BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Half Year Ended 30 June 2007

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 half year ended 30 June 2007. The figures presented below have not been audited.

	Group Half Year Ended 30 June		
	2007	**2006**	Increase/
	$000	$000	(Decrease)
Revenue	69,674	55,932	24.6%
Cost of sales	(30,681)	(24,948)	23.0%
Gross profit	38,993	30,984	25.8%
Other operating income	2,795	1,647	69.7%
Distribution and selling expenses	(26,026)	(20,366)	27.8%
Administrative expenses	(10,941)	(8,867)	23.4%
Profit from operations	4,821	3,398	41.9%
Interest income	68	61	11.5%
Interest expense	(455)	(385)	18.2%
Profit before tax and and share of results of associates and joint ventures	4,434	3,074	44.2%
Share of results of associates	(127)	(226)	N.M.
Share of results of joint ventures	213	64	232.8%
Profit before tax	4,520	2,912	55.2%
Tax expense	(1,064)	(634)	67.8%
Profit after tax	3,456	2,278	51.7%
Attributable to:			
Shareholders of the Company	**3,008**	**1,881**	59.9%
Minority interests	448	397	12.8%
	3,456	2,278	51.7%

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

Profit before tax is arrived at after charging the following:

	Group Half Year Ended 30 June		
	2007	**2006**	Increase/
	$000	$000	(Decrease)
Depreciation and amortisation	4,815	4,106	17.3%
Operating lease expenses	14,045	11,793	19.1%
Personnel expenses	19,540	15,930	22.7%
Plant and equipment written off	433	123	252.0%
Loss (Gain) on disposal of plant and equipment	10	(75)	N.M.
Impairment loss on brand value	-	99	-100.0%
Gain on disposal of an associated company	(83)	-	N.A.
Gain on liquidation of a subsidiary	-	(98)	-100.0%
Allowance for doubtful receivables	236	-	N.A.
Foreign exchange loss, net	4	39	-89.7%
Under (Over) provision of tax in respect of prior years, net	100	(88)	N.M.

N.A. - Not applicable
N.M. - Not meaningful

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**	
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
	$000	$000	$000	$000
Non-current assets				
Property, plant and equipment	35,851	34,141	13	5
Intangible assets	8,221	8,427	-	-
Investment securities	316	316	-	-
Investment in subsidiaries	-	-	21,639	21,639
Investment in associates	365	665	-	-
Investment in joint ventures	2,821	2,272	-	-
	47,574	45,821	21,652	21,644
Current assets				
Inventories	2,044	2,003	-	-
Trade receivables	4,201	2,855	-	-
Other receivables and deposits	11,832	9,748	-	3
Prepayments	1,951	507	7	10
Amount due from subsidiaries (non-trade)	-	-	4,692	210
Amount due from related parties (non-trade)	-	78	-	-
Amount due from associates (trade)	500	1,425	-	-
Amount due from associates (non-trade)	3	216	-	-
Amount due from joint ventures (trade)	175	113	-	-
Amount due from joint ventures (non-trade)	44	176	-	-
Amount due from minority shareholders	-	150	-	-
Fixed deposits	1,107	1,107	-	-
Cash on hand and at bank	27,756	18,455	8,139	603
	49,613	36,833	12,838	826
Current liabilities				
Trade payables	10,069	9,137	-	-
Other payables and accruals	23,524	25,521	716	736
Provision for reinstatement cost	1,041	648		
Amount due to subsidiaries (non-trade)	-	-	2	443
Amount due to associates (trade)	113	-	-	-
Amount due to associates (non-trade)	-	360	-	-
Amount due to joint ventures (non-trade)	27	28	-	-
Amount due to landlord (non-trade)	64	-	-	-
Finance lease obligations, secured	101	107	-	-
Short term loan, secured	5,236	4,958	-	-
Long-term loans, secured	4,084	3,044	-	-
Tax payable	1,557	1,468	75	38
	45,816	45,271	793	1,217
Net current assets (liabilities)	**3,797**	**(8,438)**	**12,045**	**(391)**

