

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Period Ended 31 March 2019

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 period ended 31 March 2019. The figures presented below have not been audited.

	Group		Increase/ (Decrease)
	1Q 2019	1Q 2018	
	\$'000	\$'000	
Revenue	157,609	148,534	6.1%
Cost of sales	<u>(51,149)</u>	<u>(65,377)</u>	-21.8%
Gross profit	106,460	83,157	28.0%
Other income	9,478	7,096	33.6%
Interest income	504	831	-39.4%
Distribution and selling expenses	(83,649)	(60,452)	38.4%
Administrative expenses	(23,230)	(22,173)	4.8%
Interest expense			
<i>borrowings</i>	(2,315)	(2,490)	-7.0%
<i>leases (Note 1)</i>	<u>(3,566)</u>	<u>-</u>	N.M
Profit before tax and share of results of joint ventures	3,682	5,969	-38.3%
Share of results of associates	(47)	(259)	-81.9%
Share of results of joint ventures	<u>18</u>	<u>275</u>	-93.5%
Profit before tax	3,653	5,985	-39.0%
Taxation	<u>(2,452)</u>	<u>(2,401)</u>	2.1%
Profit after tax	<u>1,201</u>	<u>3,584</u>	-66.5%
Attributable to:			
Shareholders of the Company	1,316	1,180	11.5%
Non-controlling interests	<u>(115)</u>	<u>2,404</u>	N.M
	<u>1,201</u>	<u>3,584</u>	-66.5%
Other comprehensive income:			
Net gain on investment securities	-	(4)	N.M
Foreign currency translation	348	(84)	N.M
Other comprehensive (loss) income for the period, net of tax	<u>348</u>	<u>(88)</u>	N.M
Total comprehensive income for the period	<u>1,549</u>	<u>3,496</u>	-55.7%
Attributable to:			
Shareholders of the Company	1,664	1,092	52.4%
Non-controlling interests	<u>(115)</u>	<u>2,404</u>	N.M
	<u>1,549</u>	<u>3,496</u>	-55.7%

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 2019 \$'000	1Q 2018 \$'000	
Depreciation and amortisation			
- property, plant and equipment	9,068	8,693	4.3%
- right-of-use assets (Note 1)	29,027	-	N.M
Foreign exchange (gain)/loss, net	(356)	(130)	173.8%
Loss/(gain) on disposal of property, plant and equipment	-	8	N.M.
Loss/(gain) on divestment of investment securities	(8)	-	N.M.
Government grant	(1,087)	(929)	17.0%
Fair value gain on investment securities	-	(321)	-100.0%
Impairment/(Write back) of loan and receivables			
- trade receivables	100	-	N.M.
- other receivables	68	87	-21.8%
Operating lease expenses	3,475	34,769	-90.0%
Personnel expenses	53,298	46,132	15.5%
Property, plant and equipment written off (Note 2)	343	706	-51.4%

N.M. - Not meaningful

Notes:

(1) With effect from the financial year beginning 1 January 2019, the Group has adopted the new SFRS(I) 16 – Leases. The detailed impact from the adoption is presented in paragraph 5, page 10 of this financial statement.

(2) 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	
	31.03.2019 \$'000	31.12.2018 \$'000	31.03.2019 \$'000	31.12.2018 \$'000
Non-current assets				
Property, plant and equipment	180,793	173,413	77,259	77,597
Investment property	40,164	39,748	-	-
Intangible assets	7,290	6,071	-	-
Investment securities	85,071	83,149	-	-
Investment in subsidiaries	-	-	24,523	24,509
Investment in associates	26,214	26,226	-	-
Investment in joint ventures	3,458	8,684	-	-
Other receivables	886	838	-	-
Due from related corporations	-	-	-	30,773
Deferred tax assets	2,373	2,340	-	-
Right-of-use assets	355,142	-	-	-
	<u>701,391</u>	<u>340,469</u>	<u>101,782</u>	<u>132,879</u>

