



BREADTALK GROUP LIMITED

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NEWS RELEASE

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Financial Results for the Year ended 31 December 2006

Serving Up A Feast

- Net profit jumped 314% to a record \$4.3m on historical high revenue of \$123.6m

- Group's strong foothold in PRC/Hong Kong sets the stage for further expansion in the region -

	FY2006	FY2005	Change
	\$'000	\$'000	
Revenue	123,569	95,297	+29.7%
Profit from operations	8,860	4,877	+81.7%
Profit before tax	7,625	3,787	+101.3%
Net profit	4,307	1,040	+314.1%
EPS	2.14 cents	0.55 cents	+289.1%

	31 Dec. 2006	31 Dec. 2005	Change
NAV/share	13.7 cents	11.8 cents	+16.9%

Highlights:-

- Group revenue rose 29.7% lifted by broad-based growth across all business segments.
- Net profit grew 314.1% to a record \$4.3 million in FY06.
- Record performance underscores Group's strong business fundamentals and brand equity, serving as solid platforms for the Group's further growth into the next league.
- PRC/Hong Kong led revenue growth by 31.4% in FY2006, contributing to 48.5% of Group revenue.
- Group strengthened its position in PRC/Hong Kong with 25 self-owned bakery outlets (+9), 23 franchised outlets (+16) and 17 food courts (+3).

Singapore, 28 February 2007 – SGX SESDAQ-listed BreadTalk Group Limited (“BreadTalk” or the “Company”), a leading lifestyle F&B group, is pleased to announce record-breaking performance for the financial year ended 31 December 2006 (“FY2006”) fueled by broad-based growth across the bakery, food court and restaurant segments and robust expansion in PRC/Hong Kong.

Group revenue grew 29.7% to cross \$100 million-mark for the first time to \$123.6 million in FY2006, up from \$95.3 million in FY2005. Driven mainly by strong contributions from the bakery and food court segments and PRC/Hong Kong operations, the Group achieved a 81.7% increase in operating profit from \$4.9 million in FY2005 to \$8.9 million in FY2006.

Overall, the Group’s successful execution of its expansion strategy earned it a record-breaking net profit attributable to the shareholders of \$4.3 million in FY2006, quadrupling the net profit of \$1.0 million in FY2005.

Strong performance underscores the Group’s successful turnaround in Singapore and Thailand, and strong foundations on which it will build on in its aim to become one of the leading F&B groups in the region.

Segmental Analysis

Bakery

The Group owns and operates 57 bakery outlets (31 in Singapore, 14 in Shanghai, 11 in Beijing/Tianjin and 1 in Thailand) as at 31 December 2006. This represents an increase of 16 outlets from the 41 outlets as at 31 December 2005.

Bakery revenue grew 15.8% to \$55.6 million in FY2006, 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. The Bakery segment contributed 45.0% to the FY2006 Group revenue, down from 50.4% in FY2005 as the Group continued to expand its other business segments and diversify.

At the same time, franchise revenue rose 156.2%, driven by franchise fees from 4 new franchisees in PRC as well as increase in franchised 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.

The Group's 73 franchised network as at 31 December 2006 comprised franchised outlets in Indonesia (29), Philippines (8), Kuwait (4), Dubai (3), Malaysia (4), Taiwan (1), India (1) and the PRC (23).

Overall, 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 FY2005. 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.

Food Courts

Food Court segment accounted for 31.1% of Group revenue in FY2006, 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.

The food court operating profit grew 88.7% from \$1.6 million in FY2005 to \$3.1 million in FY2006, driven mainly by the turning around of Hong Kong unit, as well as profits from the Singapore units. The Hong Kong food court had a full-year

contribution in FY2006 compared to only one month of operations in FY2005. The Singapore units had full-year contribution from the Wisma food court and two-month contribution from the Vivocity food court in 2006.

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.

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.

Geographical Analysis

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.

Business Outlook

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.

Dr. George Quek, Group Chairman said, “We are pleased that our expansion plans are beginning to yield positive results and remain on track to deliver further growth. 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.”

About BreadTalk Group Limited

Founded in 2000, BreadTalk has become a distinctive Singapore brand that has gained international appeal. Renowned for the way it has revolutionised the culture of bread consumption with its visually appealing, aromatic and unique-tasting products, the Group owns and operates 57 bakery outlets in Singapore, the PRC and Thailand. The BreadTalk brand has also rapidly expanded in the region with 73 franchised outlets across Asia and the Middle East.

In 2003, the Group diversified into the restaurant business by operating the world-renowned Din Tai Fung brand of restaurants, known for its xiao long bao meat dumplings in Singapore. Din Tai Fung, which originated from Taiwan more than 30 years ago, was rated by The New York Times as one of the world's Top 10 Best Restaurants in 1993. Currently, the Group operates five Din Tai Fung restaurants in Singapore – Paragon, Junction 8, Tampines Mall, Wisma Atria and Raffles City.

In 2004, BreadTalk clinched the coveted Design For Asia Award from the Hong Kong Design Centre, as well as the Most Transparent Company Award organised by the Securities Investors Association of Singapore (Runner-Up, SESDAQ category) in 2004 and 2005.

In 2005, BreadTalk penetrated further into the China market by acquiring Topwin Investment Holding Pte Ltd, which owns and operates food courts under the award-winning brand-name Megabite in the PRC. The Group now owns and operates 19 food courts in Singapore, PRC and Hong Kong.

BreadTalk's efforts at building strong brand equity have also earned it numerous awards, including Singapore Promising Brand Award (SPBA)'s "Silver Award" in 2004 and "Gold Award" in 2005, "Most Distinctive Brand Award" in 2003, 2004 and 2005, as well as the "Most Popular Brand Award" in 2002 and 2005 awarded by the Association of Small and Medium Enterprises (ASME) and Singapore Press Holdings. Today, the Group won the CitiBusiness SPBA (Singapore Promising Brand Award) Regional Brand Award 2006. This is a new award created to honour past SPBA winners who have succeeded in making its mark in new regional markets and extended its growth and brand name to different countries.

In November 2006, Group Chairman, Dr. George Quek won the Ernst & Young Emerging Entrepreneur of the Year 2006 Award. Dr George Quek also clinched the "Entrepreneur of the Year" award given by ASME and the Rotary Club of Singapore in 2002.

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