



BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement
For The Second Quarter and Half Year Ended 30 June 2019

TABLE OF CONTENTS		
Item No.	Description	Page No.
1(a)(i)	Statement of Comprehensive Income	2
1(a)(ii)	Breakdown and Explanatory Notes to the income statement	3
1(b)(i)	Statement of Financial Position	4 – 5
1(b)(ii)	Group's Borrowings and Debt Securities	5
1(c)	Statement of Cash Flows	6 – 7
1(d)(i)	Statement of Changes in Equity	8 – 10
1(d)(ii)	Changes in the Company's Issued Share Capital	11
1(d)(iii)	Total Number of Issued Shares	11
1(d)(iv)	Changes in the Company's Treasury Shares	11
1(d)(v)	Changes in Subsidiary Holdings	11
2 & 3	Audit Statement	11
4 & 5	Accounting Policies	11 – 12
6	Earnings per Share	12
7	Net Asset Value per Share	13
8	Review of Performance	13 – 15
9	Variance from Prospect Statement	15
10	Outlook and Prospect	15
11	Segment Performance by Business and Geography	16 – 18
12 & 13	Dividend	18
14	Interested Person Transactions	19
15	Negative Confirmation pursuant to Rule 705(5) of the SGX Listing Manual	19
16	Confirmation Pursuant to Rule 720(1) of the SGX Listing Manual	19

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

The Board of Directors of BreadTalk Group Limited is pleased to announce the consolidated results of the Group for the second quarter and half year ended 30 June 2019. The figures presented below have not been audited.

	Group			Group		
	2Q 2019	2Q 2018	Change	1H 2019	1H 2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	163,349	148,832	9.8	320,958	297,366	7.9
Cost of sales	(54,331)	(65,626)	(17.2)	(105,480)	(131,003)	(19.5)
Gross profit	109,018	83,206	31.0	215,478	166,363	29.5
Other income	8,002	6,684	19.7	17,480	13,780	26.9
Interest income	390	1,179	(66.9)	894	2,010	(55.5)
Distribution and selling expenses	(85,555)	(60,918)	40.4	(169,204)	(121,370)	39.4
Administrative expenses	(21,247)	(20,161)	5.4	(44,477)	(42,334)	5.1
Interest expense						
<i>borrowings</i>	(1,800)	(2,422)	(25.7)	(4,115)	(4,912)	(16.2)
<i>leases (Note 1)</i>	(3,693)	-	N.M.	(7,259)	-	N.M.
Profit before tax and share of results of associate and joint ventures	5,115	7,568	(32.4)	8,797	13,537	(35.0)
Share of results of associates	(21)	(371)	(94.3)	(68)	(630)	(89.2)
Share of results of joint ventures	(87)	(170)	(48.8)	(69)	105	N.M.
Profit before tax	5,007	7,027	(28.7)	8,660	13,012	(33.4)
Taxation	(2,927)	(2,618)	11.8	(5,379)	(5,019)	7.2
Profit after tax	2,080	4,409	(52.8)	3,281	7,993	(59.0)
Attributable to:						
Shareholders of the Company	1,024	2,435	(57.9)	2,340	3,615	(35.3)
Non-controlling interests	1,056	1,974	(46.5)	941	4,378	(78.5)
	2,080	4,409	(52.8)	3,281	7,993	(59.0)
Other comprehensive income:						
Net gain on investment securities	-	(2)	N.M.	-	(6)	N.M.
Foreign currency translation	(1,240)	431	N.M.	(892)	347	N.M.
Other comprehensive (loss) income for the period, net of tax	(1,240)	429	N.M.	(892)	341	N.M.
Total comprehensive income for the period	840	4,838	(82.6)	2,389	8,334	(71.3)
Attributable to:						
Shareholders of the Company	(216)	2,864	N.M.	1,448	3,956	(63.4)
Non-controlling interests	1,056	1,974	(46.5)	941	4,378	(78.5)
	840	4,838	(82.6)	2,389	8,334	(71.3)

N.M. – Not meaningful

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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