	Group		Company	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Current assets				
Investment securities	4,797	4,797	-	-
Inventories	15,276	11,304	-	-
Trade and other receivables	63,614	57,947	6,219	5,534
Prepayments	7,683	5,942	449	489
Tax recoverable	270	315	-	-
Due from related corporations	363	1,124	214,633	169,231
Amount due from minority shareholders of subsidiaries (non-trade)	1,196	1,986	-	-
Cash and cash equivalents	151,176	184,975	11,939	15,729
	<u>244,375</u>	<u>268,390</u>	<u>233,240</u>	<u>190,983</u>
Current liabilities				
Trade and other payables	86,467	97,524	1,953	3,369
Other liabilities	76,300	78,657	4,060	7,609
Provision for reinstatement cost	16,184	15,768	27	27
Due to related corporations	2,624	3,024	89,330	65,964
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	4,048	5,944	-	-
Notes payables	-	75,000	-	75,000
Current portion of long-term loans	16,662	16,631	3,348	3,348
Tax payable	13,381	12,186	1,482	1,032
Lease Liabilities	111,639	-	-	-
	<u>327,505</u>	<u>304,934</u>	<u>100,200</u>	<u>156,349</u>
Net current (liabilities)/assets	(83,130)	(36,544)	133,040	34,634
Non-current liabilities				
Long-term loans	92,539	28,849	80,182	16,020
Notes payables	99,556	99,511	99,556	99,511
Loan from a minority shareholder of a subsidiary	497	535	-	-
Other liabilities	-	7,641	-	-
Deferred tax liabilities	5,211	4,653	3,116	3,116
Lease Liabilities	269,919	-	-	-
	<u>467,722</u>	<u>141,189</u>	<u>182,854</u>	<u>118,647</u>
Net assets	<u>150,539</u>	<u>162,736</u>	<u>51,968</u>	<u>48,866</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(247)	(247)	(247)	(247)
Accumulated profits	83,808	96,128	18,079	15,017
Other reserves	4,244	4,476	833	793
	<u>121,108</u>	<u>133,660</u>	<u>51,968</u>	<u>48,866</u>
Non-controlling interests	29,431	29,076	-	-
Total equity	<u>150,539</u>	<u>162,736</u>	<u>51,968</u>	<u>48,866</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 31.3.2019		
Secured		Unsecured
\$'000		\$'000
16,164		4,746

As at 31.12.2018		
Secured		Unsecured
\$'000		\$'000
16,360		81,657

Amount repayable after one year

As at 31.3.2019		
Secured		Unsecured
\$'000		\$'000
91,960		100,631

As at 31.12.2018		
Secured		Unsecured
\$'000		\$'000
27,985		100,668

Details of any collateral

- (1) As at 31 March 2019, a total amount of \$105.4 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	
	1Q 2019	1Q 2018
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	3,653	5,985
Adjustments for:		
Amortisation of intangible assets	138	99
Allowance for inventory obsolescence	9	-
Bad debts written off	3	16
Depreciation of property, plant and equipment	8,930	8,594
Depreciation of right-of-use assets	29,027	-
Loss/(gain) on divestment of investment securities	(8)	-
(Gain)/loss on disposal of property, plant and equipment	-	8
(Write back)/impairment loss on property, plant and equipment	(202)	(23)
Fair value gain on investment securities	-	(321)
Interest expense from borrowings	2,315	2,490
Interest expense from amortisation of lease liabilities	3,566	-
Interest income	(504)	(831)
Inventories written off	2	-
Property, plant and equipment written off	343	706
Share based payment expenses	40	99
Share of results of associates	47	259
Share of results of joint ventures	(18)	(275)
(Write back)/impairment loss on trade receivables	100	-
(Write back)/impairment loss on other receivables	68	87
Exchange differences	(166)	(778)
Operating cash flow before working capital changes	47,343	16,115

