

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Third Quarter and Period Ended 30 September 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 third quarter and period ended 30 September 2018. The figures presented below have not been audited.

	Group			Group		
	3Q 2018	3Q 2017 (Restated)	Increase/ (Decrease)	9M 2018	9M 2017 (Restated)	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Revenue	157,657	154,084	2.3%	455,023	449,485	1.2%
Cost of sales	<u>(68,523)</u>	<u>(69,162)</u>	-0.9%	<u>(199,526)</u>	<u>(200,842)</u>	-0.7%
Gross profit	89,134	84,922	5.0%	255,497	248,643	2.8%
Other income	10,844	5,255	106.4%	24,624	26,135	-5.8%
Interest income	509	423	20.3%	2,519	1,137	121.5%
Distribution and selling expenses	(62,051)	(59,249)	4.7%	(183,421)	(179,341)	2.3%
Administrative expenses	(28,643)	(21,363)	34.1%	(70,977)	(62,220)	14.1%
Interest expense	(2,396)	(1,119)	114.1%	(7,308)	(3,634)	101.1%
Profit before tax and share of results of joint ventures	<u>7,397</u>	<u>8,869</u>	-16.6%	<u>20,934</u>	<u>30,720</u>	-31.9%
Share of results of associates	(117)	(278)	-57.9%	(747)	(671)	11.3%
Share of results of joint ventures	<u>(206)</u>	<u>256</u>	N.M	<u>(101)</u>	<u>820</u>	N.M
Profit before tax	7,074	8,847	-20.0%	20,086	30,869	-34.9%
Taxation	<u>(3,162)</u>	<u>(2,853)</u>	10.8%	<u>(8,181)</u>	<u>(8,233)</u>	-0.6%
Profit after tax	<u><u>3,912</u></u>	<u><u>5,994</u></u>	-34.7%	<u><u>11,905</u></u>	<u><u>22,636</u></u>	-47.4%
Attributable to:						
Shareholders of the Company	2,696	3,806	-29.2%	6,311	16,815	-62.5%
Non-controlling interests	<u>1,216</u>	<u>2,188</u>	-44.4%	<u>5,594</u>	<u>5,821</u>	-3.9%
	<u><u>3,912</u></u>	<u><u>5,994</u></u>	-34.7%	<u><u>11,905</u></u>	<u><u>22,636</u></u>	-47.4%
Other comprehensive income:						
Net gain on available-for-sale financial assets	-	-	N.M	(6)	17	N.M
Foreign currency translation	<u>(556)</u>	<u>(134)</u>	314.9%	<u>(209)</u>	<u>(1,406)</u>	-85.1%
Other comprehensive (loss) income for the period, net of tax	<u>(556)</u>	<u>(134)</u>	314.9%	<u>(215)</u>	<u>(1,389)</u>	-84.5%
Total comprehensive income for the period	<u><u>3,356</u></u>	<u><u>5,860</u></u>	-42.7%	<u><u>11,690</u></u>	<u><u>21,247</u></u>	-45.0%
Attributable to:						
Shareholders of the Company	2,140	3,672	-41.7%	6,096	15,426	-60.5%
Non-controlling interests	<u>1,216</u>	<u>2,188</u>	-44.4%	<u>5,594</u>	<u>5,821</u>	-3.9%
	<u><u>3,356</u></u>	<u><u>5,860</u></u>	-42.7%	<u><u>11,690</u></u>	<u><u>21,247</u></u>	-45.0%

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

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

	Group			Group		
	3Q 2018	3Q 2017 (Restated)	Increase/ (Decrease)	9M 2018	9M 2017 (Restated)	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Depreciation and amortisation	10,963	10,556	3.9%	28,919	31,667	-8.7%
Foreign exchange loss/(gain), net	146	15	873.3%	324	600	-46.0%
Loss/(gain) on disposal of property, plant and equipment	5	(409)	N.M.	(49)	(2,176)	-97.7%
Loss/(gain) on divestment of investment securities	(415)	(37)	1021.6%	1,470	(8,638)	N.M.
Government grant	(186)	(200)	-7.0%	(1,126)	(1,461)	-22.9%
Fair value gain on investment securities	-	-	N.M.	(321)	-	N.M.
Impairment/(Write back) of loan and receivables						
- trade receivables	(33)	-	N.M.	(211)	41	N.M.
- other receivables	(148)	(3)	N.M.	193	85	127.1%
Operating lease expenses	46,952	32,034	46.6%	116,007	101,625	14.2%
Personnel expenses	48,954	46,687	4.9%	140,270	138,975	0.9%
Property, plant and equipment written off (Note 1)	574	1,060	-45.8%	2,037	2,645	-23.0%

