented below have not been audited.

	Group		Increase/ (Decrease)
	1Q 2018	1Q 2017 (Restated)	
	\$'000	\$'000	
Revenue	148,534	147,741	0.5%
Cost of sales	<u>(65,377)</u>	<u>(66,675)</u>	-1.9%
Gross profit	83,157	81,066	2.6%
Other income	7,096	15,204	-53.3%
Interest income	831	417	99.3%
Distribution and selling expenses	(60,452)	(59,787)	1.1%
Administrative expenses	(22,173)	(20,790)	6.7%
Interest expense	(2,490)	(1,371)	81.6%
Profit before tax and share of results of joint ventures	<u>5,969</u>	<u>14,739</u>	-59.5%
Share of results of associates	(259)	190	N.M
Share of results of joint ventures	<u>275</u>	<u>189</u>	45.5%
Profit before tax	5,985	15,118	-60.4%
Taxation	<u>(2,401)</u>	<u>(2,570)</u>	-6.6%
Profit after tax	<u><u>3,584</u></u>	<u><u>12,548</u></u>	-71.4%
Attributable to:			
Shareholders of the Company	1,180	10,805	-89.1%
Non-controlling interests	<u>2,404</u>	<u>1,743</u>	37.9%
	<u><u>3,584</u></u>	<u><u>12,548</u></u>	-71.4%
Other comprehensive income:			
Net gain on available-for-sale financial assets	(4)	11	N.M
Foreign currency translation	(84)	(997)	-91.6%
Other comprehensive (loss) income for the period, net of tax	<u>(88)</u>	<u>(986)</u>	-91.1%
Total comprehensive income for the period	<u><u>3,496</u></u>	<u><u>11,562</u></u>	-69.8%
Attributable to:			
Shareholders of the Company	1,092	9,819	-88.9%
Non-controlling interests	<u>2,404</u>	<u>1,743</u>	37.9%
	<u><u>3,496</u></u>	<u><u>11,562</u></u>	-69.8%

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

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

	Group		Increase/ (Decrease)
	1Q 2018	1Q 2017 (Restated)	
	\$'000	\$'000	
Depreciation and amortisation	8,693	10,641	-18.3%
Foreign exchange (gain)/loss, net	(130)	636	N.M.
(Gain)/loss on disposal of property, plant and equipment	8	(1,771)	N.M.
Gain on divestment of investment securities	-	(8,601)	N.M.
Government grant	(929)	(838)	10.9%
Fair value gain on investment securities	(321)	-	N.M.
Impairment/(Write back) of loan and receivables			
- trade receivables	-	41	N.M.
- other receivables	87	86	1.2%
Operating lease expenses	34,769	35,263	-1.4%
Personnel expenses	46,132	47,205	-2.3%
Property, plant and equipment written off (Note 1)	706	294	140.1%

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	
	31.3.2018	31.12.2017 (Restated)	1.1.2017 (Restated)	31.3.2018	31.12.2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	165,206	169,097	180,663	73,527	73,228
Investment property	39,840	39,463	22,984	-	-
Intangible assets	6,020	6,089	6,433	-	-
Investment securities	123,984	72,068	72,878	-	-
Investment in subsidiaries	-	-	-	24,456	24,418
Investment in associates	26,460	26,682	27,033	-	-
Investment in joint ventures	10,537	10,040	8,234	-	-
Other receivables	1,108	1,107	1,413	-	-
Due from related corporations	-	-	-	30,692	30,692
Deferred tax assets	2,618	2,559	2,749	-	-
	<u>375,773</u>	<u>327,105</u>	<u>322,387</u>	<u>128,675</u>	<u>128,338</u>