Non-current liabilities				
Long-term loans, secured	4,843	4,843	-	-
Finance lease obligations, secured	254	303	-	-
Loan from minority shareholder of a subsidiary	44	59	-	-
Amount due to landlord (non-trade)	363	402	-	-
Deferred tax liabilities	984	961	-	-
	6,488	6,568	-	-
Net assets	44,883	30,815	33,697	21,253
Share capital and reserves				
Share capital	33,303	21,516	33,303	21,516
Accumulated profits (losses)	8,402	6,381	394	(263)
Translation reserve	(57)	(303)	-	-
	41,648	27,594	33,697	21,253
Minority interests	3,235	3,221	-	-
Total equity	44,883	30,815	33,697	21,253

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

Amount repayable in one year or less, or on demand

As at 30.06.2007		As at 31.12.2006	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
9,421	-	8,109	-

Amount repayable after one year

As at 30.06.2007		As at 31.12.2006	
Secured	Unsecured	Secured	Unsecured
$000	$000	$000	$000
5,097	44	5,146	59

Details of any collateral

(1) As at 30 June 2007, the Group's term loans totalling of $14.2 million are secured by fixed deposits of $1.0 million, corporate guarantees issued by the Company and joint and several personal guarantees by directors of a subsidiary in connection with the banking facilities of certain subsidiaries.

(2) Finance lease obligations are secured by the underlying assets acquired and in some cases, together with corporate guarantees issued by the Company.

(3) As at 30 June 2007, 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	
	Half Year Ended 30 June	
	2007	**2006**
	$000	$000
Cashflows from operating activities		
Profit before tax	4,520	2,912
Adjustments for:		
Share of results of associates	127	226
Share of results of joint ventures	(213)	(64)
Depreciation of property, plant and equipment	4,542	3,846
Amortisation of intangible assets	273	260
Impairment loss on brand value	-	99
Gain on disposal of an associated company	(83)	-
Gain on liquidation of a subsidiary	-	(98)
Loss (Gain) on disposal of plant and equipment	10	(75)
Plant and equipment written off	433	123
Allowance for doubtful receivables	236	-
Interest expense	455	385
Interest income	(68)	(61)
Translation difference	(67)	271
Operating profit before working capital changes	10,165	7,824
(Increase)/ decrease in:		
Inventories	(41)	(209)
Trade receivables	(1,356)	141
Other receivables and deposits	(2,084)	(1,535)
Prepayments	(244)	(131)
Amount due from related parties	78	-
Amount due from associates (trade)	699	(804)
Amount due from associates (non-trade)	213	447
Amount due from joint ventures (trade)	(62)	(1)
Amount due from joint ventures (non-trade)	132	48
Amount due from minority shareholder (non-trade)	150	-
Increase/ (decrease) in:		
Trade payables	932	72
Other payables and accruals	(1,922)	(51)
Amount due to associates (trade)	113	(71)
Amount due to associates (non-trade)	(360)	108
Amount due to joint ventures (non-trade)	(1)	63
Cash generated from operations	6,412	5,901
Tax paid	(953)	(1,145)
Net cash flow from operating activities	**5,459**	**4,756**
Cash flows from investing activities		
Interest income received	68	61
Purchase of property, plant and equipment	(5,918)	(11,009)
Proceeds from disposal of plant and equipment	109	202
Proceeds from disposal of an associated company	178	-
Acquisition of intangible assets	(67)	(103)
Net cash outflow on liquidation of a subsidiary	-	(31)
Investment in associates	(1,200)	(260)
Investment in joint ventures	(336)	-
Net cash flow used in investing activities	**(7,166)**	**(11,140)**