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

	30.9.2018	Group	1.1.2017	Company	31.12.2017
		31.12.2017 (Restated)	(Restated)	30.9.2018	31.12.2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	162,341	169,097	180,663	76,937	73,228
Investment property	38,753	39,463	22,984	-	-
Intangible assets	5,735	6,089	6,433	-	-
Investment securities	129,762	72,068	72,878	-	-
Investment in subsidiaries	-	-	-	24,494	24,418
Investment in associates	26,485	26,682	27,033	-	-
Investment in joint ventures	10,066	10,040	8,234	-	-
Other receivables	1,121	1,107	1,413	-	-
Due from related corporations	-	-	-	30,692	30,692
Deferred tax assets	2,504	2,559	2,749	-	-
	<u>376,767</u>	<u>327,105</u>	<u>322,387</u>	<u>132,123</u>	<u>128,338</u>

	30.9.2018	Group	1.1.2017	Company	
	\$'000	31.12.2017 (Restated) \$'000	(Restated) \$'000	30.9.2018 \$'000	31.12.2017 \$'000
Current assets					
Investment securities	5,000	12,886	17,222	-	-
Inventories	10,980	9,721	9,806	-	-
Trade and other receivables	56,783	51,953	52,049	1,786	2,417
Prepayments	7,728	6,771	4,824	223	92
Tax recoverable	252	280	-	-	-
Due from related corporations	326	1,128	1,094	152,436	105,149
Amount due from minority shareholders of subsidiaries (non-trade)	1,145	525	509	-	-
Cash and cash equivalents	210,672	141,245	120,589	2,464	1,278
	<u>292,886</u>	<u>224,509</u>	<u>206,093</u>	<u>156,909</u>	<u>108,936</u>
Current liabilities					
Trade and other payables	86,236	90,326	86,404	2,341	2,175
Other liabilities	75,768	78,710	69,612	7,034	7,588
Provision for reinstatement cost	15,904	15,846	14,417	27	27
Due to related corporations	2,076	3,881	3,903	19,687	57,787
Loan from a minority shareholder of a subsidiary	629	200	200	-	-
Short term loans	31,908	19,237	7,215	26,500	10,000
Notes payables	75,000	-	-	75,000	-
Current portion of long-term loans	17,089	37,864	24,238	3,348	4,122
Tax payable	9,687	10,660	9,854	896	565
	<u>314,297</u>	<u>256,724</u>	<u>215,843</u>	<u>134,833</u>	<u>82,264</u>
Net current (liabilities)/assets	(21,411)	(32,215)	(9,750)	22,076	26,672
Non-current liabilities					
Long-term loans	29,174	50,533	74,857	16,857	35,676
Notes payables	100,000	75,000	75,000	100,000	75,000
Loan from a minority shareholder of a subsidiary	519	508	549	-	-
Other liabilities	8,407	9,392	11,385	-	-
Deferred tax liabilities	4,275	4,576	4,324	2,391	2,391
	<u>142,375</u>	<u>140,009</u>	<u>166,115</u>	<u>119,248</u>	<u>113,067</u>
Net assets	<u>212,981</u>	<u>154,881</u>	<u>146,522</u>	<u>34,951</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	139,404	93,343	88,543	1,141	8,332
Other reserves	4,040	3,216	5,328	754	768
	<u>176,500</u>	<u>129,402</u>	<u>126,587</u>	<u>34,951</u>	<u>41,943</u>
Non-controlling interests	36,481	25,479	19,935	-	-
Total equity	<u>212,981</u>	<u>154,881</u>	<u>146,522</u>	<u>34,951</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 30.9.2018		
Secured		Unsecured
\$'000		\$'000
20,783		103,843