	Group			Group		
	2Q 2019	2Q 2018	Change	1H 2019	1H 2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation						
- property, plant and equipment	9,131	9,263	(1.4)	18,199	17,956	1.4
- right-of-use assets (Note 1)	30,319	-	N.M.	59,346	-	N.M.
Foreign exchange (gain)/loss, net	(98)	308	N.M.	(454)	178	N.M.
(Gain) on disposal of property, plant and equipment	-	(62)	N.M.	-	(54)	N.M.
Loss/(gain) on divestment of investment securities	-	1,885	N.M.	(8)	1,885	N.M.
Government grant	31	(11)	N.M.	(1,056)	(940)	12.3
Fair value gain on investment securities	-	-	N.M.	-	(321)	N.M.
Impairment/(Write back) of loan and receivables						
- trade receivables	(92)	(178)	(48.3)	8	(178)	N.M.
- other receivables	-	254	N.M.	68	341	(80.1)
Operating lease expenses	3,838	34,286	(88.8)	7,313	69,055	(89.4)
Personnel expenses	50,402	45,184	11.5	103,700	91,316	13.6
Property, plant and equipment written off (Note 2)	65	757	(91.4)	408	1,463	(72.1)

*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 detailed in paragraph 5, page 12 of this financial statement.
- (2) The property, plant and equipment were written off as a result of closure, relocation or upgrading of outlets.

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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

	Group		Company	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	186,010	173,413	76,759	77,597
Investment property	39,603	39,748	-	-
Intangible assets	7,499	6,071	-	-
Investment securities	103,331	83,149	-	-
Investment in subsidiaries	-	-	24,565	24,509
Investment in associates	25,997	26,226	-	-
Investment in joint ventures	3,271	8,684	-	-
Other receivables	967	838	-	-
Due from related corporations	-	-	-	30,773
Deferred tax assets	2,269	2,340	-	-
Right-of-use assets	382,423	-	-	-
	<u>751,370</u>	<u>340,469</u>	<u>101,324</u>	<u>132,879</u>
Current assets				
Investment securities	-	4,797	-	-
Inventories	16,001	11,304	-	-
Trade and other receivables	70,353	57,947	9,345	5,534
Prepayments	10,095	5,942	555	489
Tax recoverable	267	315	-	-
Due from related corporations	352	1,124	240,455	169,231
Amount due from minority shareholders of subsidiaries (non-trade)	555	1,986	-	-
Cash and cash equivalents	128,129	184,975	5,641	15,729
	<u>225,752</u>	<u>268,390</u>	<u>255,996</u>	<u>190,983</u>
Current liabilities				
Trade and other payables	94,538	97,524	2,051	3,369
Other liabilities	82,889	78,657	4,383	7,609
Provision for reinstatement cost	16,325	15,768	27	27
Due to related corporations	2,793	3,024	90,604	65,964
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	31,314	5,944	28,000	-
Notes payables	-	75,000	-	75,000
Current portion of long-term loans	22,404	16,631	21,177	3,348
Tax payable	11,886	12,186	1,464	1,032
Lease liabilities	128,622	-	-	-
	<u>390,971</u>	<u>304,934</u>	<u>147,706</u>	<u>156,349</u>
Net current (liabilities)/assets	(165,219)	(36,544)	108,290	34,634

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement
For The Second Quarter and Half Year Ended 30 June 2019

	Group		Company	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Long-term loans	69,048	28,849	56,883	16,020
Notes payables	99,601	99,511	99,601	99,511
Loan from a minority shareholder of a subsidiary	286	535	-	-
Other liabilities	-	7,641	-	-
Deferred tax liabilities	5,352	4,653	3,116	3,116
Lease liabilities	266,098	-	-	-
	<u>440,385</u>	<u>141,189</u>	<u>159,600</u>	<u>118,647</u>
Net assets	<u>145,766</u>	<u>162,736</u>	<u>50,014</u>	<u>48,866</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(13)	(247)	(13)	(247)
Accumulated profits	79,116	96,128	16,022	15,017
Translation reserve				
Other reserves	2,873	4,476	702	793
	<u>115,279</u>	<u>133,660</u>	<u>50,014</u>	<u>48,866</u>
Non-controlling interests	30,487	29,076	-	-
Total equity	<u>145,766</u>	<u>162,736</u>	<u>50,014</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 30.6.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4,576	49,342	16,360	81,657

Amount repayable after one year

As at 30.6.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
25,961	142,974	27,985	100,668

Details of any collateral

- (1) As at 30 June 2019, a total amount of \$192.3 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

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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