	31.3.2018	Group 31.12.2017 (Restated)	1.1.2017 (Restated)	Company	
	\$'000	\$'000	\$'000	31.3.2018 \$'000	31.12.2017 \$'000
Current assets					
Investment securities	18,221	12,886	17,222	-	-
Inventories	10,589	9,721	9,806	-	-
Trade and other receivables	50,848	51,953	52,049	4,003	2,417
Prepayments	6,256	6,771	4,824	118	92
Tax recoverable	204	280	-	-	-
Due from related corporations	569	1,128	1,094	112,484	105,149
Amount due from minority shareholders of subsidiaries (non-trade)	535	525	509	-	-
Cash and cash equivalents	210,642	141,245	120,589	19,999	1,278
	<u>297,864</u>	<u>224,509</u>	<u>206,093</u>	<u>136,604</u>	<u>108,936</u>
Current liabilities					
Trade and other payables	87,511	90,326	86,404	2,198	2,175
Other liabilities	71,189	78,710	69,612	7,367	7,588
Provision for reinstatement cost	15,781	15,846	14,417	27	27
Due to related corporations	3,028	3,881	3,903	7,377	57,787
Loan from a minority shareholder of a subsidiary	200	200	200	-	-
Short term loans	18,291	19,237	7,215	10,000	10,000
Current portion of long-term loans	34,713	37,864	24,238	3,348	4,122
Tax payable	12,566	10,660	9,854	916	565
	<u>243,279</u>	<u>256,724</u>	<u>215,843</u>	<u>31,233</u>	<u>82,264</u>
Net current (liabilities)/assets	54,585	(32,215)	(9,750)	105,371	26,672
Non-current liabilities					
Long-term loans	32,151	50,533	74,857	18,531	35,676
Notes payables	175,000	75,000	75,000	175,000	75,000
Loan from a minority shareholder of a subsidiary	498	508	549	-	-
Other liabilities	8,640	9,392	11,385	-	-
Deferred tax liabilities	4,579	4,576	4,324	2,391	2,391
	<u>220,868</u>	<u>140,009</u>	<u>166,115</u>	<u>195,922</u>	<u>113,067</u>
Net assets	<u>209,490</u>	<u>154,881</u>	<u>146,522</u>	<u>38,124</u>	<u>41,943</u>
Share capital and reserves					
Share capital	33,303	33,303	33,303	33,303	33,303
Treasury shares	(247)	(460)	(587)	(247)	(460)
Accumulated profits	145,537	93,343	88,543	4,414	8,332
Other reserves	3,014	3,216	5,328	654	768
	<u>181,607</u>	<u>129,402</u>	<u>126,587</u>	<u>38,124</u>	<u>41,943</u>
Non-controlling interests	27,883	25,479	19,935	-	-
Total equity	<u>209,490</u>	<u>154,881</u>	<u>146,522</u>	<u>38,124</u>	<u>41,943</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 31.3.2018		
Secured		Unsecured
\$'000		\$'000
35,498		17,706

As at 31.12.2017		
Secured		Unsecured
\$'000		\$'000
36,502		20,799

Amount repayable after one year

As at 31.3.2018		
Secured		Unsecured
\$'000		\$'000
32,151		175,498

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

Details of any collateral

- (1) As at 31 March 2018, a total amount of \$193.2 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

	1Q 2018	Group 1Q 2017 (Restated)
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	5,985	15,118
Adjustments for:		
Amortisation of intangible assets	99	95
Allowance for inventory obsolescence	-	-
Bad debts written off	16	-
Depreciation of property, plant and equipment	8,594	10,546
Gain on divestment of investment securities	-	(8,601)
(Gain)/loss on disposal of property, plant and equipment	8	(1,771)
(Write back)/impairment loss on property, plant and equipment	(23)	-
Fair value gain on investment securities	(321)	-
Interest expense	2,490	1,371
Interest income	(831)	(417)
Property, plant and equipment written off	706	294
Share based payment expenses	99	30
Share of results of associates	259	(190)
Share of results of joint ventures	(275)	(189)
(Write back)/impairment loss on trade receivables	-	41
(Write back)/impairment loss on other receivables	87	86
Exchange differences	(778)	2,764
Operating cash flow before working capital changes	16,115	19,177