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

Amount repayable after one year

As at 30.9.2018		
Secured		Unsecured
\$'000		\$'000
29,174		100,519

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

Details of any collateral

- (1) As at 30 September 2018, a total amount of \$204.4 million of the Group's bank borrowings are unsecured.
- (2) The remaining bank loans are secured by the following:
 - a closed legal mortgage in favour of the bank over the property at Private Lot A0135906 at Plot 1A, Tai Seng Street in Paya Lebar Industrial Estate;
 - certain investment securities.
 - certain machineries and equipment

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	3Q 2018	3Q 2017 (Restated)	9M 2018	9M 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	7,074	8,847	20,086	30,869
Adjustments for:				
Amortisation of intangible assets	94	102	302	329
Bad debts written off	(16)	-	(15)	-
Depreciation of property, plant and equipment	10,869	10,454	28,617	31,338
Loss/(gain) on divestment of investment securities	(415)	(37)	1,470	(8,638)
(Gain)/loss on disposal of property, plant and equipment	5	(372)	(49)	(2,139)
(Write back)/impairment loss on property, plant and equipment	(23)	(329)	(70)	(561)
Fair value gain on investment securities	-	-	(321)	-
Intangible assets written off	77	-	77	-
Interest expense	2,396	1,119	7,308	3,634
Interest income	(509)	(423)	(2,519)	(1,137)
Inventories written off	-	2	1	7
Property, plant and equipment written off	574	1,060	2,037	2,645
Share based payment expenses	40	100	199	276
Share of results of associates	117	278	747	671
Share of results of joint ventures	206	(256)	101	(820)
(Write back)/impairment loss on trade receivables	(33)	-	(211)	41
(Write back)/impairment loss on other receivables	(148)	(3)	193	85
(Write back)/write down of inventories	179	-	9	-
Write back of provision for reinstatement cost	-	(24)	(83)	(66)
Exchange differences	180	(198)	(246)	1,783
Operating cash flow before working capital changes	20,667	20,320	57,633	58,317

	Group		Group	
	3Q 2018	3Q 2017 (Restated)	9M 2018	9M 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
(Increase)/decrease in:				
Amount due from associate (trade)	-	-	9	(3)
Amount due from joint ventures (trade)	-	(91)	(55)	121
Inventories	39	(984)	(1,270)	(663)
Prepayments	(401)	(2,300)	(956)	(3,818)
Trade and other receivables	975	(1,872)	(3,907)	1,112
Increase/(decrease) in:				
Amount due to a joint venture (trade)	(53)	155	(528)	(36)
Other liabilities	2,962	2,842	(3,725)	546
Trade and other payables	(1,170)	3,640	(3,093)	3,312
Cash generated from operations	23,019	21,710	44,108	58,888
Tax paid	(4,489)	(4,450)	(9,318)	(9,778)
Net cash flow from operating activities	18,530	17,260	34,790	49,110
Cash flows from investing activities				
Additions to intangible assets	-	-	(28)	(23)
Amount due from joint ventures (non-trade)	19	(301)	794	(421)
Amount due to joint ventures (non-trade)	(3)	29	(38)	(54)
Amount due to associates (non-trade)	(445)	(403)	(1,177)	41
Cash paid for reinstatement expenses	(171)	(387)	(615)	(619)
Dividends received from a joint venture	-	348	-	348
Dividends received from an associate	-	-	60	-
Interest income received	509	423	2,519	1,137
Investment in an associate	(477)	(809)	(477)	(2,233)
Investment in a joint venture	-	-	-	(1,005)
Proceeds from disposal of property, plant and equipment	7	785	110	3,087
Proceeds from divestment of investment securities	3,037	305	20,155	26,805
Purchase of property, plant and equipment	(10,434)	(7,499)	(24,817)	(23,436)
Purchase of investment securities	(3,537)	(7,315)	(19,790)	(7,315)
Net cash flow used in investing activities	(11,495)	(14,824)	(23,304)	(3,688)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	(419)	-
Capital contribution from non-controlling interests	6,263	-	6,263	-
Dividends paid to shareholders of the company	(2,816)	(2,814)	(11,264)	(14,067)
Interest paid	(2,396)	(1,119)	(7,308)	(3,634)
Proceeds from long-term loans	109	-	476	-
Proceeds from short-term loans	16,024	3,358	42,557	18,337
Proceeds from medium term notes	-	-	100,000	-
Repayment of loan due to minority shareholder	2	(8)	431	(34)
Repayment of long-term loans	(19,413)	(2,309)	(42,608)	(21,679)
Repayment of short-term loans	(21)	(2,771)	(29,933)	(18,692)
Net cash flow (used in)/from financing activities	(2,248)	(5,663)	58,195	(39,769)
Net increase in cash and cash equivalents	4,787	(3,227)	69,681	5,653
Effect of exchange rate changes on cash and cash equivalents	(707)	(140)	(254)	(1,478)
Cash and cash equivalents at beginning of financial period	206,592	128,131	141,245	120,589
Cash and cash equivalents at end of financial period	210,672	124,764	210,672	124,764

