BREADTALK GROUP LIMITED

Full Year Financial Statement and Dividend Announcement For The Year Ended 31 December 2004

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUATERLY (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 2004. The figures presented below have not been audited.

	Group		
		Proforma	
	FY2004	**FY2003**	Increase/
	$000	$000	(Decrease) %
Revenue	50,186	40,251	24.7%
Cost of sales	(19,590)	(14,095)	39.0%
Gross profit	30,596	26,156	17.0%
Other operating income	316	152	107.9%
Distribution and selling expenses	(22,246)	(19,006)	17.0%
Administrative expenses	(7,380)	(5,584)	32.2%
Profit from operations	1,286	1,718	-25.1%
Interest income	21	27	-22.2%
Interest expense	(221)	(266)	-16.9%
Other financial expenses	(104)	(51)	103.9%
Profit before tax and associate's results	982	1,428	-31.2%
Share of associate's results	(82)	-	NA
Profit before tax	900	1,428	-37.0%
Tax expense (1)	(410)	(401)	2.2%
Profit after tax	490	1,027	-52.3%
Minority Interests	(521)	(51)	921.6%
Net profit/(loss) attributable to shareholders	(31)	976	-103.2%

(1) Included in the tax expense was a deferred tax credit of approximately $115,000 mainly due to change in statutory tax rate from 22% to 20% in FY2004. The tax expense for FY2004 does not include material over or under provision of current tax with respect to prior years.

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

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

	Group		
		Proforma	
	FY2004	**FY2003**	Increase/
	$000	$000	(Decrease)
Depreciation and amortisation	3,573	2,689	32.9%
Operating lease expenses	9,438	7,927	19.1%
Personnel expenses (2)	15,223	11,967	27.2%
Pre-operating expenses written off	129	502	-74.3%
Directors' fees	88	50	76.0%
Directors' remuneration	625	547	14.3%
Provision for impairment of fixed assets	-	60	-100.0%
Fixed assets written off	386	3	NM
Loss on disposal of fixed assets	48	-	NM
Foreign exchange loss (net)	130	61	113.1%

(2) This includes amounts shown as directors' remuneration.

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	
	31.12.2004	**31.12.2003**	**31.12.2004**	**31.12.2003**
	$000	$000	$000	$000
Non-Current Assets				
Fixed assets	12,151	11,960	-	-
Investment in subsidiaries	-	-	7,039	6,539
Investment in associate	582	-	-	-
Intangible assets	240	187	-	-
Franchise rights	511	541	-	-
		-	-	-
	13,484	12,688	7,039	6,539
Current Assets				
Inventories	1,350	799	-	-
Trade receivables	1,238	1,334	-	-
Other receivables, deposits and prepayments	3,229	2,766	629	14
Amount due from subsidiaries, trade	-	-	615	-
Amount due from subsidiaries, non-trade	-	-	3,173	2,174
Amount due from associate, trade	251	-	-	-
Amount due from associate, non-trade	57	-	-	-
Fixed deposits	1,904	4,213	649	2,958
Cash on hand and at bank	7,264	4,457	292	124
	15,293	13,569	5,358	5,270
Current Liabilities				
Trade payables	4,038	3,082	-	-
Other payables and accrued expenses	5,366	4,055	552	157
Amount due to subsidiaries, non-trade	-	-	179	-
Deferred revenue	104	-	-	-
Provision for income tax	342	118	4	-
Short-term loans	1,187	-	-	-
Term loans (current portion)	1,479	1,479	-	-
Finance lease obligations (current portion)	275	265	-	-
	12,791	8,999	735	157
Net Current Assets	**2,502**	**4,570**	**4,623**	**5,113**
Non-Current Liabilities				
Term loans (non-current portion)	920	2,418	-	-
Finance lease obligations (non-current portion)	176	450	-	-
Deferred tax	1,027	961	-	-
	2,123	3,829	-	-
Net assets	13,863	13,429	11,662	11,652
Share capital and reserves				
Share capital	6,519	6,519	6,519	6,519
Share premium	5,135	5,135	5,135	5,135
Capital reserve	452	452	-	-
Accumulated profits/(losses)	582	613	8	(2)
Translation reserve	(87)	(31)	-	-
	12,601	12,688	11,662	11,652
Minority interests	1,262	741	-	-
	13,863	13,429	11,662	11,652

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

Amount repayable in one year or less, or on demand

31.12.2004		31.12.2003	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
2,941	-	1,744	-

Amount repayable after one year

31.12.2004		31.12.2003	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
1,096	-	2,868	-

Details of any collateral

(1) As at 31 December 2004, the Group's total borrowings stood at approximately $4.0 million, of which term loans totalling $3.6 million are secured by: (i) fixed deposits amounting to approximately $1.3 million; and (ii) corporate guarantees issued by the Company in connection with the banking facilities of certain subsidiaries.