	Group	
	1Q 2019	1Q 2018
	\$'000	\$'000
(Increase)/decrease in:		
Amount due from associate (trade)	-	(2)
Amount due from joint ventures (trade)	3	(55)
Inventories	(3,983)	(868)
Prepayments	(1,741)	515
Trade and other receivables	(5,886)	695
Increase/(decrease) in:		
Amount due to a joint venture (trade)	13	(190)
Other liabilities	(7,721)	(8,149)
Trade and other payables	(10,260)	(1,407)
Cash generated from operations	<u>17,768</u>	<u>6,654</u>
Tax paid	(699)	(476)
Net cash flow from operating activities	<u>17,069</u>	<u>6,178</u>
Cash flows from investing activities		
Additions to intangible assets	(6)	(27)
Amount due from non-controlling interests (non-trade)	795	-
Amount due from joint ventures (non-trade)	752	560
Amount due to joint ventures (non-trade)	-	(31)
Amount due to associates (non-trade)	(407)	(575)
Cash paid for reinstatement expenses	(114)	(215)
Interest income received	504	831
Proceeds from disposal of property, plant and equipment	-	9
Proceeds from divestment of investment securities	150	-
Purchase of fixed assets	(10,306)	(6,446)
Purchase of investment securities	(2,064)	(6,012)
Net cash flow used in investing activities	<u>(10,696)</u>	<u>(11,906)</u>
Cash flows from financing activities		
Acquisition of non-controlling interests	(150)	-
Interest from borrowings paid	(2,315)	(2,490)
Interest portion of lease liabilities paid	(3,566)	-
Proceeds from long-term loans	65,000	365
Proceeds from short-term loans	7,607	25,293
(Repayment)/proceeds from medium term notes	(75,000)	100,000
Repayment of lease obligations	(21,090)	-
Repayment of loan due to minority shareholder	(39)	(10)
Repayment of long-term loans	(1,288)	(21,893)
Repayment of short-term loans	(9,464)	(26,316)
Net cash flow (used in)/from financing activities	<u>(40,305)</u>	<u>74,949</u>
Net increase in cash and cash equivalents	(33,932)	69,221
Effect of exchange rate changes on cash and cash equivalents	133	176
Cash and cash equivalents at beginning of financial period	184,975	141,245
Cash and cash equivalents at end of financial period	<u>151,176</u>	<u>210,642</u>

Note A: Cash and cash equivalents comprise:

	Group	
	31.03.2019	31.12.2018
	\$'000	\$'000
Cash on hand and at bank	151,169	184,968
Short term FD	7	7
	<u>151,176</u>	<u>184,975</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 2019, as previously reported	33,303	(247)	96,128	4,476	133,660	29,076	162,736
Impact of adopting SFRS(I) 16	-	-	(13,636)	-	(13,636)	-	(13,636)
Balance at 1 January 2019 (Restated)	33,303	(247)	82,492	4,476	120,024	29,076	149,100
Profit for the period	-	-	1,316	-	1,316	(115)	1,201
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	348	348	-	348
Total other comprehensive income, net of tax	-	-	-	348	348	-	348
Total comprehensive income for the period	-	-	1,316	348	1,664	(115)	1,549
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	40	40	-	40
Total contributions by and distributions to owners	-	-	-	40	40	-	40
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(620)	(620)	470	(150)
Total changes in ownership interests in a subsidiary	-	-	-	(620)	(620)	470	(150)
Balance at 31 March 2019	33,303	(247)	83,808	4,244	121,108	29,431	150,539

Attributable to Shareholders of the Company

Group	Attributable to Shareholders of the Company				Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	(1,141)	-	(1,141)	-	(1,141)
Impact of adopting SFRS(I) 15	-	-	(5,591)	-	(5,591)	-	(5,591)
Balance at 1 January 2018 (Restated)	33,303	(460)	92,201	3,216	128,260	25,479	153,739
Profit for the period (Restated)	-	-	1,180	-	1,180	2,404	3,584
<u>Other comprehensive income</u>							
Net gain on fair value changes of investment securities	-	-	-	(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)	93,381	3,014	129,451	27,883	157,334