Cash flows from financing activities		
Decrease in fixed deposits and cash at bank pledged	107	152
Interest expense paid	(443)	(373)
Dividends paid to shareholders of the Company	(987)	-
Dividends paid to minority shareholders	(492)	-
Net (repayment) proceeds of finance lease obligations	(55)	66
Net proceeds of short-term loan	175	953
Net proceeds of long-term loans	979	2,079
Net proceeds from issue of new shares	11,787	-
Loan from a minority shareholder	44	(83)
Net cash flow from financing activities	**11,115**	**2,794**
Net increase (decrease) in cash and cash equivalents	9,408	(3,590)
Cash and cash equivalents at beginning of period	18,455	14,069
Cash and cash equivalents at end of period	**27,863**	**10,479**
Note: Cash and cash equivalents		
Cash on hand and at bank	27,756	10,479
Fixed deposits	1,107	1,440
	28,863	11,919
Less: Fixed deposits pledged	(1,000)	(1,440)
Cash and cash equivalents	27,863	10,479

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

	Attributable to Shareholders of the Company						
	Share capital	**Share premium**	**Translation reserve**	**Accumulated profits**	**Total**	**Minority interests**	**Total equity**
	$000	$000	$000	$000	$000	$000	$000
Group							
As at 1 January 2006	8,036	13,480	88	2,074	23,678	2,076	25,754
Transfer to share capital*	13,480	(13,480)	-	-	-	-	-
Translation difference	-	-	(228)	-	(228)	-	(228)
Net profit for the period	-	-	-	1,881	1,881	397	2,278
As at 30 June 2006	**21,516**	**-**	**(140)**	**3,955**	**25,331**	**2,473**	**27,804**
As at 1 January 2007	21,516	-	(303)	6,381	27,594	3,221	30,815
Issuance of new shares	11,787	-	-	-	11,787	-	11,787
Issuance of new shares to minority shareholders	-	-	-	-	-	58	58
Dividend paid	-	-	-	(987)	(987)	(492)	(1,479)
Translation difference	-	-	246	-	246	-	246
Net profit for the period	-	-	-	3,008	3,008	448	3,456
As at 30 June 2007	**33,303**	**-**	**(57)**	**8,402**	**41,648**	**3,235**	**44,883**

	Share capital	**Share premium**	**profits / (losses)**	**Total**
Company	$000	$000	$000	$000
As at 1 January 2006	8,036	13,480	(217)	21,299
Transfer to share capital*	13,480	(13,480)	-	-
Net loss for the period	-	-	(84)	(84)
As at 30 June 2006	**21,516**	**-**	**(301)**	**21,215**
As at 1 January 2007	21,516	-	(263)	21,253
Issuance of new shares	11,787	-	-	11,787
Dividend paid	-	-	(987)	(987)
Net profit for the period	-	-	1,644	1,644
As at 30 June 2007	**33,303**	**-**	**394**	**33,697**

* 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 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

During the half year ended 30 June 2007, the Company has issued a total of 34 million new ordinary shares at a consideration of $0.36 per share through a share placement exercise.

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 2006.

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	
	HY2007	**HY2006**
Earnings per ordinary share for the period:		
(a) Based on weighted average number of ordinary shares in issue	1.38 cents	0.94 cents
Weighted average number of ordinary shares	217,911,034	200,911,034
(b) On a fully diluted basis	1.38 cents	0.94 cents
Adjusted weighted average number of ordinary shares	217,911,034	200,911,034

As at 30 June 2007, 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	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Net asset value per ordinary share based on issued share capital as at the end of period reported on	17.7 cents	13.7 cents	14.3 cents	10.6 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Overview

The Group achieved strong growth in revenue and net profit for the half year ended 30 June 2007 on the back of on-track broad-based expansion across all business segments. Group revenue rose 24.6% to $69.7 million in 1H07 while net profit rose 59.9% to $3.0 million.