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

(3) As at 31 December 2004, 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	
		Proforma
	FY2004	**FY2003**
	$000	$000
Cash flows from operating activities		
Profit before tax	900	1,428
Adjustment for:		
Depreciation of fixed assets	3,452	2,639
Amortisation of intangible assets	58	29
Amortisation of franchise rights	63	21
Provision for impairment of fixed assets	-	60
Loss on disposal of fixed assets	48	-
Fixed assets written off	386	3
Write down of inventories	8	12
Interest expense and bank charges	325	317
Interest income	(21)	(27)
Share of associate's result	82	-
Operating profit before working capital changes	5,301	4,482
(Increase)/ decrease in:		
Inventories	(559)	(386)
Trade receivables	96	(1,120)
Other receivables, deposits and prepayments	(463)	(647)
Amount due from associate, trade	(251)	-
Amount due from associate, non-trade	(57)	-
Increase/ (decrease) in:		
Trade payables	956	543
Other payables and accrued expenses	1,311	753
Deferred revenue	104	(40)
Cash generated from operations	6,438	3,585
Interest expenses and bank charges paid	(325)	(317)
Tax paid	(120)	(702)
Exchange difference	28	(20)
Net cash flow from operating activities	**6,021**	**2,546**
Cash flows from investing activities		
Interest income received	21	27
Purchase of fixed assets	(4,328)	(5,436)
Proceeds from sale of fixed assets	167	3
Investment in intangible assets	(111)	(127)
Investment in franchise rights	(33)	(562)
Investment in associate	(664)	-
Net cash flows used in investing activities	**(4,948)**	**(6,095)**
Cash flows from financing activities		
Increase in fixed deposits pledged	(6)	(906)
Net proceeds from issuance of new ordinary shares	-	6,415
Capital injection from minority shareholders of a subsidiary company	-	690
Net (repayment) financing from term loans	(1,498)	2,162
Net financing from short-term loans	1,187	-
Repayment of finance lease obligations	(264)	(240)
Net cash flows (used in)/from financing activities	**(581)**	**8,121**
Net increase in cash and cash equivalents	492	4,572
Cash and cash equivalents at beginning of year	7,420	2,848
Cash and cash equivalents at end of year	**7,912**	**7,420**
Note: Cash and cash equivalents		
Cash on hand and at bank	7,264	4,457
Fixed deposits	1,904	4,213
	9,168	8,670
Less: Fixed deposits pledged	(1,256)	(1,250)
Cash and cash equivalents	7,912	7,420

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

<u>Proforma</u>	Share capital	Share premium	Capital reserve	Accumulated profits / (loss)	Currency translation reserve	Total
	$000	$000	$000	$000	$000	$000
Group						
As at 1 January 2003	500	-	-	4,828	-	5,328
Proforma adjustment to reflect acquisition of subsidiary pursuant to restructuring exercise	4,739			(4,739)		-
Issue of new shares pursuant to initial public offering (IPO)	1,280		-	-	-	1,280
Premium on issue of new shares pursuant to IPO	-	6,225	-	-	-	6,225
Share issue expenses	-	(1,090)	-	-	-	(1,090)
Currency translation differences	-	-	-	-	(31)	(31)
Net profit for the period	-	-	-	976	-	976
Proforma adjustment to reflect acquisition of subsidiary pursuant to restructuring exercise			452	(452)		- -
As at 31 December 2003	**6,519**	**5,135**	**452**	**613**	**(31)**	**12,688**
As at 1 January 2004	6,519	5,135	452	613	(31)	12,688
Currency translation differences	-	-	-	-	(56)	(56)
Net loss for the year	-	-	-	(31)	-	(31)
As at 31 December 2004	**6,519**	**5,135**	**452**	**582**	**(87)**	**12,601**
Company						
As at 1 January 2003	500	-	-	-	-	500
Proforma adjustment to reflect acquisition of subsidiary pursuant to restructuring exercise	4,739	-	-	-	-	4,739
Issue of new shares pursuant to initial public offering (IPO)	1,280	-	-	-	-	1,280
Premium on issue of new shares pursuant to IPO	-	6,225	-	-	-	6,225
Share issue expenses	-	(1,090)	-	-	-	(1,090)
Net loss for the period	-	-	-	(2)	-	(2)
As at 31 December 2003	**6,519**	**5,135**	**-**	**(2)**	**-**	**11,652**
As at 1 January 2004	6,519	5,135	-	(2)	-	11,652
Net profit for the year	-	-	-	10	-	10
As at 31 December 2004	**6,519**	**5,135**	**-**	**8**	**-**	**11,662**

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 also the number of shares that may be issued on conversion 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

None

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)

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 2003.