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
Balance at 1 January 2019	33,303	(247)	15,017	793	48,866
Profit for the period	-	-	3,062	-	3,062
Total comprehensive income for the period	-	-	3,062	-	3,062
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	40	40
Total contributions by and distributions to owners	-	-	-	40	40
Balance at 31 March 2019	33,303	(247)	18,079	833	51,968

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
Balance at 1 January 2018	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

Note B: Other reserves

	Group		Company	
	31.03.2019 \$000	31.12.2018 \$000	31.03.2019 \$000	31.12.2018 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	2,183	1,835	-	-
Capital reserve	177	177	177	177
Share based compensation reserve	656	616	656	616
Premium on acquisition of non-controlling interests	(1,726)	(1,106)	-	-
	4,244	4,476	833	793

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 2019. There were a total of 509,376 treasury shares held as at 31 March 2019 (31 March 2018: 509,376). The Company did not have any subsidiary holdings or other convertibles as at 31 March 2019. For comparison purpose, the number of treasury shares presented for the current and prior financial period have taken into account the effect of the shares-split.

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 2019, the Company's issued and paid up capital, excluding 509,376 (31 December 2018: 509,376) treasury shares held, comprises 563,277,100 (31 December 2018: 563,277,100) 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 2019	1Q 2018
Balance at beginning of financial period as adjusted for share split	509,376	915,908
Treasury shares transferred on vesting of restricted share grant as adjusted for share split	-	(406,532)
Balance at end of financial period as adjusted for share split	509,376	509,376

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 2018, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 January 2019.

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 SFRS(I) which are effective for its financial year beginning 1 January 2019. The impact of adopting the following SFRS(I) which are effective for financial year beginning 1 January 2019, are detailed as follows:

SFRS(I) 16 – Leases

The Group and Company adopted SFRS(I) 16 and elected to apply the standard retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019. In addition, the Group elected the following practical expedients:

- i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- ii) to apply the exemption not to recognize right-of-use asset and lease liabilities to lease for which the lease term ends within 12 months as of 1 January 2019
- iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

Summary of Impact

Group \$'000	1 January 2019	SFRS(I) 16	1 January 2019 (Restated)
Non Current Assets			
Right-of-use assets	-	348,308	348,308
Non Current Liabilities			
Lease liabilities	-	254,992	254,992
Current Liabilities			
Lease liabilities	-	105,476	105,476
Equity			
Accumulated Profits	96,128	(13,636)	82,492

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 2019	1Q 2018
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	0.23 cent	0.21 cent
Weighted average number of ordinary shares	563,277,100	563,006,079
(b) On a fully diluted basis	0.23 cent	0.21 cent
Adjusted weighted average number of ordinary shares	564,184,579	563,320,863

For comparison purpose, the numbers of shares presented for the current and prior financial period have been adjusted for the effects of the shares-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	
	31.3.2019	31.12.2018
Net asset value per ordinary share based on issued share capital as at the end of period	26.7 cents	28.9 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 March 2019 is computed based on the total number of issued shares (excluding 509,376 treasury shares) of 563,277,100 (31 December 2018: 563,277,100).

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 FY2019 rose 6.1% Y/Y from S\$148.5 million to S\$157.6 million, led by growth across all business divisions. Following the adoption of SFRS(I) 16 this financial year, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group during 1Q FY2019 stood at S\$47.2 million, 188.9% higher Y/Y, as a significant portion of lease-related expenses that were earlier classified as operating expenses are now recognised as depreciation and interest expense. EBITDA Margin for 1Q FY2019 was 29.9% (1Q FY2018: 11.0%). Profit After Tax and Minority Interests ("PATMI") for 1Q FY2019 improved 11.5% from S\$1.2 million to S\$1.3 million.