Note A: Cash and cash equivalents comprise:

	Group	
	30.9.2018	31.12.2017
	\$'000	\$'000
Cash on hand and at bank	210,666	141,239
Short term FD	6	6
	<u>210,672</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

Attributable to Shareholders of the Company

Group	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 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	-	-	3,615	-	3,615	4,378	7,993
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(6)	(6)	-	(6)
Foreign currency translation	-	-	-	347	347	-	347
Total other comprehensive income, net of tax	-	-	-	341	341	-	341
Total comprehensive income for the period	-	-	3,615	341	3,956	4,378	8,334
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	159	159	-	159
Dividends paid	-	-	(8,448)	-	(8,448)	-	(8,448)
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-	-	-
Total contributions by and distributions to owners	-	213	(8,448)	(54)	(8,289)	-	(8,289)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	1,020	1,020
Acquisition of non-controlling interests without a change in control	-	-	-	1,054	1,054	(1,472)	(418)
Total changes in ownership interests in a subsidiary	-	-	-	1,054	1,054	(452)	602
Balance at 30 June 2018	33,303	(247)	139,524	4,557	177,137	29,405	206,542
Profit for the period	-	-	2,696	-	2,696	1,216	3,912
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	(556)	(556)	-	(556)
Total other comprehensive income, net of tax	-	-	-	(556)	(556)	-	(556)
Total comprehensive income for the period	-	-	2,696	(556)	2,140	1,216	3,356
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	39	39	-	39
Dividends paid	-	-	(2,816)	-	(2,816)	-	(2,816)
Total contributions by and distributions to owners	-	-	(2,816)	39	(2,777)	-	(2,777)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	5,860	5,860
Total changes in ownership interests in a subsidiary	-	-	-	-	-	5,860	5,860
Balance at 30 September 2018	33,303	(247)	139,404	4,040	176,500	36,481	212,981

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(I) 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)	-	-	13,009	-	13,009	3,633	16,642
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	17	17	-	17
Foreign currency translation	-	-	-	(1,272)	(1,272)	-	(1,272)
Total other comprehensive income, net of tax	-	-	-	(1,255)	(1,255)	-	(1,255)
Total comprehensive income for the period	-	-	13,009	(1,255)	11,754	3,633	15,387
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	176	176	-	176
Dividends paid	-	-	(11,253)	-	(11,253)	-	(11,253)
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-	-	-
Total contributions by and distributions to owners	-	127	(11,253)	49	(11,077)	-	(11,077)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(719)	(719)	719	-
Total changes in ownership interests in a subsidiary	-	-	-	(719)	(719)	719	-
Balance at 30 June 2017	33,303	(460)	90,299	3,403	126,545	24,287	150,832
Profit for the period (Restated)	-	-	3,806	-	3,806	2,188	5,994
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	(133)	(133)	-	(133)
Total other comprehensive income, net of tax	-	-	-	(133)	(133)	-	(133)
Total comprehensive income for the period	-	-	3,806	(133)	3,673	2,188	5,861
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	100	100	-	100
Dividends paid	-	-	(2,814)	-	(2,814)	-	(2,814)
Total contributions by and distributions to owners	-	-	(2,814)	100	(2,714)	-	(2,714)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	200	200
Total changes in ownership interests in a subsidiary	-	-	-	-	-	200	200
Balance at 30 September 2017	33,303	(460)	91,291	3,370	127,504	26,675	154,179

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	-	-	2,965	-	2,965
Total comprehensive income for the period	-	-	2,965	-	2,965
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	159	159
Dividend paid	-	-	(8,448)	-	(8,448)
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-
Total contributions by and distributions to owners	-	213	(8,448)	(54)	(8,289)
Balance at 30 June 2018	33,303	(247)	2,849	714	36,619
Profit for the period	-	-	1,108	-	1,108
Total comprehensive income for the period	-	-	1,108	-	1,108
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	40	40
Dividend paid	-	-	(2,816)	-	(2,816)
Purchase of treasury shares	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(2,816)	40	(2,776)
Balance at 30 September 2018	33,303	(247)	1,141	754	34,951