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

None.

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	
	FY2004	**Proforma FY2003**
Earnings/(Loss) per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	(0.02) cents	0.7 cents
(b) On a fully diluted basis	(0.02) cents	0.7 cents

(i) The earnings per ordinary share for the financial period ended 31 December 2003 was computed based on the pre-invitation share capital of 130,980,000 ordinary shares being in issue for 365 days and 32,000,000 ordinary shares (issued pursuant to the IPO) being in issue for 202 days, giving rise to weighted average of 148,689,589 ordinary shares for the year.

(ii) The earnings per ordinary share for FY2004 was computed based on the share capital of 162,980,000 ordinary shares of $0.04 each, representing shares issued and fully paid as at end of the year.

(iii) As at 31 December 2004, 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	
	31.12.2004	**31.12.2003**	**31.12.2004**	**31.12.2003**
	$000	$000	$000	$000
Net asset value per ordinary share based on issued share capital as at the end of year reported on	7.7 cents	7.8 cents	7.2 cents	7.1 cents

(i) Net asset value per ordinary share as at 31 December 2003 was computed based on the post-invitation share capital of 162,980,000 ordinary shares of $0.04 each, representing shares issued and fully paid as at end of the period.

(ii) Net asset value per ordinary share as at 31 December 2004 was computed based on the share capital of 162,980,000 ordinary shares of $0.04 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. 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

Performance Review

(A) Revenue

Breakdown of the Group's revenue for FY2004 is summarised as follows:

	FY2004		FY2003		Increase/ (Decrease)	
	% Contribution	$000	% Contribution	$000	$000	%
Bakery sales	73.8%	37,049	85.1%	34,253	2,796	8.2
Franchise revenue	4.8%	2,397	6.4%	2,581	(184)	(7.1)
Restaurant sales	21.4%	10,740	8.5%	3,417	7,323	214.3
	100.0%	50,186	100.0%	40,251	9,935	24.7

The Group's revenue grew by $9.9 million or 24.7% to $50.2 million, up from $40.3 million in previous year. The growth was mainly contributed by : (a) increase in Bakery sales due to increase in number of outlets in Shanghai from 2 in FY2003 to 7 outlets in FY2004 and opening of 2 new outlets each in Beijing and Singapore (Bukit Panjang and Harbour Front) in FY2004 and (b) full year's revenue contribution from "Din Tai Fung" restaurant at Paragon which commenced operations in September 2003 and 2 months' revenue contribution from new "Din Tai Fung" restaurant at Junction 8 which commenced operations in end October 2004.

Franchise revenue comprised master franchise fee, monthly royalty fee collection based on an agreed % of franchisee's monthly sales as well as sales income for flour to the franchisees. For FY2004, total franchise revenue decreased 7.1% from $2.6 million to $2.4 million due to lower master franchise fee as 1 new franchise was secured in Taiwan compared to 4 in the last financial year. However this was offset by a 235% increase in royalty fee collection and sales to the franchisees. This was the result of management devoting its resources on working closely with its existing franchisees to develop their businesses, leading to the increase in franchised outlets from 3 in FY2003 to 19 in FY2004.

	Number of franchised outlets		**Increase**
	FY2004	**FY2003**	
Indonesia	10	3	7
Philippines	3	-	3
Kuwait	3	-	3
Malaysia	2	-	2
Taiwan	1	-	1
	19	3	16

(B) Profitability

The Group reported a full-year net loss of $31,000 for the year ended 31 December 2004, a lower loss compared to the net loss reported in its first half results, due to a stronger performance in the second half. In the last six months of FY2004, the Group recorded a net profit of $124,000 on sales of $27.5 million, compared to a net loss of $155,000 on sales of $22.6 million in the first half, due to strong profit growth from Din Tai Fung restaurants, coupled with operational streamlining at the bakeries.