	Group	
	1Q 2018	1Q 2017 (Restated)
	\$'000	\$'000
(Increase)/decrease in:		
Amount due from associate (trade)	(2)	(3)
Amount due from joint ventures (trade)	(55)	102
Inventories	(868)	(175)
Prepayments	515	(754)
Trade and other receivables	695	4,198
Increase/(decrease) in:		
Amount due to a joint venture (trade)	(190)	(544)
Other liabilities	(8,149)	(1,098)
Trade and other payables	(1,407)	(3,290)
Cash generated from operations	<u>6,654</u>	<u>17,613</u>
Tax paid	(476)	(1,177)
Net cash flow from operating activities	<u>6,178</u>	<u>16,436</u>
Cash flows from investing activities		
Additions to intangible assets	(27)	(1)
Amount due from joint ventures (non-trade)	560	(159)
Amount due to joint ventures (non-trade)	(31)	(43)
Amount due to associates (non-trade)	(575)	(39)
Cash paid for reinstatement expenses	(215)	(68)
Interest income received	831	417
Investment in an associate	-	(1,424)
Proceeds from disposal of property, plant and equipment	9	2,302
Proceeds from divestment of investment securities	-	1,326
Purchase of property, plant and equipment	(6,446)	(12,189)
Purchase of investment securities	(6,012)	-
Net cash flow used in investing activities	<u>(11,906)</u>	<u>(9,878)</u>
Cash flows from financing activities		
Interest paid	(2,490)	(1,371)
Proceeds from long-term loans	365	-
Proceeds from short-term loans	25,293	9,144
Proceeds from medium term notes	100,000	-
Repayment of loan due to minority shareholder	(10)	(18)
Repayment of long-term loans	(21,893)	(16,713)
Repayment of short-term loans	(26,316)	(7,797)
Net cash flow from/(used in) financing activities	<u>74,949</u>	<u>(16,755)</u>
Net increase in cash and cash equivalents	69,221	(10,197)
Effect of exchange rate changes on cash and cash equivalents	176	(1,122)
Cash and cash equivalents at beginning of financial period	141,245	120,589
Cash and cash equivalents at end of financial period	<u>210,642</u>	<u>109,270</u>

Note A: Cash and cash equivalents comprise:

	Group	
	31.3.2018	31.12.2017
	\$'000	\$'000
Cash on hand and at bank	210,636	141,239
Short term FD	6	6
	<u>210,642</u>	<u>141,245</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 2018, as previously reported	33,303	(460)	98,933	3,216	134,992	25,479	160,471
Impact of adopting SFRS(I) 9	-	-	51,014	-	51,014	-	51,014
Impact of adopting SFRS(I) 15	-	-	(5,590)	-	(5,590)	-	(5,590)
Balance at 1 January 2018 (Restated)	33,303	(460)	144,357	3,216	180,416	25,479	205,895
Profit for the period	-	-	1,180	-	1,180	2,404	3,584
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(4)	(4)	-	(4)
Foreign currency translation	-	-	-	(84)	(84)	-	(84)
Total other comprehensive income, net of tax	-	-	-	(88)	(88)	-	(88)
Total comprehensive income for the period	-	-	1,180	(88)	1,092	2,404	3,496
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	99	99	-	99
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-	-	-
Total contributions by and distributions to owners	-	213	-	(114)	99	-	99
Balance at 31 March 2018	33,303	(247)	145,537	3,014	181,607	27,883	209,490

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, as previously reported	33,303	(587)	93,966	5,328	132,010	19,935	151,945
Impact of adopting SFRS(l) 15	-	-	(5,423)	-	(5,423)	-	(5,423)
Balance at 1 January 2017 (Restated)	33,303	(587)	88,543	5,328	126,587	19,935	146,522
Profit for the period (Restated)	-	-	10,805	-	10,805	1,743	12,548
<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)
Total comprehensive income for the period	-	-	10,805	(986)	9,819	1,743	11,562
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	30	30	-	30
Total contributions by and distributions to owners	-	-	-	30	30	-	30
Balance at 31 March 2017	33,303	(587)	99,348	4,372	136,436	21,678	158,114

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
Balance at 1 January 2018, as previously reported	33,303	(460)	8,332	768	41,943
Profit for the period	-	-	(3,018)	-	(3,018)
Total comprehensive income for the period	-	-	(3,018)	-	(3,018)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	99	99
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-
Total contributions by and distributions to owners	-	213	-	(114)	99
Balance at 31 March 2018	33,303	(247)	5,314	654	39,024