	Group		Group	
	2Q 2019	2Q 2018	1H 2019	1H 2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	5,007	7,027	8,660	13,012
Adjustments for:				
Amortisation of intangible assets	169	109	307	208
Allowance for inventory obsolescence	-	-	9	-
Bad debts written off	-	(15)	3	1
Depreciation of property, plant and equipment	8,962	9,154	17,892	17,748
Depreciation of right-of-use assets	30,319	-	59,346	-
Loss/(gain) on divestment of investment securities	-	1,885	(8)	1,885
(Gain)/loss on disposal of property, plant and equipment	-	(62)	-	(54)
(Write back)/impairment loss on property, plant and equipment	-	(24)	(202)	(47)
Impairment loss on investment in associates	160	-	160	-
Fair value gain on investment securities	-	-	-	(321)
Interest expense from borrowings	1,800	2,422	4,115	4,912
Interest expense from lease liabilities	3,693	-	7,259	-
Interest income	(390)	(1,179)	(894)	(2,010)
Inventories written off	3	1	5	1
Property, plant and equipment written off	65	757	408	1,463
Share based payment expenses	103	60	143	159
Share of results of associates	21	371	68	630
Share of results of joint ventures	87	170	69	(105)
(Write back)/impairment loss on trade receivables	(92)	(178)	8	(178)
(Write back)/impairment loss on other receivables	-	254	68	341
(Write back)/writedown of inventories	-	(170)	-	(170)
Write back of provision for reinstatement cost	-	(83)	-	(83)
Exchange differences	543	352	377	(426)
Operating cash flow before working capital changes	50,450	20,851	97,793	36,966
(Increase)/decrease in:				
Amount due from associate (trade)	-	11	-	9
Amount due from joint ventures (trade)	1	-	4	(55)
Inventories	(728)	(441)	(4,711)	(1,309)
Prepayments	(2,412)	(1,070)	(4,153)	(555)
Trade and other receivables	(6,728)	(5,577)	(12,614)	(4,882)
(Decrease)/increase in:				
Amount due to a joint venture (trade)	(165)	(285)	(152)	(475)
Other liabilities	(587)	1,462	(8,308)	(6,687)
Trade and other payables	(14,742)	(516)	(25,002)	(1,923)
Cash generated from operations	25,089	14,435	42,857	21,089
Tax paid	(4,184)	(4,353)	(4,883)	(4,829)
Net cash flow from operating activities	20,905	10,082	37,974	16,260

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

	Group		Group	
	2Q 2019	2Q 2018	1H 2019	1H 2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Additions to intangible assets	(334)	(1)	(340)	(28)
Amount due from non-controlling interests (non-trade)	-	-	795	-
Amount due from joint ventures (non-trade)	12	215	764	775
Amount due to joint ventures (non-trade)	-	(4)	-	(35)
Amount due to associates (non-trade)	333	(157)	(74)	(732)
Cash paid for reinstatement expenses	(111)	(229)	(225)	(444)
Dividends received from an associate	-	60	-	60
Interest income received	390	1,179	894	2,010
Proceeds from disposal of property, plant and equipment	-	94	-	103
Proceeds from divestment of investment securities	4,797	17,118	4,947	17,118
Purchase of fixed assets	(13,643)	(7,937)	(23,949)	(14,383)
Purchase of investment securities	(18,260)	(10,241)	(20,324)	(16,253)
Net cash flow (used in)/from investing activities	(26,816)	97	(37,512)	(11,809)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	(419)	(150)	(419)
Dividends paid to shareholders of the company	(5,638)	(8,448)	(5,638)	(8,448)
Interest from borrowings paid	(1,800)	(2,422)	(4,115)	(4,912)
Interest expense from lease liabilities	(3,693)	-	(7,259)	-
Proceeds from long-term loans	-	2	65,000	367
Proceeds from short-term loans	33,584	1,240	41,191	26,533
(Repayment)/proceeds from medium term notes	-	-	(75,000)	100,000
Repayment of lease obligations	(14,941)	-	(36,031)	-
Repayment of loan due to minority shareholder	(210)	439	(249)	429
Repayment of long-term loans	(17,760)	(1,302)	(19,048)	(23,195)
Repayment of short-term loans	(6,385)	(3,596)	(15,849)	(29,912)
Net cash flow (used in)/from financing activities	(16,843)	(14,506)	(57,148)	60,443
Net (decrease)/increase in cash and cash equivalents	(22,754)	(4,327)	(56,686)	64,894
Effect of exchange rate changes on cash and cash equivalents	(293)	277	(160)	453
Cash and cash equivalents at beginning of financial period	151,176	210,642	184,975	141,245
Cash and cash equivalents at end of financial period	128,129	206,592	128,129	206,592