Bakery Division revenue rose 2.3% Y/Y to S\$72.0 million during 1Q FY2019, with the consolidation of revenue from the Thailand Bakery business following the acquisition of the 50% interest in BTM (Thailand) Ltd from Minor Food Group. Excluding that, revenue would have been lower by 5.7% Y/Y, attributed to lower revenue from the direct operated stores in Beijing and the franchise business in China, partly offset by stronger revenue by the direct operated stores in Singapore. The consolidation of the Thailand business added 47 BreadTalk outlets to our direct operated store count. EBITDA for the quarter was S\$14.4 million compared to S\$3.8 million in 1Q FY2018.

Food Atrium Division revenue grew 3.1% Y/Y to S\$38.6 million. During 1Q FY2019, the Division opened 1 direct operated restaurant (DOR) in Shanghai under the “Sergeant Kitchen” brand. Same store sales growth remained generally strong across the entire portfolio with North China, East China and Hong Kong providing the main thrust. Stall vacancy remains low. EBITDA for the quarter was S\$20.2 million compared to S\$5.3 million in 1Q FY2018.

Restaurant Division revenue rose 9.8% Y/Y to S\$40.5 million for 1Q FY2019. 1Q FY2019 also saw the full quarter revenue contribution by our first Din Tai Fung outlet in London as well as the CentralPlaza Pinklao outlet in Bangkok, both of which were opened in December 2018. During the quarter, the Division also added 2 more outlets – 1 in Singapore (Great World City) and 1 in Thailand (Terminal 21). Same store sale growth for the Singapore operations came in at a high single digit percentage, signifying the underlying strength of the Din Tai Fung brand amongst consumers. EBITDA for the quarter was S\$10.5 million compared to S\$8.7 million in 1Q FY2018.

4orth Division delivered a revenue of S\$5.5 million for 1Q FY2019 compared to S\$2.7 million for 1Q FY2018. The quarter saw the commencement of our Song Fa Bak Kut Teh operations in Beijing, China and Bangkok, Thailand with the opening of the outlets in Beijing APM Mall and CentralWorld, Bangkok respectively. The Division reported an EBITDA loss of S\$0.5 million primarily attributed to start-up costs related to new outlets. On a standalone basis, Sō Ramen has been contributing positive net profit to the Division.

Overall interest expense for 1Q FY2019 increased 136.2% Y/Y to S\$5.9 million, as the adoption of SFRS(I) 16 resulted in the recognition of lease-related interest expense attributed to the amortisation of the lease liabilities on the balance sheet, and is unrelated to our bank borrowings or medium term note in issue. Of the S\$5.9 million of interest expense incurred during the quarter, just S\$2.3 million was related to bank borrowings and the outstanding medium term note, which was 7.0% lower Y/Y.

As presented in notes to the income statement, the adoption of SFRS(I) 16 also resulted in the recognition of lease-related depreciation attributed to the right-of-use assets on the balance sheet. Depreciation and amortisation expense for 1Q FY2019 increased 338.2% Y/Y to S\$38.1 million. Of the S\$38.1 million of depreciation and amortisation incurred, S\$29.0 million was related to the right-of-use assets. Barring the effect of adopting the SFRS(I) 16, depreciation and amortisation would have been 4.3% higher Y/Y, amounting to S\$9.1 million.

1Q FY2019 saw the disposal and de-recognition of our entire interest in Carl Karcher Enterprises (Cayman) Ltd, which had been loss-making, bringing down the losses from Share of results of associates by 81.9% to S\$0.05 million from S\$0.3 million in 1Q FY2018. Share of results of joint ventures turned in a slight profit of S\$0.02 million this quarter, compared to S\$0.3 million in 1Q FY2018.

Earnings per share (EPS) on a fully diluted basis for 1Q FY2019 was 0.23 cents compared to 0.21 cents for 1Q FY2018.

