

**BREADTALK GROUP LIMITED**
**Full Year Financial Statement and Dividend Announcement For The Year Ended 31 December 2006**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Board of Directors of BreadTalk Group Limited is pleased to announce the consolidated results of the Group for the year ended 31 December 2006. The figures presented below have not been audited.

	Group		Increase/ (Decrease) %
	FY2006 \$000	FY2005 \$000	
Revenue	123,569	95,297	29.7%
Cost of sales	<u>(55,551)</u>	<u>(42,306)</u>	31.3%
Gross profit	68,018	52,991	28.4%
Other operating income	5,583	4,181	33.5%
Distribution and selling expenses	(45,218)	(36,230)	24.8%
Administrative expenses	(19,523)	(16,065)	21.5%
Profit from operations	8,860	4,877	81.7%
Interest income	113	78	44.9%
Interest expense	(858)	(473)	81.4%
Other financial expenses	<u>(355)</u>	<u>(186)</u>	90.9%
Profit before tax and share of associates' and joint ventures' results	7,760	4,296	80.6%
Share of associates' and joint ventures' results	<u>(135)</u>	<u>(509)</u>	-73.5%
Profit before tax	7,625	3,787	101.3%
Tax expense <sup>(1)</sup>	<u>(2,323)</u>	<u>(2,030)</u>	14.4%
Profit after tax	<u>5,302</u>	<u>1,757</u>	201.8%
Attributable to:			
<b>Shareholders of the Company</b>	4,307	1,040	314.1%
Minority interests	995	717	38.8%
	<u>5,302</u>	<u>1,757</u>	201.8%

<sup>(1)</sup> Tax rate for PRC and Singapore is at 33% and 20% respectively. Tax expense includes withholding tax and deferred tax.

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

The profit before tax is arrived at after charging the following:

	Group		Increase/ (Decrease)
	FY2006 \$000	FY2005 \$000	
Depreciation expense	8,118	6,497	24.9%
Amortisation of intangible assets	443	331	33.8%
Amortisation of franchise rights	87	72	21.2%
Loss/(Gain) on disposal of fixed assets	74	(37)	-299.0%
Fixed assets written off	197	569	-65.4%
Bad debts written off	-	321	-100.0%
Operating lease expenses	24,980	20,815	20.0%
Personnel expenses <sup>(2)</sup>	32,885	24,846	32.4%
Pre-operating expenses written off	199	1,056	-81.2%
Foreign exchange loss (net)	98	7	1307.0%
Adjustment for over provision for tax	28	51	-45.6%
Litigation damages due to tenant <sup>(3)</sup>	-	145	-100.0%
Gain on disposal of a subsidiary	-	169	-100.0%
Gain on liquidation of subsidiary	98	-	N.A.

<sup>(2)</sup> This includes amounts shown as directors' remuneration.

<sup>(3)</sup> This relates payable to tenant of Nanning Dashidai Food & Beverage Co Ltd (PRC), for the damages granted by court to the tenants via litigation.

<sup>(4)</sup> This relates to the liquidation of Nanning Dashidai Food & Beverage Co Ltd (PRC).