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	-	-	11,597	-	11,597
Total comprehensive income for the period	-	-	11,597	-	11,597
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	176	176
Dividends paid	-	-	(11,253)	-	(11,253)
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-
Total contributions by and distributions to owners	-	127	(11,253)	49	(11,077)
Balance at 30 June 2017	33,303	(460)	7,123	569	40,535
Profit for the period	-	-	(923)	-	(923)
Total comprehensive income for the period	-	-	(923)	-	(923)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	100	100
Dividends paid	-	-	(2,814)	-	(2,814)
Total contributions by and distributions to owners	-	-	(2,814)	100	(2,714)
Balance at 30 September 2017	33,303	(460)	3,386	669	36,898

Note B: Other reserves

	Group		Company	
	30.9.2018 \$000	30.9.2017 \$000	30.9.2018 \$000	30.9.2017 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	1,432	1,891	-	-
Fair value adjustment reserve	9	17	-	-
Capital reserve	178	178	178	178
Share based compensation reserve	576	491	576	491
Premium on acquisition of non-controlling interests	(1,109)	(2,161)	-	-
	4,040	3,370	754	669

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

Share Capital - Ordinary Shares	Number of Ordinary Shares	Issued and Paid-up Share Capital S\$000
At 1 January 2018	281,638,550	33,303
Shares arising from share split ¹	281,638,550	-
At 30 September 2018	563,277,100	33,303

Note: ¹ On 17 May 2018, the Company completed the share split of every one (1) ordinary share in the capital of the company into two (2) ordinary shares. The Company now has an issued and paid-up share capital of approximately \$33,302,915, comprising 563,786,476 shares (30 Sep 2017: 563,786,476), including 509,376 treasury shares (30 September 2017: 915,908) as at 30 September 2018. The Company did not have any subsidiary holdings or other convertibles as at 30 September 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 30 September 2018, the Company's issued and paid up capital, excluding 509,376 (31 December 2017: 915,908) treasury shares held, comprises 563,277,100 (31 December 2017: 562,870,568) ordinary shares as adjusted for the share split.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon

	Number of Treasury Shares			
	3Q 2018	3Q 2017	9M 2018	9M 2017
Balance at beginning of financial period as adjusted for share split	509,376	915,908	915,908	1,158,120
Treasury shares transferred on vesting of restricted share grant as adjusted for share split	-	-	(406,532)	(242,212)
Balance at end of financial period as adjusted for share split	509,376	915,908	509,376	915,908

Note: The treasury shares for the current and prior financial periods have been adjusted for the increase in the number of treasury shares resulting from the share split.

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:			9M 2017 (Restated)
	9M 2017	SFRS(I) 9	SFRS(I) 15	
Profit and Loss				
Revenue	449,451	-	34	449,485

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		Group	
	3Q 2018	3Q 2017 (Restated)	9M 2018	9M 2017 (Restated)
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.48 cent	0.68 cent	1.34 cents	3.59 cents
Weighted average number of ordinary shares	563,277,100	562,870,568	469,352,413	468,991,526
(b) On a fully diluted basis	0.48 cent	0.68 cent	1.34 cents	3.58 cents
Adjusted weighted average number of ordinary shares	563,591,884	563,185,352	469,614,733	469,238,562

Note: For better comparison of the Group's financial performance, the weighted average number of ordinary shares for the current and prior financial periods has been adjusted for the increase in the number of ordinary shares resulting from the share split.

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	
	30.9.2018	31.12.2017 (Restated)	30.9.2018	31.12.2017
Net asset value per ordinary share based on issued share capital as at the end of period	37.8 cents	27.5 cents	6.2 cents	7.5 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 September 2018 is computed based on the total number of issued shares (excluding 509,376 treasury shares) of 563,277,100 (31 December 2017: 562,870,568) as adjusted for the share split.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Overview

(A) Statement of Comprehensive Income

Group revenue for 9M FY2018 rose 1.2% Y/Y from \$449.5 million to \$455.0 million, led by growth from the Food Atrium and Restaurant Divisions as well as contribution by the 4orh Division, offset by decline at the Bakery Division. Profit After Tax and Minority Interests ("PATMI") for 9M FY2018 declined 62.5% from \$16.8 million to \$6.3 million, as 9M FY2017 saw the recognition of \$9.3 million in net capital gain from the divestment of the Group's investment in TripleOne Somerset. Excluding the divestment gain, core net profit of the Group would have been 5.2% higher Y/Y.