Note A: Cash and cash equivalents comprise:

	Group	
	30.06.2019	31.12.2018
	\$'000	\$'000
Cash on hand and at bank	128,122	184,968
Short term FD	7	7
	<u>128,129</u>	<u>184,975</u>

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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	Non-controlling interests	Total equity
	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)			
	\$'000	\$'000	\$'000	\$'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	-	-	(13,714)	-	(13,714)	-	(13,714)
Balance at 1 January 2019 (Restated)	33,303	(247)	82,414	4,476	119,946	29,076	149,022
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)	83,730	4,244	121,030	29,431	150,461
Balance at 1 April 2019	33,303	(247)	83,730	4,244	121,030	29,431	150,461
Profit for the period	-	-	1,024	-	1,024	1,056	2,080
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	(1,240)	(1,240)	-	(1,240)
Total other comprehensive income, net of tax	-	-	-	(1,240)	(1,240)	-	(1,240)
Total comprehensive income for the period	-	-	1,024	(1,240)	(216)	1,056	840
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	103	103	-	103
Dividends	-	-	(5,638)	-	(5,638)	-	(5,638)
Treasury shares transferred on vesting of restricted share grant	-	234	-	(234)	-	-	-
Total contributions by and distributions to owners	-	234	(5,638)	(131)	(5,535)	-	(5,535)
Balance at 30 June 2019	33,303	(13)	79,116	2,873	115,279	30,487	145,766

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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			
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
Balance at 1 April 2018	33,303	(247)	93,381	3,014	129,451	27,883	157,334
Profit for the period (Restated)	-	-	2,435	-	2,435	1,974	4,409
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(2)	(2)	-	(2)
Foreign currency translation	-	-	-	431	431	-	431
Total other comprehensive income, net of tax	-	-	-	429	429	-	429
Total comprehensive income for the period	-	-	2,435	429	2,864	1,974	4,838
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	60	60	-	60
Dividends paid	-	-	(8,448)	-	(8,448)	-	(8,448)
Total contributions by and distributions to owners	-	-	(8,448)	60	(8,388)	-	(8,388)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	1,054	1,054	(1,472)	(418)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	1,020	1,020
Total changes in ownership interests in a subsidiary	-	-	-	1,054	1,054	(452)	602
Balance at 30 June 2018	33,303	(247)	87,368	4,557	124,981	29,405	154,386

BREADTALK GROUP LIMITED

 Financial Statements and Dividend Announcement
 For The Second Quarter and Half Year Ended 30 June 2019

Company	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)	Total
	\$'000	\$'000	\$'000	\$'000	\$'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
As at 1 April 2019	33,303	(247)	18,079	833	51,968
Profit for the period	-	-	3,581	-	3,581
Total comprehensive income for the period	-	-	3,581	-	3,581
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	103	103
Dividend paid	-	-	(5,638)	-	(5,638)
Treasury shares transferred on vesting of restricted share grant	-	234	-	(234)	-
Total contributions by and distributions to owners	-	234	(5,638)	(131)	(5,535)
Balance at 30 June 2019	33,303	(13)	16,022	702	50,014
Balance at 1 January 2018	33,303	(460)	8,332	768	41,943
Profit for the period	-	-	(3,918)	-	(3,918)
Total comprehensive income for the period	-	-	(3,918)	-	(3,918)
<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)	4,414	654	38,124
As at 1 April 2018	33,303	(247)	4,414	654	38,124
Profit for the period	-	-	6,883	-	6,883
Total comprehensive income for the period	-	-	6,883	-	6,883
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	60	60
Dividends paid	-	-	(8,448)	-	(8,448)
Total contributions by and distributions to owners	-	-	(8,448)	60	(8,388)
Balance at 30 June 2018	33,303	(247)	2,849	714	36,619

Note B: Other reserves

	Group		Company	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	\$000	\$000	\$000	\$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	943	1,835	-	-
Capital reserve	177	177	177	177
Share based compensation reserve	525	616	525	616
Premium on acquisition of non-controlling interests	(1,726)	(1,106)	-	-
	2,873	4,476	702	793