NM - Not meaningful

NA - Not applicable

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

	Group		Company	
	31.12.2006 \$000	31.12.2005 \$000	31.12.2006 \$000	31.12.2005 \$000
<b>Non-Current Assets</b>				
Fixed assets	34,134	24,571	5	-
Deferred Expenditure/ Long-term Prepayments	8			
Other investments	316			
Investment in subsidiaries	-	-	21,639	17,281
Investment in associates	665	766		-
Investment in joint ventures	2,272	1,890		-
Trademark	303	267		-
Intangible assets	3,097	3,531		-
Franchise rights	449	505		-
Goodwill on consolidation	4,578	4,578		-
	<u>45,822</u>	<u>36,108</u>	<u>21,644</u>	<u>17,281</u>
<b>Current Assets</b>				
Inventories	2,003	1,700		-
Trade receivables	2,855	2,475		-
Other receivables, deposits and prepayments	10,254	6,667	13	7
Amount due from related company, trade	-	-		
Amount due from related company, non-trade	78		1	
Amount due from subsidiaries, trade	-	-		
Amount due from subsidiaries, non-trade	-	-	210	4,670
Amount due from associates, trade	1,425	411		-
Amount due from associates, non-trade	217	1,254		-
Amount due from joint ventures, trade	113			-
Amount due from joint ventures, non-trade	176	313		-
Amount due from MI Shareholders	150			-
Fixed deposits	1,107	1,603		-
Cash on hand and at bank	18,455	14,069	603	182
	<u>36,832</u>	<u>28,492</u>	<u>827</u>	<u>4,859</u>
<b>Current Liabilities</b>				
Trade payables	9,137	7,858		-
Other payables and accrued expenses	22,400	14,584	736	266
Provisions for Reinstatement Cost	649			
Amount due to subsidiaries, non-trade	-	-	443	563
Amount due to Immediate/ultimate holding company	-			
Amount due to associates, trade		71		-
Amount due to associates, non-trade	360	261		-
Amount due to related company, non-trade	-		0	
Amount due to joint venture, trade		-		-
Amount due to joint venture, non-trade	28	6		-
Loan due to minority shareholders		86		-
Deferred revenue	3,120	2,967		-
Provision for income tax	1,468	1,742	38	12
Short-term loans	4,171	3,293		-
Term loans (current portion)	3,536	2,958		-
Finance lease obligations (current portion)	407	162		-
	<u>45,276</u>	<u>33,988</u>	<u>1,217</u>	<u>841</u>
<b>Net Current (Liabilities) / Assets</b>	<b>(8,444)</b>	<b>(5,496)</b>	<b>(390)</b>	<b>4,018</b>
<b>Non-Current Liabilities</b>				
Term loans (non-current portion)	4,843	3,005		-
Finance lease obligations (non-current portion)	298	139		-
Loan due to minority shareholders	59	64		-
Amount due to landlord (non-trade)	402	738		-
Deferred tax	961	912		-
	<u>6,563</u>	<u>4,858</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<b>30,815</b>	<b>25,754</b>	<b>21,254</b>	<b>21,299</b>
<b>Equity</b>				
Share capital	21,516	8,036	21,516	8,036
Share premium	-	13,480	-	13,480
Accumulated profits	6,381	2,074	(262)	(217)
Translation reserve	(303)	88		-
	<u>27,594</u>	<u>23,678</u>	<u>21,254</u>	<u>21,299</u>
Minority interests	3,221	2,076		-
<b>Total equity</b>	<b>30,815</b>	<b>25,754</b>	<b>21,254</b>	<b>21,299</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31.12.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
8,114	-	6,413	-

**Amount repayable after one year**

As at 31.12.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
5,141	-	3,144	-

**Details of any collateral**

(1) As at 31 December 2006, the Group's total borrowings stood at approximately \$13.3 million. These are secured by: (i) fixed deposits amounting to approximately \$1.1 million; (ii) corporate guarantees issued by the Company in connection with the banking facilities of certain subsidiaries; (iii) joint and several personal guarantees by directors of certain subsidiaries in connection with banking facilities of the subsidiaries.

(2) Finance lease obligations are secured by the underlying assets acquired.

(3) As at 31 December 2006, there were several deeds of guarantee executed by the Company to secure certain operating leases of a subsidiary company.