Bakery Division revenue declined 5.0% Y/Y to \$212.0 million during 9M FY2018, attributed to lower revenue from direct operated stores in Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from China. This was mitigated by stronger revenue from direct operated stores in Singapore and higher international franchise revenue. Direct operated outlet count decreased during 9M FY2018 from 240 to 223, while franchise outlet count decreased from 631 to 616 during the same period, largely due to reduction in China. Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Division declined 16.1% Y/Y to \$15.7 million, with EBITDA margin at 7.4% (9M FY2017: 8.4%), primarily attributed to weaknesses in profitability at the China operations.

Food Atrium Division revenue grew 4.3% Y/Y to \$117.2 million. During 9M FY2018, the Division opened 1 food atrium in Shenzhen and 1 in Hong Kong and closed our only outlet in Hangzhou. Same store sales growth momentum remained strong across the entire portfolio. EBITDA improved 19.2% Y/Y to \$21.1 million with EBITDA margin better at 18.0% (9M FY2017: 15.7%), helped mainly by higher revenue driven by low stall vacancy.

Restaurant Division revenue rose 7.7% Y/Y to \$112.9 million for 9M FY2018, with the addition of 2 more outlets – 1 in Singapore and 1 in Thailand. EBITDA declined slightly by 0.6% Y/Y to \$22.1 million primarily due to certain one-off expenses related to the United Kingdom operations incurred during the third quarter ahead of its official opening in 4Q FY2018. As a result, EBITDA margin declined from 21.2% to 19.6%. Excluding the one-off expenses, both EBITDA and EBITDA margin for the period would have been higher Y/Y.

4orh Division turned in a revenue of \$9.7 million for 9M FY2018. The business division currently comprises 5 Sō Ramen and 1 TaiGai outlets in Singapore, 2 Song Fa Bak Kut Teh ("Song Fa") and 1 Una-Yu outlets in Shanghai, China. The Division reported an EBITDA loss of \$0.8 million primarily attributed to pre-opening expenses incurred during the first nine months ahead of the opening of TaiGai (in September 2018) and the first Wu Pao Chun outlet in Shanghai (in 4Q FY2018). On a standalone basis, Sō Ramen has been contributing positive net profit to the Division during 9M FY2018, compared to a net loss during 9M FY2017, following our successful revamp of the now defunct RamenPlay brand, which was completed in September 2017.

Overall interest expense for 9M FY2018 increased 101% Y/Y to \$7.3 million on higher total debt as the Group issued \$100 million of 5-year, 4.00% Medium Term Note in January 2018, in anticipation of our capital expenditure requirements for FY2018 and FY2019. Plans are already underway for the construction of our new integrated central production facility in China which will provide greater production capacity to support the growth of our existing and new businesses. Notably, close to 70% of the Group's total borrowings are locked in on fixed rate for the next 3 to 5 years, which largely immunizes the Group against the current rising interest rate environment. Through prudent treasury management, interest income also rose 121.5% to \$2.5 million which partially helped to mitigate the impact of higher interest cost.

Share of results of associates and joint ventures were weaker in 9M FY2018, contributing a combined loss of \$0.8 million compared to a profit of \$0.1 million in 9M FY2017.

Earnings per share (EPS) on a fully diluted basis for 9M FY2018 was 1.34 cents compared to 3.58 cents for 9M FY2017.

Net asset value (NAV) per share was 37.8 cents as at 30 September 2018 compared to 27.5 cents as at 31 December 2017.