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
Balance at 1 January 2017, as previously reported	33,303	(587)	6,779	520	40,015
Profit for the period	-	-	899	-	899
Total comprehensive income for the period	-	-	899	-	899
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	30	30
Total contributions by and distributions to owners	-	-	-	30	30
Balance at 31 March 2017	33,303	(587)	7,678	550	40,944

Note B: Other reserves

	Group		Company	
	31.3.2018 \$000	31.3.2017 \$000	31.3.2018 \$000	31.3.2017 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	1,555	1,639	-	-
Fair value adjustment reserve	11	15	-	-
Capital reserve	177	177	177	177
Share based compensation reserve	477	591	477	591
Premium on acquisition of non-controlling interests	(2,160)	(2,160)	-	-

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 1Q 2018. There were a total of 254,688 treasury shares held as at 31 March 2018 (31 March 2017: 579,060). The Company did not have any subsidiary holdings or other convertibles as at 31 March 2018.

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 March 2018, the Company's issued and paid up capital, excluding 254,688 (31 December 2017: 457,954) treasury shares held, comprises 281,638,550 (31 December 2017: 281,435,284) 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	
	1Q 2018	1Q 2017
Balance at beginning of financial period	457,954	579,060
Treasury shares transferred on vesting of restricted share grant	(203,266)	-
Balance at end of financial period	254,688	579,060

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 Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group and Company has adopted the new financial reporting framework on 1 January 2018 and adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective on 1 January 2018.

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

Other than the adoption of SFRS(I) which are effective for its financial year beginning 1 January 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact to the Group's and the Company's financial statements in the year of initial application. The impact of adopting the following SFRS(I) which are effective for financial year beginning 1 January 2018, are detailed as follows:

SFRS(I) 1 – First-time adoption of Singapore Financial Reporting Standards (International)

On transition to SFRS(I), the Group restated comparative periods financial statements to retrospectively apply SFRS(I) where applicable, except where SFRS(I) 1 specifically prohibited such retrospective applications and where optional exemptions from retrospective applications were elected.

SFRS(I) 9 – Financial Instruments

The Group and Company adopted SFRS(I) 9 and elected to apply the standard prospectively from effective date and recognized the difference between the previous carrying amount and the carrying amount at the beginning of the year in the opening retained earnings.

SFRS(I) 15 – Revenue from Contracts with Customers

The Group and Company adopted SFRS(I) 15 using the full retrospective approach and applied all practical expedients available.

Summary of Impact

Group \$'000	Adjustments arising from:			1 January 2017 (Restated)
	1 January 2017	SFRS(I) 9	SFRS(I) 15	
Current Assets				
Trade and Other Receivables	57,472	-	(5,423)	52,049
Equity				
Accumulated Profits	93,966	-	(5,423)	88,543

Group \$'000	Adjustments arising from:			31 December 2017 (Restated)
	31 December 2017	SFRS(I) 9	SFRS(I) 15	
Current Assets				
Trade and Other Receivables	57,543	-	(5,590)	51,953
Equity				
Accumulated Profits	98,933	-	(5,590)	93,343

Group \$'000	Adjustments arising from:			3M 2017 (Restated)
	3M 2017	SFRS(I) 9	SFRS(I) 15	
Profit and Loss				
Revenue	147,626	-	115	147,741

Group \$'000	Adjustments arising from:			1 January 2018 (Restated)
	1 January 2018	SFRS(I) 9	SFRS(I) 15	
Current Assets				
Trade and Other Receivables	57,542	(307)	(5,590)	51,645
Investment Securities	12,886	(383)	-	12,503
Non Current Assets				
Investment Securities	72,068	51,704	-	123,772
Equity				
Accumulated Profits	98,933	51,014	(5,590)	144,357

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	
	1Q 2018	1Q 2017 (Restated)
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	0.42 cent	3.84 cents
Weighted average number of ordinary shares	281,503,039	281,314,178
(b) On a fully diluted basis	0.42 cent	3.84 cents
Adjusted weighted average number of ordinary shares	281,660,431	281,425,718

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	
	31.3.2018	31.12.2017 (Restated)	31.3.2018	31.12.2017
Net asset value per ordinary share based on issued share capital as at the end of period	74.4 cents	57.0 cents	13.5 cents	14.9 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 March 2018 is computed based on the total number of issued shares (excluding 254,688 treasury shares) of 281,638,550 (31 December 2017: 281,435,284).