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

	Group	
	FY2006 \$000	FY2005 \$000
<b>Cash flows from operating activities</b>		
Profit before tax	7,625	3,787
Adjustment for:		
Depreciation expense	8,118	6,497
Amortisation of intangible assets	543	331
Amortisation of franchise rights	87	72
(Gain) on disposal of fixed assets	(74)	(37)
Write down of inventories	-	-
Fixed assets written off	197	569
Share of associates' and joint ventures' results	135	509
Interest expense and bank charges	1,213	659
Interest income	(113)	(78)
Bad debts written off	-	321
Gain on liquidation of a subsidiary	(98)	-
Gain on disposal of subsidiary	-	(169)
Translation difference	226	(175)
Operating profit before working capital changes	<u>17,859</u>	<u>12,286</u>
(Increase)/ decrease in:		
Inventories	(314)	(261)
Trade receivables	(380)	(1,383)
Other receivables, deposits and prepayments	(3,755)	(1,178)
Amt due from related party	(78)	-
Amount due from associates (trade)	(1,014)	(160)
Amount due from associates (non-trade)	1,038	(130)
Amount due from joint ventures (trade)	(113)	-
Amount due from joint ventures (non-trade)	137	(307)
Amt due from minority shareholder	(150)	-
Increase/ (decrease) in:		
Trade payables	1,377	2,324
Other payables and accrued expenses	8,260	3,845
Deferred revenue	154	1,185
Amount due to associates (trade)	(71)	71
Amount due to associates (non-trade)	99	(5)
Amount due to joint ventures (non-trade)	22	-
Amount due to minority shareholders	-	-
Cash generated from operations	<u>23,071</u>	<u>16,287</u>
Tax paid	(2,535)	(1,017)
<b>Net cash flow from operating activities</b>	<u><b>20,536</b></u>	<u><b>15,270</b></u>
<b>Cash flows from investing activities</b>		
Interest income received	113	78
Purchase of fixed assets	(18,553)	(14,101)
Acquisition of intangible assets	(145)	(544)
Franchise fees paid	(32)	(66)
Investments	(316)	-
Increase in investment in associates/joint venture	(257)	(2,603)
Proceeds from disposal of fixed assets	7	141
Acquisition of a subsidiary, net of cash acquired	-	5,727
Disposal of subsidiary, net of cash disposed	(24)	57
<b>Net cash flows used in investing activities</b>	<u><b>(19,207)</b></u>	<u><b>(11,311)</b></u>
<b>Cash flows from financing activities</b>		
Interest expenses and bank charges paid	(1,188)	(634)
Net repayments of finance lease obligations	404	(349)
Net financing from long term loans	2,416	2,140
Decrease in fixed deposits pledged	481	488
Net (repayment)/financing from short term loans	878	306
Capital contribution from minority a shareholder of a subsidiary	150	97
Loan from a minority shareholder	(84)	150
<b>Net cash flows from financing activities</b>	<u><b>3,057</b></u>	<u><b>2,198</b></u>
Net increase in cash and cash equivalents	4,386	6,157
Cash and cash equivalents at beginning of year	<u>14,069</u>	<u>7,912</u>
<b>Cash and cash equivalents at end of year</b>	<u><b>18,455</b></u>	<u><b>14,069</b></u>
<b>Note: Cash and cash equivalents</b>		
Cash on hand and at bank	18,455	14,069
Fixed deposits	<u>1,107</u>	<u>1,603</u>
	19,562	15,672
Less: Fixed deposits and cash at bank pledged	<u>(1,107)</u>	<u>(1,603)</u>
Cash and cash equivalents	<u><b>18,455</b></u>	<u><b>14,069</b></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	Minority Interest \$000	Total Equity \$000
	Share capital \$000	Share premium \$000	Capital reserve \$000	Translation reserve \$000	Accumulated profits / (loss) \$000			
As at 1 January 2005	6,519	5,135	452	(87)	582	12,601	1,262	13,863
- Effect of adopting FRS 103	-	-	(452)	-	452	-	-	-
- Restated	6,519	5,135	-	(87)	1,034	12,601	1,262	13,863
Issue of new shares	1,517	-	-	-	-	1,517	-	1,517
Issue of new shares to minority shareholders	-	-	-	-	-	-	97	97
Premium on issue of new shares	-	8,345	-	-	-	8,345	-	8,345
Translation Difference	-	-	-	175	-	175	-	175
Net profit for the period	-	-	-	-	1,040	1,040	717	1,757
<b>As at 31 December 2005</b>	<b>8,036</b>	<b>13,480</b>	<b>-</b>	<b>88</b>	<b>2,074</b>	<b>23,678</b>	<b>2,076</b>	<b>25,754</b>
As at 1 January 2006	8,036	13,480	-	88	2,074	23,678	2,076	25,754
- As previously reported	-	-	-	-	-	-	-	-
- Effect of adopting FRS 103	-	-	-	-	-	-	-	-
- Restated	8,036	13,480	-	88	2,074	23,678	2,076	25,754
Transfer to share capital*	13,480	(13,480)	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-	150	150
Issue of new shares to minority shareholders	-	-	-	-	-	-	-	-
Premium on issue of new shares	-	-	-	-	-	-	-	-
Translation difference	-	-	-	(391)	-	(391)	-	(391)
Net profit for the period	-	-	-	-	4,307	4,307	995	5,302
<b>As at 31 December 2006</b>	<b>21,516</b>	<b>-</b>	<b>-</b>	<b>(303)</b>	<b>6,381</b>	<b>27,594</b>	<b>3,221</b>	<b>30,815</b>
<b>Company</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Accumulated profits / (loss)</b>	<b>Total</b>				
As at 1 January 2005	6,519	5,135	8	11,662				
Issue of new shares	1,517	-	-	1,517				
Premium on issue of new shares	-	8,345	-	8,345				
Net loss for the period	-	-	(225)	(225)				
<b>As at 31 December 2005</b>	<b>8,036</b>	<b>13,480</b>	<b>(217)</b>	<b>21,299</b>				
As at 1 January 2006	8,036	13,480	(217)	21,299				
Transfer to share capital*	13,480	(13,480)	-	-				
Issue of new shares	-	-	-	-				
Premium on issue of new shares	-	-	-	-				
Net profit for the period	-	-	(46)	(46)				
<b>As at 31 December 2006</b>	<b>21,516</b>	<b>-</b>	<b>(263)</b>	<b>21,253</b>				