Number of outlets including franchise under the Group:

	30.9.2018	31.12.2017	Net increase / (decrease)	30.9.2017	Net increase / (decrease)
Bakery	839	871	-3.7%	859	-2.3%
- <i>Direct operated stores</i>	223	240	-7.1%	255	-12.5%
- <i>Franchise</i>	616	631	-2.4%	604	2.0%
Food Atrium	54	53	1.9%	54	0.0%
Restaurant	27	25	8.0%	24	12.5%
4orh	9	5	80.0%	5	80.0%
Total	929	954	-2.6%	942	-1.4%

(B) Balance Sheet

As at 30 September 2018,

Non-current assets increased by \$49.7 million or 15.2% from \$327.1 million to \$376.8 million mainly due to increase in investment securities by \$57.7 million and offset by a decrease in property, plant and equipment by \$6.8 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 \$68.4 million or 30.5% from \$224.5 million to \$292.9 million mainly due to increase in cash and cash equivalents by \$69.4 million; offset by decreased in amount due from related corporations by \$0.8 million.

Current liabilities increased by \$57.6 million or 22.4% from \$256.7 million to \$314.3 million mainly due to notes payable of \$75.0 million which is due on 1 April 2019; offset by decrease in current portion of long term loans by \$20.8 million.

Non-current liabilities increased by \$2.4 million or 1.7% from \$140.0 million to \$142.4 million mainly due to addition of notes payable of \$100.0 million;

offset by a decrease in:

- (i) long term loans by \$21.4 million;
- (ii) other liabilities by \$1.0 million; and
- (iii) notes payable of \$75.0 million which is due on 1 April 2019.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$35.2 million in 9M FY2018, demonstrating the underlying strength of the core business to generate positive cash flow.

Net cash flow used in investing activities was \$23.3 million in 9M FY2018, largely attributed to the purchase of property, plant and equipment as part of capital expenditure, as well as the subscription of shares in Perennial HC Holdings Pte. Ltd.

In 9M FY2018, following the successful issuance of the \$100 million Medium Term Note, the Group repaid \$72.5 million of long and short term loans. During the period, the Group also paid out \$11.3 million in dividends. As a result, net cash flow generated in financing activities in 9M FY2018 was \$58.2 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$69.7 million in 9M FY2018, ending the period with a cash and cash equivalents of \$210.7 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

Year-to-date, the Group saw strong momentum in adding new growth frontiers to our core food and beverage (F&B) businesses, with a series of joint ventures and partnerships summarized as follows.

18 January: Award of BreadTalk franchise right in Delhi and National Capital Region, India, to Bakekneads LLP, a member of the Som Datt Group.

26 January: Official opening of our first Song Fa Bak Kut Teh outlet in Shanghai Jing An Kerry Centre.

12 March: 80-20 joint venture 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

23 March: 70-30 joint venture with PT. Pura Indah Berkas to bring Toast Box brand into Indonesia

25 April: Launch of Una-Yu, an unagi don brand under 4orh Division as an outlet within our Shanghai Tower Food Atrium

21 May: 90-10 joint venture with Shenzhen Pindao (“Pindao”) Food & Beverage Management Co Ltd to bring their popular Nayuki and Tai Gai brands into Singapore and Thailand, with first right of refusal to operate in Malaysia, Indonesia and the Philippines

8 June: Opening of our second Song Fa Bak Kut Teh outlet in Shanghai iAPM mall

27 June: 30-70 joint venture with our current Tibet Autonomous Region BreadTalk franchisee, Ge Ying, to re-enter the Chongqing market

2 July: Added Pindao as a partner to our pre-existing joint venture with Song Fa Bak Kut Teh for Shenzhen and Guangzhou via a 90-10 joint venture between BTG-Pindao Venture Pte. Ltd. and Song Fa Holdings Pte. Ltd. to accelerate outlet expansion for Song Fa in South China

5 September: Opened first TaiGai specialty tea outlet at Serangoon NEX under our 90-10 joint venture with Pindao

As we head into the end of FY2018, the Group remains focused on the execution and delivery of our core and joint venture businesses, including the much anticipated opening of Din Tai Fung in London, our first Wu Pao Chun outlet in Shanghai, our first Song Fa Bak Kut Teh outlet in Beijing, as well as more direct operated restaurant concepts in Thailand.

Our BTG-Shinmei procurement JV which has already commenced operations and we expect it to continue to help the Group drive our cost of production lower going forward.

We may continue to expect short term earnings volatility in certain of our businesses as we strive to streamline the operations in certain underperforming areas while we put in the necessary capital expenditure investment to position the Group for longer term, sustainable growth.