Although Group revenue increased by 24.7%, gross profit grew by a smaller 17.0% mainly due to the change in revenue mix and competitive environment in Singapore for its bakery operations. Net loss for FY 2004 was also affected by higher operating expenses which were contributed by set up cost in China subsidiaries which had yet to achieve economies of scale, increase in personnel cost in Singapore head office as well as fixed asset write off for several outlets in Singapore. Head office costs in Singapore and China were included under the "Bakery Operations" business segment (under paragraph 13).

Recognising the competitive environment in the bakery business, management had taken tough measures to reduce cost in Singapore operation by closing an underperforming outlet and downsizing 2 outlets. Management also refined the retail concept of another outlet which subsequently showed improvement in sales. These measures resulted in improved performance during the second half of FY2004. At the same time, Shanghai operations improved substantially, and turned profitable in the 2nd half of FY2004. Beijing operations, which only commenced in October 2004, registered a loss for the fiscal year under review.

(C) Balance Sheet

As at 31/12/2004, the higher inventories and payables were due mainly to the increase in business activities and volume with the expansion of bakery outlets in China as well as "Din Tai Fung" restaurant operation.

Shanghai Breadtalk had taken up a short-term loan of approximately $1.2 million to finance the bakery operation in both Shanghai and Beijing. There has been a significant reduction in term loan (non-current portion) as progressive loan repayment was made and no new loan was undertaken for Singapore operation during the year.

Cash flows from Operation increased substantially from $2.5 million in FY2003 to $6.0 million in FY2004. Part of this was used to finance fixed asset purchase and investments ($4.9 million) and net repayment of bank loans ($0.6 million). As at 31/12/2004, cash and cash equivalents of the Group amounted to $7.9 million, an increase of $0.5 million from $7.4 million as at 31/12/2003.

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 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 continues to operate in a challenging business environment in Singapore, due to keen competition in the bakery business. In this respect, the Group will continue to streamline its operations and improve operational efficiencies to maintain its competitiveness. The Group will continue to focus on product innovation, operational efficiency and brand building.

The Group is well positioned to penetrate the China market further. In February 2005, a new outlet was opened in Shenzhen. For FY2005, the Group plans to open 15 new outlets in Shanghai, Beijing and Shenzhen. It will also explore opportunities in other cities, as well as joint venture or franchising avenues.

In terms of overseas franchises, the Group will continue to increase the number of outlets in existing franchise countries, as well as seek new franchise opportunities in other countries.

The opening of the second Din Tai Fung restaurant at Junction 8 is also expected to contribute to the Group’s bottom line in FY2005. The Group plans to open a third Din Tai Fung restaurant in Tampines Mall in 2005.

On 16 February 2005, BreadTalk’s shareholders approved the acquisition of the entire issued and paid-up share capital of Topwin Investment Holding Pte Ltd ("Topwin"), which owns and operates 13 food courts under the "Megabite" brand in China, for a total consideration of $11 million. With this acquisition, the food court business is expected to contribute to the Group's turnover and profitability in FY2005.

With the full-year contributions from the newly-acquired food court business in China, as well as Din Tai Fung's second restaurant in Junction 8, barring unforeseen circmstances, the directors expect a better performance in FY2005.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?
None

(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
NA.

(d) Books closure date
NA.

12. If no dividend has been declared/recommended, a statement to that effect
No interim or final dividend for the year ended 31 December 2004 has been recommended.

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 Operations	Restaurant Operations	Others[1]	Elimination	Group
	$000	$000	$000	$000	$000
FY2004					
Segment Revenue					
Sales to external customers	39,446	10,740	-	-	50,186
Profit/(Loss) from operations	(802)	2,091	(3)	-	1,286
Financial expenses, net					(304)
Profit before tax and associate's results					982
Share of associate's results					(82)
Profit before tax					900
Tax expense					(410)
Profit after tax					490
Minority interest					(521)
Net loss attributable to shareholders					(31)
Segment assets	20,456	7,446	4,022	(3,147)	28,777
Segment liabilities	13,801	3,403	857	(3,147)	14,914
Capital expenditure					
Fixed assets	2,990	1,338	-	-	4,328
Intangible assets	111	-	-	-	111
Franchise rights	-	33	-	-	33
	3,101	1,371	-	-	4,472
Depreciation & Amortisation	3,005	568	-	-	3,573
FY2003 - Proforma					
Segment Revenue					
Sales to external customers	36,834	3,417	-	-	40,251
Profit from operations	1,485	257	(23)	(1)	1,718
Financial expenses, net					(290)
Profit before tax					1,428
Tax expense					(401)
Profit after tax					1,027
Minority interest					(51)
Net profit attributable to shareholders					976
Segment assets	18,843	4,371	5,036	(1,993)	26,257
Segment liabilities	12,526	1,920	375	(1,993)	12,828
Capital expenditure					
Fixed assets	3,461	2,137	-	-	5,598
Intangible assets	127	-	-	-	127
Franchise rights	-	562	-	-	562
	3,588	2,699	-	-	6,287
Depreciation & Amortisation	2,549	140	-	-	2,689
Provision for impairment of fixed assets	60	-	-	-	60

The Group's bakery operations comprises bakery operations directly owned and run by the Group as well as that operated through franchising. Meanwhile, the business segment "Others" pertains to investment holding activities.