\* Under the Companies (Amendment) Act 2005 effective 30 January 2006, the concepts of par value and authorised share capital are abolished.

**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 cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on convention of all the outstanding convertibles 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.**

During the financial year ended 31 December 2006, there were no changes in the company's share capital

Under the Companies (Amendment) Act 2005 effective 30 January 2006, the concepts of par value and authorised share capital are abolished.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

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).**

NA.

**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 period ended 31 December 2005 except that the group has adopted new / revised financial reporting standards (FRS) which came into effect during the year

**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.**

There are no material changes on the financial statements of the Group arising from the adoption of the new / revised FRS.

**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	
	FY2006	FY2005
Earnings/(Loss) per ordinary share for the period:		
	<b>cents</b>	<b>cents</b>
(a) Based on weighted average number of ordinary shares in issue	2.14	0.55
(b) On a fully diluted basis	2.14	0.55

(i) The earnings per ordinary share for FY2005 was computed based on the weighted average of 188,267,356 ordinary shares for the year.

(ii) The earnings per ordinary share for FY2006 was computed based on the weighted average of 200,911,034 ordinary shares for the year.

(iii) As at 31 December 2006, there were no share options issued under the "BreadTalk Group Limited Employees' Share Option Scheme" and, hence, there were no potential dilutive ordinary shares.

**7. Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	\$000	\$000	\$000	\$000
	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
Net asset value per ordinary share based on issued share capital as at the end of year reported on	13.7	11.8	10.6	10.6

(i) Net asset value per ordinary share as at 31 December 2005 was computed based on the share capital of 200,911,034 ordinary shares each, representing shares issued and fully paid as at end of the year.

(ii) Net asset value per ordinary share as at 31 December 2006 was computed based on the share capital of 200,911,034 ordinary shares each, representing shares issued and fully paid as at end of the year.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following : (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### **Performance Review**

The Group's total revenue for the year ended 31 December 2006 grew by \$28.3 million or 29.7% to \$123.6 million, up from \$95.3 million in the same period last year. The growth was driven by broad-based growth across the bakery, food court and restaurant segments.

#### **(A) Revenue**

Breakdown of the Group's revenue for FY2006 by business segment is summarised as follows:

	FY 2006		FY 2005		Increase/ (Decrease)	
	% Contribution	\$000	% Contribution	\$000	\$000	%
Bakery sales	45.0%	55,552	50.4%	47,986	7,566	15.8%
Franchise revenue	6.1%	7,574	3.1%	2,956	4,618	156.2%
Restaurant sales	17.8%	22,051	17.6%	16,789	5,261	31.3%
Food court sales	31.1%	38,392	28.9%	27,566	10,826	39.3%
	100.0%	123,569	100.0%	95,297	28,272	29.7%

#### **Bakery**

Number of outlets owned and operated by the Group:

	No of bakery outlets		Increase/ (Decrease)
	FY 2006	FY 2005	
Singapore			
-Breadtalk	24	23	1
-Toastbox	7	1	6
PRC (BreadTalk) :			
- Shanghai	14	11	3
- Beijing/Tianjin	11	5	6
Thailand (Breadtalk)	1	1	-
	57	41	16

The Bakery segment contributed 45% to the FY2006 group revenue, down from 50.4% in FY2005. Bakery segment registered revenue growth \$7.6m or 15.8% from FY2005, driven mainly by outlet expansion in the PRC and Singapore, as well as full year contribution from the Thailand unit. In 2006, BreadTalk opened six more ToastBox outlets in Singapore at new locations or at existing renovated location.