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 1Q FY2018 rose 0.5% Y/Y from \$147.7 million to \$148.5 million, in line with our plan to cautiously restart our outlet expansion following two years of business consolidation. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group declined 38% Y/Y to \$16.3 million with EBITDA margin at 11.0% (1Q FY2017: 17.8%).

Profit After Tax and Minority Interests ("PATMI") for 1Q FY2018 declined 89.1% from \$10.8 million to \$1.2 million, as 1Q FY2017 saw the recognition of \$9.3 million in capital gain from the divestment of the Group's investment in TripleOne Somerset. During the quarter, the Group brought forward the early closure of 8 Bakery outlets in China and 1 Food Atrium outlet in Hangzhou.

Excluding effects of the capital gain and the assets write off, core Food & Beverage (F&B) business net profit for 1Q FY2018 saw an increase of 89.4% from \$1.6 million to \$2.9 million, despite weaker profitability at the Bakery Division and initial start-up losses at the 4orth Division.

Bakery Division revenue declined 4.5% Y/Y to \$70.4 million during 1Q FY2018, attributed to lower revenue from direct operated stores at Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from China. As at the end of 1Q FY2018, there were 254 China franchise outlets across 28 cities compared with 278 outlets across 36 cities as at the end of 1Q FY2017. EBITDA for the Division declined 31.0% Y/Y to \$3.8 million, with EBITDA margin at 5.4% (1Q FY2017: 7.4%).

Food Atrium Division revenue grew 3.3% Y/Y to \$37.5 million, despite having 4 less outlets than a year ago, driven by strong same store sales growth momentum across the entire portfolio. EBITDA declined 3.7% to \$5.3 million with EBITDA margin slightly lower at 14.1% (1Q FY2017: 15.1%), dragged down by the Hangzhou outlet closure but mitigated by higher revenue.

Restaurant Division revenue rose 6.2% Y/Y to \$36.9 million with the addition of 3 more outlets – 1 in Singapore and 2 in Thailand, compared to 1Q FY2017. EBITDA improved 24.4% to \$8.7 million despite higher staff cost as well as administrative expenses in the lead up to the opening of our first Din Tai Fung outlet in the United Kingdom in the fourth quarter of this year. EBITDA margin improved from 20.1% to 23.5%.

4orth Division turned in a revenue of \$2.7 million for 1Q FY2018. The business division currently comprises 5 outlets of So Ramen in Singapore and 1 outlet of Song Fa Bak Kut Teh ("Song Fa") in Shanghai, China. The Y/Y comparison is therefore not meaningful as the results for 1Q FY2017 were related to the now defunct RamenPlay brand. The Division reports an EBITDA loss of \$0.1 million primarily attributed to pre-opening expenses at Song Fa.

Overall interest expense for the Group increased 81.6% Y/Y to \$2.5 million, with interest income rising 99.3% to 0.8 million. We have commenced the accrual of interest expense related to the \$100 million of 5-year, 4.00% Medium Term Note issued in January 2018, which will be primarily deployed to the capital expenditure that we have planned for the financial year.

Earnings per share (EPS) on a fully diluted basis for 1Q FY2018 was 0.42 cent compared to 3.84 cents for 1Q FY2017.

Net asset value (NAV) per share was 74.4 cents as at 31 March 2018 compared to 57.0 cents as at 31 December 2017.