(b) By Geographical Segments

	Singapore	Rest of Asia	Elimination	Group
	$000	$000	$000	$000
FY2004				
Segment Revenue				
Sales to external customers	41,510	8,676	-	50,186
Segment assets	23,438	5,444	(105)	28,777
Capital expenditure				
Fixed assets	2,532	1,796	-	4,328
Intangible assets	111	-	-	111
Franchise rights	33	-	-	33
	2,676	1,796	-	4,472
Depreciation & Amortisation	3,293	280	-	3,573
FY2003 - Proforma				
Segment Revenue				
Sales to external customers	37,496	2,755	-	40,251
Segment assets	26,207	1,850	(1,800)	26,257
Capital expenditure				
Fixed assets	4,671	927	-	5,598
Intangible assets	127	-	-	127
Franchise rights	562	-	-	562
	5,360	927	-	6,287
Depreciation & Amortisation	2,689	-	-	2,689

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. Breakdown of Sales

	Group		
	2004	**Proforma 2003**	**Increase/ (decrease)**
	$000	$000	%
(a) Sales reported for first half year	22,643	17,261	31.2%
(b) Operating profit after tax before deducting minority interests reported for first half year	32	304	-89.5%
(c) Sales reported for second half year	27,543	22,990	19.8%
(d) Operating profit after tax before deducting minority interests reported for second half year	458	723	-36.7%

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	-	-
Preference	-	-
Total	-	-

17. Interested Person Transactions

	Full Year Ended 31 December	
	2004	**2003**
	$000	$000
Expense		
Rental expense paid to a director	13	42
Purchase from a related party	3	2
Income		
Rental income earned from a related party	139	0

Acquisition of Topwin Investment Holding Pte Ltd & subsidiaries

During the financial year, the Company entered into a sale and purchase agreement to acquire 100% of the issued share capital of Topwin for a consideration of $11 million, to be satisfied by up to 37,931,034 new BreadTalk shares issued at $0.29 each. George Quek and Frankie Quek, who collectively controlled 72% of the issued share capital of Topwin, are also substantial shareholders of the Company. As such, this transaction is an interested party transaction under the Listing Manual.

HL Bank, the Independent Financial Advisor (IFA), has reviewed this transaction and issued a letter to the independent directors of the Company that in their opinion this transaction is on normal commercial terms and is not prejudicial to the interest of the minority shareholders of the Company.

On 16 February 2005, BreadTalk shareholders approved this transaction in an Extraordinary General Meeting.

In accordance with the sale and purchase agreement between the Company and Topwin's vendors, the rights and obligations of the parties under the agreement took effect from 1 July 2004. However, as the approval for the acquisition only occurred after year-end, the financial results of Topwin and its subsidiaries ("Topwin Group") have not been consolidated for the financial year ended 31 December 2004. The unaudited results of Topwin Group for the six months period ended 31 December 2004 are as follows:

	1 July 2004 to 31 December 2004
	$000
Revenue	13,753
Cost of sales	(3,299)
Gross profit	10,454
Other operating income	1,068
Distribution and selling expenses	(8,699)
Administrative expenses	(1,355)
Profit from operations	1,468
Interest income	16
Interest expense	(80)
Other financial expenses	(18)
Profit before tax	1,386
Tax expense	(282)
Net profit after tax	1,104

The Topwin Group performed well during the six months period ended 31 December 2004, recording revenue of $13.8 million and profit after tax of $1.1 million.

Had the six months unaudited results of Topwin Group been consolidated with the BreadTalk Group results, the combined revenue and net profit attributable to shareholders would be $63.8 million and $1.1 million respectively.

Based on the full year unaudited results of Topwin Group, it recorded a total revenue of $25.3 million and profit after tax of $2.3 million.

For the purpose of the audited financial statements, the results of Topwin Group will not be consolidated with the BreadTalk Group's FY2004 audited results.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
28 February 2005