	Number of franchise outlets		Increase/ (Decrease)
	FY 2006	FY 2005	
Indonesia	29	15	14
Philippines	8	6	2
Kuwait	4	3	1
Dubai	3	3	-
Malaysia	4	3	1
Taiwan	1	1	-
India	1		1
PRC:			
- Hong Kong	4	3	1
- Shenzhen	5	3	2
- Nanjing	3	1	2
- Hangzhou	2		2
- Chengdu	3		3
- Chongqing	3		3
- Guangzhou	1		1
- Changzhou	1		1
- Ningbo	1		1
	73	38	35

Franchise revenue increased by \$4.6m or 156.2%, driven by franchise fees from 4 new franchisees in PRC as well as increase in franchise outlets from 38 to 73 regionally. The rapid franchise growth in the PRC is a result of the Group's investment in brand equity and commitment to innovation. Franchise contribution to the Group's revenue has doubled from 3.1% in FY2005 to 6.1% in FY2006.

**Food Courts**

Food Court segment contributed 31.1% to the Group's revenue, up from 28.9% in FY2005. Revenue growth was spurred by net increase of 3 food courts in the PRC, 1 in Singapore and full year contribution from Hong Kong and Singapore food courts. The Group now owns 19 food courts - 11 in Shanghai, 3 in Beijing, 1 in Tianjin, 1 in Chongqing, 1 in Hong Kong and 2 in Singapore. During the year, Food Republic successfully developed its Sergeant Chicken Rice brand in Singapore and had since licensed it to a food court tenant in Hong Kong. This is an important milestone in the Group's brand extension strategy.

	No of Food Republic food courts		
	FY 2006	FY 2005	Increase/ (Decrease)
PRC :			
- Shanghai	11	10	1
- Beijing	3	1	2
- Tianjin	1	1	-
- Chongqing	1	-	1
- Nanning	-	1	(1)
Hong Kong	1	1	-
Singapore	2	1	1
	<u>19</u>	<u>15</u>	<u>4</u>

**Restaurants**

The Restaurant segment contributed 17.8% to the Group's revenue, up marginally from 17.6% in FY2005. This segment registered growth of \$5.3m or 31.3% from FY2005, driven by a full year contribution from its 4th and 5th Din Tai Fung restaurants at Wisma Atria and Raffles City. The Group now owns five Din Tai Fung restaurants in Singapore.

**Breakdown of the Group's revenue for FY2006 by geography is summarised as follows:**

	FY 2006		FY 2005		Increase/ (Decrease)	
	% Contribution	\$000	% Contribution	\$000	\$000	%
PRC	42.3%	52,324	47.1%	44,851	7,473	16.7%
Hong Kong	6.2%	7,625	0.8%	770	6,855	890.3%
Singapore	45.8%	56,555	49.7%	47,394	9,161	19.3%
Others	5.7%	7,065	2.4%	2,282	4,783	209.6%
	<u>100.0%</u>	<u>123,569</u>	<u>100.0%</u>	<u>95,297</u>	<u>28,272</u>	<u>29.7%</u>

The Group registered revenue growth across all geographical segments. The Group derived 48.5% of its revenue from the PRC and Hong Kong territories in FY2006, up from 47.9% in FY2005. Singapore contribution dropped from 49.7% in FY2005 to 45.8% in FY2006. Contribution from the rest of the world increased from 2.4% in FY2005 to 5.7% in FY2006.

Revenue from PRC grew 16.7% year on year driven mainly by franchise income, expansion of bakery outlets and food court. Revenue from Hong Kong rose substantially due to full year contribution from its food court which was opened in December 2005. Revenue from Singapore grew 19.3%, driven by expansion of food court, restaurant and ToastBox outlets.

Revenue growth from the rest of the world were mainly derived from franchise income from India and higher royalties from franchisees which added 19 franchised outlets.



## **(B) Profitability**

As the Group's expansion plan is on track, the investments made over the years are beginning to show results. Net profit soared nearly 4-fold from \$1 million in FY2005 to \$4.3 million in FY2006. Operating profit for FY2006 was \$ 8.9 million, increased 81.7 % from \$4.9 million in FY2005. This profit growth was mainly driven by the bakery and food court segments.