Net asset value (NAV) per share was 26.7 cents as at 31 March 2019 compared to 28.9 cents as at 31 December 2018.

Number of outlets including franchise under the Group:

	31.3.2019	31.12.2018	Net increase / (decrease)	30.3.2018	Net increase / (decrease)
Bakery	857	863	-0.7%	857	0.0%
- Direct operated stores	264	221	19.5%	231	14.3%
- Franchise	593	642	-7.6%	626	-5.3%
Food Atrium	61	60	1.7%	57	7.0%
- Food courts	55	55	0.0%	53	3.8%
- Direct operated restaurants	6	5	20.0%	4	50.0%
Restaurant	30	28	7.1%	27	11.1%
4orth	14	12	16.7%	6	133.3%
Total	962	963	-0.1%	947	1.6%

(B) Balance Sheet

As at 31 March 2019,

Non-current assets increased by S\$360.9 million or 106.0% from S\$340.5 million to S\$701.4 million mainly due to increase in:

- (i) right-of-use assets by S\$355.1 million largely arising from the adoption of the SFRS(I) 16 on 1 January 2019;
- (ii) property, plant and equipment by S\$7.4 million; and
- (iii) investment securities by S\$1.9 million

offset by a decrease in joint venture by S\$5.2 million.

Current assets decreased by S\$24.0 million or 8.9% from S\$268.4 million to S\$244.4 million mainly due to decrease in cash and cash equivalents by S\$33.8 million

offset by a decrease in:

- (i) trade and other receivables by S\$5.7 million;
- (ii) inventories by S\$4.0 million; and
- (iii) prepayments by S\$1.7 million.

Current liabilities increased by S\$22.6 million or 7.4% from S\$304.9 million to S\$327.5 million mainly due to increase in lease liabilities by S\$111.6 million arising from the adoption of SFRS(I) 16

offset by a decrease in:

- (i) notes payable by S\$75.0 million;
- (ii) trade and other payables by S\$11.1 million; and
- (iii) other liabilities by S\$2.4 million.

Non-current liabilities increased by S\$326.5 million or 231.3% from S\$141.2 million to S\$467.7 million mainly due to increase in:

- (i) lease liabilities by S\$269.9 million arising from the adoption of SFRS(I) 16; and
- (ii) long term loans by S\$63.7 million

offset by a decrease in other liabilities by S\$7.6 million.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of S\$17.1 million in 1Q FY2019 as compared to S\$6.2 million in 1Q FY2018.

Net cash flow used in investing activities was S\$10.7 million in 1Q FY2019. Net cash flow was used primarily in the purchase of property, plant and equipment amounting to S\$10.3 million and purchase of investment securities amounting to S\$2.1 million.

Net cash flow used in financing activities was S\$40.3 million in 1Q FY2019. Including the repayment of S\$75.0 million from the maturity of the Medium Term Note, there was a net repayment of loans amounting to S\$13.1 million compared to the net borrowings of S\$77.4 million in 1Q FY2018. The Group continues its effort to pare down borrowings.

Overall, the Group reported a net decrease in cash and cash equivalents of S\$33.9 million in 1Q FY2019, ending the period with a cash and cash equivalents of S\$151.2 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

The Group started the year with a positive momentum having successfully divested the loss-making Carl's Jr business in China, consolidated our shareholding in our profitable Food Republic business in Guangzhou, and acquired the remaining 50% in BTM (Thailand) which brought the bakery business in Thailand back into the fold of the Group.

The organic growth momentum of the Group will continue where we expect to see our Food Atrium business deepen its penetration in existing and new markets like Mainland China, Hong Kong, Taiwan and Cambodia. Plans are also underway to deliver the second Din Tai Fung restaurant in London while we remain focused on new outlets pipeline in Singapore and Thailand. The opening of more Song Fa Bak Kut Teh outlets at the 4th Division will gain further momentum into the rest of the year as we continue to expand across all the five territories of Shanghai, Beijing, Shenzhen, Guangzhou and Thailand. Following its success, plans are also underway to explore new territories to take the brand into. Efforts to turnaround of the Bakery business have intensified and we have seen some positive outcomes.