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the share capital of the Company in 2Q 2019. There were a total of 24,134 treasury shares held as at 30 June 2019 (30 June 2018: 509,376). The Company did not have any subsidiary holdings or other convertibles as at 30 June 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 June 2019, the Company's issued and paid up capital, excluding 24,134 (31 December 2018: 509,376) treasury shares held, comprises 563,762,342 (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			
	2Q 2019	2Q 2018	1H 2019	1H 2018
Balance at beginning of financial period as adjusted for share split	509,376	915,908	509,376	915,908
Treasury shares transferred on vesting of restricted share grant as adjusted for share split	(485,242)	(406,532)	(485,242)	(406,532)
Balance at end of financial period as adjusted for share split	24,134	509,376	24,134	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.

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 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	-	352,716	352,716
Non Current Liabilities			
Lease liabilities	-	256,346	256,346
Current Liabilities			
Lease liabilities	-	108,607	108,607
Equity			
Accumulated Profits	96,128	(13,714)	82,414

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	2Q 2019	2Q 2018	1H 2019	1H 2018
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.18 cent	0.43 cent	0.42 cent	0.64 cents
Weighted average number of ordinary shares	563,762,342	563,277,100	563,519,721	563,141,589
(b) On a fully diluted basis	0.18 cent	0.43 cent	0.41 cent	0.64 cents
Adjusted weighted average number of ordinary shares	564,284,579	563,591,884	564,170,372	563,456,373

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2019</u>	<u>31.12.2018</u>	<u>30.6.2019</u>	<u>31.12.2018</u>
Net asset value per ordinary share based on issued share capital as at the end of period	<u>25.9 cents</u>	<u>28.9 cents</u>	<u>8.9 cents</u>	<u>8.7 cents</u>

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2019 is computed based on the total number of issued shares (excluding 24,134 treasury shares) of 563,762,342 (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**(A) Statement of Comprehensive Income**

Group revenue for 1H FY2019 rose 7.9% Y/Y from \$297.4 million to \$321.0 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 1H FY2019 stood at S\$96.8 million, 181.5% 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 1H FY2019 was 30.2% (1H FY2018: 11.6%). Profit After Tax and Minority Interests ("PATMI") for 1H FY2019 declined 35.3% from \$3.6 million to \$2.3 million.

Bakery Division revenue rose 2.8% Y/Y to \$142.8 million during 1H 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 5.2% Y/Y, attributed to lower revenue from both the direct operated stores and the franchise business in China, partly offset by stronger revenue by the direct operated stores in Singapore and the international franchise business. The Division reported Profit Before Tax ("PBT") loss of S\$1.4 million in 1H FY2019 as compared to a profit of S\$2.5 million in 1H FY2018.

Food Atrium Division revenue grew 2.5% Y/Y to \$78.3 million. During 1H FY2019, the Division opened 3 direct operated restaurants ("DOR") in Shanghai, Hong Kong and Bangkok respectively 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. PBT for the period rose 23.8% to \$7.2 million.

Restaurant Division revenue rose 14.0% Y/Y to \$84.5 million for 1H FY2019, with the addition of 4 more outlets – 3 in Singapore (Great World City, Marina Bay Sands and Jewel Changi Airport) and 1 in Thailand (Terminal 21). Despite the higher revenue, PBT for the period came in at \$11.5 million, which was 12.6% lower Y/Y due to higher operating costs in Singapore and the United Kingdom operations not having turned profitable yet.

4orh Division delivered a revenue of \$13.2 million for 1H FY2019 compared to S\$5.7 million for 1H FY2018. The period saw the commencement of our Song Fa Bak Kut Teh operations in Beijing, Guangzhou and Bangkok, as well as the deepening of the brand's presence in Shanghai. Wu Pao Chun opened its first outlet while Nayuki opened its second outlet in Singapore during the second quarter. The Division reported a PBT loss of \$5.5 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 1H FY2019 increased 131.6% Y/Y to S\$11.4 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 \$11.4 million of interest expense incurred during the period, just \$4.1 million was related to bank borrowings and the outstanding medium term note, which was 16.2% lower Y/Y.

Share of results of associates and joint ventures turned in a small loss of \$0.1 million in 1H FY2019, compared to a combined loss of \$0.5 million in 1H FY2018.