Number of outlets including franchise under the Group:

	31.3.2018	31.12.2017	Net increase / (decrease)	31.3.2017	Net increase / (decrease)
Bakery	857	871	-1.6%	855	0.2%
- Direct operated stores	231	240	-3.8%	261	-11.5%
- Franchise	626	631	-0.8%	594	5.4%
Food Atrium	53	53	0.0%	57	-7.0%
Restaurant	27	25	8.0%	24	12.5%
4orth	6	5	20.0%	6	0.0%
Total	943	954	-1.2%	942	0.1%

(B) Balance Sheet

As at 31 March 2018,

Non-current assets increased by \$48.7 million or 14.9% from \$327.1 million to \$375.8 million mainly due to increase in investment securities by \$51.9 million and offset by a decrease in property, plant and equipment by \$3.9 million due to depreciation. The large increase in investment securities arose due to the restatement effect upon adoption of the SFRS(I) 9 on 1 January 2018.

Current assets increased by \$73.4 million or 32.7% from \$224.5 million to \$297.9 million mainly due to increase in:

- (i) cash and cash equivalents by \$69.4 million; and
- (ii) investment securities by \$5.3 million;

offset by a decrease in prepayments by \$0.5 million.

Current liabilities decreased by \$13.4 million or 5.2% from \$256.7 million to \$243.3 million mainly due to increase in:

- (i) current portion of long term loans by \$3.2 million; and
- (ii) other liabilities by \$7.5 million; and
- (iii) trade and other payables by \$2.8 million.

Non-current liabilities increased by \$80.9 million or 57.8% from \$140.0 million to \$220.9 million mainly due to increase in notes payable by \$100.0 million and offset by a decrease in long term loans \$18.4 million.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$6.2 million in 1Q FY2018, demonstrating the underlying strength of the core business to generate positive cash flow.

Net cash flow used in investing activities was \$11.9 million in 1Q FY2018. Net cash flow was used primarily in the purchase of property, plant and equipment amounting to \$6.4 million and purchase of investment securities amounting to \$6.0 million.

In 1Q FY2018, aside from the proceeds of \$100.0 million from the issuance of the Medium Term Note, there was a net repayment of loans amounting to \$22.6 million compared to the net repayment of \$15.4 million in 1Q FY2017. The Group continues its effort to pare down borrowings. As a result, net cash flow generated in financing activities in 1Q FY2018 was \$74.9 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$69.2 million in 1Q FY2018, ending the period with a cash and cash equivalents of \$210.6 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

The Group had a busy 1Q FY2018. In January 2018, we announced the award of our BreadTalk franchise right in Delhi and National Capital Region, India, to Bakekneads LLP, a member of the Som Datt Group. The same month also saw the official opening of our first Song Fa Bak Ku Teh outlet in Shanghai Jing An Kerry Centre, following 6 full months of intensive preparations since the signing of the joint venture (JV) agreement with Song Fa Holdings Pte Ltd in July 2017.

In March 2018, we entered into a JV agreement with renowned Taiwanese bakery brand, Wu Pao Chun Bakery to bring their products into 4 major China cities – Beijing, Shanghai, Shenzhen and Guangzhou, with future plans to extend the JV into Singapore and Hong Kong. During the same month, we also marked the entry of our Toast Box brand into Indonesia following our JV agreement with PT. Pura Indah Berkas.

The Group will stay focused on deepening the penetration of our existing markets and leverage our regional platform to bring more new food concepts and brands into our portfolio to drive our growth. We also expect to see better procurement cost outcomes as our BTG-Shinmei Venture commences its procurement operations soon.

The management team continues to reiterate our commitment to build a strong foundation for the next leg of growth for the Company so that it will be sustainable in the long term. We expect short term earnings volatility as certain capital and operating expenditures will need to be incurred and invested to realise our medium to long term goals.