The bakery segment recorded a strong turnaround with an operating profit of \$2.1 million in FY2006, compared to an operating loss of \$0.08 million in FY 2005. This was due to strong performance from franchise as well as improved performance from its bakery operations in PRC, Singapore and Thailand. The Group's strategy of launching waves of retail concepts has borne fruits with the introduction of its ToastBox concept in Singapore. As part of its brand extension plan, this concept will be progressively rolled out to other countries.

The food court operating profit grew by \$1.4m or 88.7% from \$1.6 million in FY2005 to \$3.0 million in FY2006, driven by the turning around of Hong Kong unit, as well as higher profits from the PRC and Singapore units. The Hong Kong food court had a full year contribution in FY2006 compared to only one month's operation in FY2005, whereas the Singapore units have full year contribution from the Wisma food court and two months contribution from the Vivocity food court in 2006.

Operating profit from the Din Tai Fung restaurant business increased by \$0.4 million or 11% from \$3.4 million in FY 2005 to \$3.8 million in FY 2006 as a result of a full year contribution from its Tampines Mall and Wisma restaurants, and five months contribution from its Raffles City restaurants in Singapore.

Interest expense for FY2006 increased 81.4 % compared to FY2005 as the Group took up additional loans to finance its expansion.

Share of associates' losses was down to \$0.1 million, compared to \$0.5 million in FY2005, contributed mainly from Hong Kong franchise. Joint venture investment on the Wisma food court and restaurant contributed \$0.6 million share of profits compared to share of loss of \$0.1 million in FY2005.

The Group's effective tax rate for FY2006 was 30.5%, dropped from 53.6% in FY2005 due to brought forward tax losses utilised by certain subsidiaries which had turned profitable.

Earnings per share on a fully diluted basis rose to 2.14 cents whilst its net asset value per share increased to 13.7 cents.

## **(C) Balance Sheet**

The Group's fixed assets increased by \$9.6 million from \$24.6 million as at 31 December 2005 to \$34.1 million as at 31 December 2006. The increase was mainly attributable to the purchase of a office property in Shanghai of approximately \$6.2 million and additions of plant and equipment of some \$13.6 million across all business units in line with the Group's business expansion, offset by depreciation charge of \$8.1 million, disposal/write off of certain assets as well as translation difference.

Other receivables, deposits and prepayments increased by \$3.6 million from \$6.7 million as at 31 December 2005 to \$10.2 million as at 31 December 2006. This was mainly due to receivables from food court tenants and increase in security deposits placed with landlords in tandem with outlet expansion.

Cash on hand increased by \$4.4 million from \$14.1 million as at 31 December 2005 to \$18.5 million as at 31 December 2006.

Trade payables, other payables and accruals rose by \$9.1 million from \$22.4 million as at 31 December 2005 to \$31.5 million as at 31 December 2006. This is mainly due to increased business activities and deposits from food court tenants.

The Group's total borrowings increase by \$3.7 million from \$9.6 million as at 31 December 2005 to \$13.3 million as at 31 December 2006 as the Group took on additional loans to fund its acquisition of property, plant and equipment and business expansion.

Shareholder's funds increased by \$3.9 million from \$23.7 million as at 31 December 2005 to \$27.6 million as at 31 December 2006 as a result of current year profits.

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

NA

## **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.**

Over the years, the Group has grown from a F&B operator to a brand owner in the region, with significant presence in the PRC and footprints in 10 other countries. As at the end of 2006, almost [50%] of the group revenue was derived from PRC and Hong Kong. As the Group gains further foothold in the PRC, it foresees more business opportunities arising from this part of the world. The successful launch of Food Republic in Hong Kong has also opened up doors in the metropolitan's food and beverage industry. The group believes that its strategy in building brand equity and distribution network will serve as solid platform for future growth.

## **11. Dividend**

### ***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on?

Yes. The Directors have proposed a first and final one-tier dividend of 0.42 cents per ordinary share, subject to shareholders' approval at the AGM.

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

None.

### ***(c) Date payable***

Dividend payout date will be announced in due course.

### ***(d) Books closure date***

Books closure date will be announced in due course.

## **12. If no dividend has been declared/recommended, a statement to that effect.**

NA.