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
9M 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	211,975	117,233	112,861	9,657	-	3,297	-	455,023
Inter-segment sales	1,195	2,425	-	-	-	445	(4,065)	-
Total revenue	213,170	119,658	112,861	9,657	-	3,742	(4,065)	455,023
	-	-	0	0		(0)	(0)	
Results								
Profit from operations	5,536	10,302	17,572	(1,278)	2,441	(8,693)	(157)	25,723
Interest income	212	132	890	8	1,179	1,889	(1,791)	2,519
Interest expense	(562)	(222)	(99)	(41)	(4,537)	(3,637)	1,790	(7,308)
Share of associates' results	(40)	-	-	-	-	(707)	-	(747)
Share of joint ventures'	(334)	233	-	-	-	-	-	(101)
Segment profit	4,812	10,445	18,363	(1,311)	(917)	(11,148)	(158)	20,086
Tax expense								(8,181)
Profit after tax								11,905
Segment assets	162,937	128,936	135,464	50,143	239,513	166,616	(216,712)	666,897
Tax recoverable								252
Deferred tax assets								2,504
Total Assets								669,653
Segment liabilities	133,003	126,091	24,404	41,922	124,393	220,276	(227,379)	442,710
Tax payable								9,687
Deferred tax liabilities								4,275
Total liabilities								456,672
Investment in associate	-	-	-	-	-	26,485	-	26,485
Investment in joint ventures	8,825	1,241	-	-	-	-	-	10,066
Additions to non-current assets ⁽³⁾	9,805	4,632	2,805	1,109	162	5,937	-	24,450
Depreciation & Amortisation	10,181	10,768	4,549	479	1,415	1,527	-	28,919
Other non-cash expenses	191	1,690	-	12	-	1,688	-	3,581

(a) By Business Segments (cont'd)

9M 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	223,104	112,445	104,811	5,705	-	3,420	-	449,485
Inter-segment sales	1,094	1,657	-	-	-	-	(2,751)	-
Total revenue	<u>224,198</u>	<u>114,102</u>	<u>104,811</u>	<u>5,705</u>	<u>-</u>	<u>3,420</u>	<u>(2,751)</u>	<u>449,485</u>
Results								
Profit from operations	7,069	5,484	18,046	(391)	11,473	(8,336)	(128)	33,217
Interest income	37	312	877	2	776	1,353	(2,220)	1,137
Interest expense	(604)	(408)	-	(9)	(3,575)	(1,284)	2,246	(3,634)
Share of associates' results	-	-	-	-	-	(671)	-	(671)
Share of joint ventures'	634	186	-	-	-	-	-	820
Segment profit	<u>7,136</u>	<u>5,574</u>	<u>18,923</u>	<u>(398)</u>	<u>8,674</u>	<u>(8,938)</u>	<u>(102)</u>	<u>30,869</u>
Tax expense								<u>(8,233)</u>
Profit after tax								<u><u>22,636</u></u>
Segment assets	166,424	127,002	119,820	18,577	89,660	137,241	(150,385)	508,339
Deferred tax assets								2,423
Total Assets								<u><u>510,762</u></u>
Segment liabilities	131,873	127,507	26,012	21,717	25,017	171,238	(159,525)	343,839
Tax payable								8,493
Deferred tax liabilities								4,251
Total liabilities								<u><u>356,583</u></u>
Investment in associate	-	-	-	-	-	28,631	-	28,631
Investment in joint ventures	8,813	843	-	-	-	-	-	9,656
Additions to non-current assets ⁽³⁾	6,552	5,133	3,712	1	-	2,471	-	17,869
Depreciation & Amortisation	11,659	12,196	4,213	645	1,469	1,485	-	31,667
Other non-cash expenses	1,527	910	13	321	-	278	-	3,049

(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2018	2017 (Restated)	2018	2017
	\$'000	\$'000	\$'000	\$'000
Singapore	265,038	254,273	139,352	121,085
Mainland China	120,038	123,837	51,146	55,048
Hong Kong	37,292	40,594	9,239	9,356
Rest of the world	32,655	30,781	7,092	6,669
	<u>455,023</u>	<u>449,485</u>	<u>206,829</u>	<u>192,158</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

Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

13. If no dividend has been declared/recommended, 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	314	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	266	

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 third quarter and period ended 30 September 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
5 November 2018