Earnings per share (EPS) on a fully diluted basis for 1H FY2019 was 0.41 cents compared to 0.64 cents for 1H FY2018.

Net asset value (NAV) per share was 25.9 cents as at 30 June 2019 compared to 28.9 cents as at 31 December 2018.

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement
For The Second Quarter and Half Year Ended 30 June 2019

Number of outlets including franchise under the Group:

	30.6.2019	31.12.2018	Net increase / (decrease)	30.6.2018	Net increase / (decrease)
Bakery	875	863	1.4%	842	3.9%
- Direct operated stores	270	221	22.2%	224	20.5%
- Franchise	605	642	(5.8%)	618	(2.1%)
Food Atrium	63	60	5.0%	57	10.5%
- Food courts	55	55	-	53	3.8%
- Direct operated restaurants	8	5	60.0%	4	100.0%
Restaurant	32	28	14.3%	27	18.5%
4orth	21	12	75.0%	8	162.5%
Total	991	963	2.9%	934	6.1%

(B) Statement of Financial position

As at 30 June 2019,

Non-current assets increased by S\$410.9 million or 120.7% from S\$340.5 million to S\$751.4 million mainly due to increase in:

- (i) right-of-use assets by S\$382.4 million largely arising from the adoption of the SFRS(I) 16 on 1 January 2019;
- (ii) property, plant and equipment by S\$12.6 million; and
- (iii) investment securities by S\$20.2 million

offset by a decrease in joint venture by S\$5.4 million.

Current assets decreased by S\$42.6 million or 15.9% from S\$268.4 million to S\$225.8 million mainly due to decrease in cash and cash equivalents by S\$56.8 million

offset by an increase in:

- (i) trade and other receivables by S\$12.4 million;
- (ii) inventories by S\$4.7 million; and
- (iii) prepayments by S\$4.2 million.

Current liabilities increased by S\$86.0 million or 28.2% from S\$304.9 million to S\$391.0 million mainly due to increase in:

- (i) lease liabilities by S\$128.6 million arising from the adoption of SFRS(I) 16;
- (ii) short term loan by S\$25.4 million;
- (iii) current portion of long term loans by S\$5.8 million; and
- (iv) other liabilities by S\$4.2 million

offset by a decrease in:

- (i) notes payable by S\$75.0 million; and
- (ii) trade and other payables by S\$3.0 million.

Non-current liabilities increased by S\$299.2 million or 211.9% from S\$141.2 million to S\$440.4 million mainly due to increase in:

- (i) lease liabilities by S\$266.1 million arising from the adoption of SFRS(I) 16; and
- (ii) long term loans S\$40.2 million

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

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

(C) Statement of Cash Flows

The Group generated net cash flow from operating activities of S\$38.0 million in 1H FY2019 as compared to S\$16.3 million in 1H FY2018.

Net cash flow used in investing activities was S\$37.5 million in 1H FY2019. Net cash flow was used primarily in the purchase of property, plant and equipment amounting to S\$23.9 million and purchase of investment securities amounting to S\$20.3 million.

Net cash flow used in financing activities was S\$57.1 million in 1H FY2019. Following the adoption of SFRS(I) 16, the repayment of lease obligation for 1H 2019 was S\$36.0 million. There was a net borrowings amounting to S\$71.3 million compared to the net repayment of S\$26.2 million in 1H FY2018. There was also a redemption of the S\$75.0 million medium term note in 1H FY2019 as compared to the issuance of the S\$100.0 million medium term note in 1H FY2018. The Group continues to monitor its borrowings closely.

Overall, the Group reported a net decrease in cash and cash equivalents of S\$56.7 million in 1H FY2019, ending the period with a cash and cash equivalents of S\$128.1 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 will continue to focus our resources in the expansion of key markets. We expect the Food Atrium business to deepen its penetration in Mainland China, Hong Kong, Taiwan and Cambodia. The Restaurant Division will also be cautiously adding to its presence in Singapore and Thailand while managing the challenges in the United Kingdom. We expect the Song Fa Bak Kut Teh business to open its first outlet in the Taiwan market in second half of FY2019, while we continue to fine-tune the businesses within 4orth Division to improve overall profitability. Efforts to turnaround the Bakery business, particularly in China and Thailand remain underway, while we continue to build on the strong performance of the business in Singapore.