Our strong balance sheet and cash flow generation capabilities enabled us to repay the S\$75 million, 4.60% medium term notes when they matured on 1 April 2019. The Group has recently established a new S\$500 million multicurrency medium term note programme on 17 April 2019 to avail the war chest for the Group's growth plans, whether organic or inorganic, in the most cost effective manner.

Our recent acquisition of a strategic stake in Thailand-listed NPPG (Thailand) Public Company Limited demonstrates our constant pursuit for undervalued assets whose businesses are synergistic to our core operations. The investment will allow us to leverage on NPPG's capabilities in food packaging and manufacturing as well as access its strong network of local partners in large scale food production and distribution. We will keep the market updated as we execute on our collaboration plans with NPPG as well as its other partners which are expected to create value for BreadTalk Group.

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 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	71,956	38,638	40,522	5,452	-	1,041	-	157,609
Inter-segment sales	1,188	801	-	-	-	3,488	(5,477)	-
Total revenue	<u>73,144</u>	<u>39,439</u>	<u>40,522</u>	<u>5,452</u>	<u>-</u>	<u>4,529</u>	<u>(5,477)</u>	<u>157,609</u>
Results								
Profit from operations	1,088	4,202	4,209	(2,043)	1,277	353	(27)	9,059
Interest income	47	37	430	103	287	1,191	(1,591)	504
Interest expense	(614)	(1,303)	(992)	(321)	(1,296)	(2,931)	1,576	(5,881)
Share of associates' results	-	-	-	-	-	(47)	-	(47)
Share of joint ventures'	(61)	79	-	-	-	-	-	18
Segment profit	<u>460</u>	<u>3,015</u>	<u>3,647</u>	<u>(2,261)</u>	<u>268</u>	<u>(1,434)</u>	<u>(42)</u>	<u>3,653</u>
Tax expense								<u>(2,452)</u>
Profit after tax								<u><u>1,201</u></u>
Segment assets	258,698	271,191	214,425	99,821	192,510	230,348	(323,870)	943,123
Tax recoverable								270
Deferred tax assets								2,373
Total Assets								<u><u>945,766</u></u>
Segment liabilities	252,172	272,893	149,978	79,792	127,132	229,115	(334,447)	776,635
Tax payable								13,381
Deferred tax liabilities								5,211
Total liabilities								<u><u>795,227</u></u>
Investment in associate	-	-	-	-	-	26,214	-	26,214
Investment in joint ventures	2,919	539	-	-	-	-	-	3,458
Additions to non-current assets ⁽³⁾	3,390	1,624	2,283	2,278	-	978	-	10,553
Depreciation & Amortisation	13,275	16,002	6,271	1,574	400	573	-	38,095
Other non-cash expenses	182	69	9	-	-	40	-	300

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

	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	70,697	38,292	36,895	2,691	-	1,097	(1,138)	148,534
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	956	2,096	7,412	(330)	(102)	(4,002)	(45)	5,985
Tax expense								(2,401)
Profit after tax								3,584
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								673,637
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								464,147
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

(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore	84,983	85,061	142,101	141,409
Mainland China	38,623	40,383	55,598	54,568
Thailand	11,954	5,552	15,325	4,936
Hong Kong	12,336	12,299	7,247	8,071
Rest of the world	9,713	5,239	7,976	2,082
	<u>157,609</u>	<u>148,534</u>	<u>228,247</u>	<u>211,066</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

Nil.

(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)
Toast Box @ 6th Avenue - Rental income/miscellaneous charges	74	Not applicable - the Group does not have a shareholders' mandate under Rule 920

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 2019 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
6 May 2019