## **PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 and Half Year Results)**

**13. 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 <sup>(1)</sup>	Restaurant	Food court	Others <sup>(2)</sup>	Elimination	Group
	\$000	\$000	\$000	\$000	\$000	\$000
<b>FY2006</b>						
<b>Segment Revenue</b>						
Sales to external customers	63,471	22,051	38,392	-	(345)	123,569
Profit/(Loss) from operations	2,149	3,789	3,029	(54)	(53)	8,860
Financial expenses, net						(1,100)
						7,760
Share of associates' and joint ventures' results						(135)
Profit before tax						7,625
Tax expense						(2,323)
Profit after tax						5,302
Minority interests						(995)
Net profit attributable to shareholders						4,307
Segment assets	33,744	14,880	37,731	870	(7,508)	79,717
Investment in associates and joint ventures						2,937
Total Assets						82,654
Segment liabilities	16,667	3,668	21,162	1,701	(7,504)	35,694
Unallocated liabilities						16,145
Total liabilities						51,839
Capital expenditure						
Fixed assets	10,218	1,665	6,912	6	-	18,801
Intangible assets	47	-	98	-	-	145
Franchise rights	-	32	-	-	-	32
	10,265	1,697	7,010	6	-	18,978
Depreciation & Amortisation	3,908	1,433	3,306	1	-	8,648
<b>FY2005</b>						
<b>Segment Revenue</b>						
Sales to external customers	50,942	16,789	27,566	-	-	95,297
Profit from operations	(81)	3,414	1,605	(61)	-	4,877
Financial expenses, net						(581)
						4,296
Share of associates' and joint ventures' results						(509)
Profit before tax						3,787
Tax expense						(2,030)
Profit after tax						1,757
Minority interests						(717)
Net loss attributable to shareholders						1,040
Segment assets	23,278	10,557	30,896	702	(3,489)	61,944
Investment in associates and joint ventures						2,656
Total Assets						64,600
Segment liabilities	9,601	2,971	15,586	1,225	(3,635)	25,748
Unallocated liabilities						13,098
Total liabilities						38,846
Capital expenditure						
Fixed assets	4,533	2,033	8,152	-	-	14,718
Intangible assets	41	474	29	-	-	544
Franchise rights	-	66	-	-	-	66
	4,574	2,573	8,181	-	-	15,328
Depreciation & Amortisation	3,387	965	2,548	-	-	6,900

**Note:**

(1) The Group's Bakery segment comprises bakery operations directly owned and operated by the Group, as well as that through franchising.

(2) The "Others" segment pertains to investment holding activities.

**(b) By Geographical Segments**

	Singapore \$000	PRC \$000	Hong Kong \$000	Rest of World \$000	Elimination \$000	Group \$000
<b>FY2006</b>						
<b>Segment Revenue</b>						
Sales to external customers	56,555	52,324	7,625	7,065	-	123,569
Segment assets	42,384	34,528	4,580	852	(2,625)	79,718
Investment in associates and joint ventures						2,937
Total Assets						82,655
Capital expenditure						
Fixed assets	7,026	10,610	1,034	131		18,801
Intangible assets	145	-	-	-		145
Franchise rights	32	-	-	-		32
	7,202	10,610	1,034	131	-	18,978
Depreciation & Amortisation	4,085	3,789	699	76		8,648
<b>FY2005</b>						
<b>Segment Revenue</b>						
Sales to external customers	47,394	44,851	770	2,282	-	95,297
Segment assets	32,516	26,255	4,158	(985)	-	61,944
Investment in associates and joint ventures						2,656
Total Assets						64,600
Capital expenditure						
Fixed assets	3,149	8,439	2,761	369	-	14,718
Intangible assets	544	-	-	-	-	544
Franchise rights	66	-	-	-	-	66
	3,759	8,439	2,761	369	-	15,328
Depreciation & Amortisation	3,614	3,228	52	6		6,900

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

**(a) Business Segments**

Please refer to paragraph 8 and 10 for analysis by business segments.

**(b) Geographical Segments**

Please refer to paragraph 8 and 10 for analysis by geographical segments.

**15. A breakdown of sales.**

	Group		Increase/ (decrease) %
	2006 \$000	2005 \$000	
(a) Sales reported for first half year	55,932	42,329	32.1%
(b) Operating profit after tax before deducting minority interests reported for first half year	2,278	843	170.2%
(c) Sales reported for second half year	67,637	52,968	27.7%
(d) Operating profit after tax before deducting minority interests reported for second half year	3,024	914	230.9%

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

	Latest Full Year	Previous Full Year
Ordinary	843,826	-
Preference	-	-
Total	843,826	-

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Company Secretary  
28 February 2007