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

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

1H 2019	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	142,805	78,270	84,536	13,234	-	2,113	-	320,958
Inter-segment sales	2,100	1,609	52	-	-	9,275	(13,036)	-
Total revenue	144,905	79,879	84,588	13,234	-	11,388	(13,036)	320,958
Results								
Profit from operations	257	10,824	12,488	(4,856)	2,624	(1,831)	(229)	19,277
Interest income	25	50	991	105	573	2,443	(3,293)	894
Interest expense	(1,555)	(3,764)	(2,027)	(702)	(2,592)	(4,168)	3,434	(11,374)
Share of associates' results	-	-	-	-	-	(68)	-	(68)
Share of joint ventures' results	(152)	83	-	-	-	-	-	(69)
Segment profit	(1,425)	7,193	11,452	(5,453)	605	(3,624)	(88)	8,660
Tax expense								(5,379)
Profit after tax								3,281
Segment assets	274,838	276,858	213,091	107,440	191,545	242,256	(331,442)	974,586
Tax recoverable								267
Deferred tax assets								2,269
Total Assets								977,122
Segment liabilities	272,655	276,874	145,199	90,513	127,022	244,242	(342,387)	814,118
Tax payable								11,886
Deferred tax liabilities								5,352
Total liabilities								831,356
Investment in associate	-	-	-	-	-	25,997	-	25,997
Investment in joint ventures	2,730	541	-	-	-	-	-	3,271
Additions to non-current assets ⁽³⁾	9,222	3,183	5,824	5,249	-	2,010	-	25,488
Depreciation & Amortisation	26,798	32,324	12,904	3,568	797	1,154	-	77,545
Other non-cash expenses	145	89	-	-	2	143	-	379

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

1H 2018	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	138,981	76,333	74,146	5,710	-	2,196	-	297,366
Inter-segment sales	722	1,589	-	-	-	-	(2,311)	-
Total revenue	139,703	77,922	74,146	5,710	-	2,196	(2,311)	297,366
Results								
Profit from operations	2,713	5,739	12,591	(519)	1,685	(5,666)	(104)	16,439
Interest income	216	79	565	5	936	1,395	(1,186)	2,010
Interest expense	(387)	(158)	(56)	(27)	(2,591)	(2,877)	1,184	(4,912)
Share of associates' results	(40)	-	-	-	-	(590)	-	(630)
Share of joint ventures' results	(43)	148	-	-	-	-	-	105
Segment profit	2,459	5,808	13,100	(541)	30	(7,738)	(106)	13,012
Tax expense								(5,019)
Profit after tax								7,993
Segment assets	157,717	128,448	121,097	27,087	236,121	167,589	(174,839)	663,220
Tax recoverable								54
Deferred tax assets								2,686
Total Assets								665,960
Segment liabilities	122,887	122,810	22,097	29,050	119,620	138,090	(185,411)	369,143
Tax payable								10,995
Deferred tax liabilities								4,280
Total liabilities								384,418
Investment in associate	-	-	-	-	-	26,086	-	26,086
Investment in joint ventures	9,126	1,158	-	-	-	-	-	10,284
Additions to non-current assets ⁽³⁾	4,037	2,812	1,910	405	145	3,918	-	13,227
Depreciation & Amortisation	5,190	7,254	3,159	303	984	1,066	-	17,956
Other non-cash expenses	378	977	-	-	-	2,132	-	3,487

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement
For The Second Quarter and Half Year Ended 30 June 2019

(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore	177,083	172,365	143,731	141,053
Mainland China	75,880	79,004	56,990	52,983
Thailand	24,924	11,213	16,446	4,525
Hong Kong	25,054	24,597	7,404	8,045
Rest of the world	18,017	10,187	8,541	1,923
	<u>320,958</u>	<u>297,366</u>	<u>233,112</u>	<u>208,529</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**

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share	0.5 Singapore cents (tax exempt one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share	0.5 Singapore cents (tax exempt one-tier)

(c) Date payable

Interim dividend will be paid on 21 August 2019.

(d) Books closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 13 August 2019 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, up to 5.00 p.m. on 13 August 2019 will be registered before entitlements to the dividend are determined.

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

Not applicable.

BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement

For The Second Quarter and Half Year Ended 30 June 2019

- 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	111	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Toast Box @ 6th Avenue - Rental income/miscellaneous charges	115	

- 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 second quarter and half year ended 30 June 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

1 August 2019