11. 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
3M 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	70,366	37,485	36,895	2,691	-	1,097	-	148,534
Inter-segment sales	331	807	-	-	-	-	(1,138)	-
Total revenue	<u>70,697</u>	<u>38,292</u>	<u>36,895</u>	<u>2,691</u>	<u>-</u>	<u>1,097</u>	<u>(1,138)</u>	<u>148,534</u>
Results								
Profit from operations	991	2,055	7,092	(319)	747	(2,893)	(45)	7,628
Interest income	60	34	333	2	447	614	(659)	831
Interest expense	(212)	(86)	(13)	(13)	(1,296)	(1,529)	659	(2,490)
Share of associates' results	(65)	-	-	-	-	(194)	-	(259)
Share of joint ventures'	182	93	-	-	-	-	-	275
Segment profit	<u>956</u>	<u>2,096</u>	<u>7,412</u>	<u>(330)</u>	<u>(102)</u>	<u>(4,002)</u>	<u>(45)</u>	<u>5,985</u>
Tax expense								(2,401)
Profit after tax								<u>3,584</u>
Segment assets	157,875	124,990	120,133	24,578	140,985	189,118	(86,864)	670,815
Tax recoverable								204
Deferred tax assets								2,618
Total Assets								<u>673,637</u>
Segment liabilities	122,651	122,925	23,987	26,262	25,672	215,780	(90,275)	447,002
Tax payable								12,566
Deferred tax liabilities								4,579
Total liabilities								<u>464,147</u>
Investment in associate	-	-	-	-	-	26,460	-	26,460
Investment in joint ventures	9,512	1,025	-	-	-	-	-	10,537
Additions to non-current assets ⁽³⁾	368	1,879	1,663	79	-	1,103	-	5,092
Depreciation & Amortisation	2,778	3,235	1,588	213	501	378	-	8,693
Other non-cash expenses	127	681	99	-	-	-	-	907

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

3M 2017 (Restated)	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	73,680	36,305	34,732	1,900	-	1,124	-	147,741
Inter-segment sales	338	475	-	-	-	-	(813)	-
Total revenue	<u>74,018</u>	<u>36,780</u>	<u>34,732</u>	<u>1,900</u>	<u>-</u>	<u>1,124</u>	<u>(813)</u>	<u>147,741</u>
Results								
Profit from operations	1,914	873	5,658	(49)	10,493	(3,196)	-	15,693
Interest income	32	108	234	1	303	398	(659)	417
Interest expense	(197)	(145)	-	(3)	(1,191)	(480)	645	(1,371)
Share of associates' results	-	-	-	-	-	190	-	190
Share of joint ventures'	135	54	-	-	-	-	-	189
Segment profit	<u>1,884</u>	<u>890</u>	<u>5,892</u>	<u>(51)</u>	<u>9,605</u>	<u>(3,088)</u>	<u>(14)</u>	<u>15,118</u>
Tax expense								<u>(2,570)</u>
Profit after tax								<u><u>12,548</u></u>
Segment assets	158,929	122,541	107,310	13,728	190,780	90,741	(171,345)	512,684
Deferred tax assets								2,719
Total Assets								<u><u>515,403</u></u>
Segment liabilities	124,357	124,646	22,143	17,234	152,573	83,927	(183,169)	341,711
Tax payable								11,345
Deferred tax liabilities								4,235
Total liabilities								<u><u>357,291</u></u>
Investment in associate	-	-	-	-	-	28,647	-	28,647
Investment in joint ventures	7,636	700	-	-	-	-	-	8,336
Additions to non-current assets ⁽³⁾	2,503	3,490	380	-	-	294	-	6,667
Depreciation & Amortisation	3,545	4,620	1,319	138	495	524	-	10,641
Other non-cash expenses	331	(1,682)	-	-	-	30	-	(1,321)

(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2018	2017 (Restated)	2018	2017
	\$'000	\$'000	\$'000	\$'000
Singapore	85,777	77,096	141,409	124,715
Mainland China	40,288	41,342	54,568	59,863
Hong Kong	12,066	13,563	8,071	11,302
Rest of the world	10,403	15,740	7,018	6,772
	<u>148,534</u>	<u>147,741</u>	<u>211,066</u>	<u>202,652</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.

12.) Dividend

(a) Current Financial Period Reported On

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	Special
Dividend type	Cash
Dividend amount per ordinary share	2.0 Singapore cents (tax exempt one-tier)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable

13. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable.

14. 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	289	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	89	

15. Negative confirmation by the board pursuant to Rule 705(5) of the SGX Listing Manual

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the financial results for the first quarter ended 31 March 2018 of the Group and the Company to be false or misleading in any material aspect.

16. 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 May 2018