Revenue

Group revenue rose $13.7 million or 24.6% from $55.9 million in 1H06 to $69.7m in 1H07 boosted by strong growth across all business segments:-

	HY2007		HY2006		Increase/ (Decrease)	
	$000	% Contribution	$000	% Contribution	$000	
Bakery sales	29,516	42.4%	24,588	44.0%	4,928	20.0%
Franchise revenue	5,535	7.9%	4,191	7.5%	1,344	32.1%
Restaurant sales	13,378	19.2%	9,640	17.2%	3,738	38.8%
Foodcourts revenue	21,245	30.5%	17,513	31.3%	3,732	21.3%
	69,674	100.0%	55,932	100.0%	13,742	24.6%

Bakery

Revenue from bakery business rose $4.9 million or 20.0% to $29.5 million in 1H07 with higher revenue achieved by operations in both Singapore and the PRC as the Group continued to expand its bakery network in these territories. Bakery operations remained the Group's largest revenue contributor, contributing 42.4% of Group revenue in 1H07.

The Singapore bakery operations registered a total revenue of $17.5 million in 1H07, up $2.8 million or 19.0% compared to $14.7 million in 1H06 mainly due to contribution from nine additional outlets (seven Toastbox outlets and two BreadTalk outlets) compared to a year ago.

The bakery operations in the PRC also posted strong revenue growth of $2.0 million or 21.7% to $11.2 million in 1H07 compared to $9.2 million in 1H06. The growth was mainly driven by the increase in number of outlets to 25 as of 30 June 2007 compared to 19 a year ago as well as a full six-month contribution from two outlets in Beijing which opened in 2Q06.

The number of bakery outlets owned and operated by the Group:

	Number of BreadTalk Outlets			Number of Toast Box Outlets		
	30-Jun-07	31-Dec-06	30-Jun-06	30-Jun-07	31-Dec-06	30-Jun-06
Singapore	24	24	22	9	7	2
PRC:						-
- Shanghai	13	14	11	1	-	-
- Beijing/ Tianjin	11	10	8	-	-	-
Thailand	2	1	1	1	-	-
	50	49	42	11	7	2

Franchise

Franchise revenue grew 32.1% from $4.2 million in 1H06 to $5.5 million in 1H07 mainly driven by: (i) higher master franchise fee from new franchisees signed up for four additional PRC cities; and (ii) growth in royalty fees for both PRC and Singapore divisions as the total number of franchised outlets increased to 80 outlets at end of June 07 from 56 outlets a year ago.

The Group's franchised bakery network:

		As At	
	30-Jun-07	**31-Dec-06**	**30-Jun-06**
Indonesia	32	29	21
Philippines	8	8	7
Kuwait	4	4	4
UAE	3	3	3
Malaysia	4	4	4
Hong Kong	3	4	4
Taiwan	1	1	1
India	2	1	1
PRC:			
- Shenzhen	5	5	4
- Nanjing	3	3	2
- Hangzhou	2	2	2
- Chengdu	3	3	2
- Chongqing	3	3	1
- Guangzhou	2	1	-
- Changzhou	1	1	-
- Ningbo	1	1	-
- Xiamen	1	-	-
- Xian	1	-	-
- Suzhou	1	-	-
	80	73	56

Restaurants

Revenue from the restaurant business increased by $3.7 million or 38.8% to $13.3 million in 1H07 from $9.6 million in 1H06, driven mainly by higher Din Tai Fung restaurant sales. This was a result of improvement in same store sales as well as full contribution from the Raffles City and St James Power Station outlets opened in July 06 and Dec 06 respectively. In addition, Charcoal restaurant at St. James Power Station rang in maiden revenue contribution of $0.5 million. As a result, contribution from the restaurant business to the Group's total revenue rose two percentage points from 17.2% in 1H06 to 19.2% in 1H07.

Food Courts

Food court business registered revenue growth of $3.7 million or 21.3% from $17.5 million in 1H06 to $21.2 million in 1H07 mainly attributable to maiden revenue contribution from Singapore food courts at Vivo City and Suntec City opened in Oct 06 and May 07 respectively. While PRC food courts recorded higher revenue, growth was muffled by a two-month temporary closure for upgrading of its biggest food court at Metro City in Shanghai during 1H07; as well as the deconsolidation of revenue of the steam boat direct stalls following the restructuring of this business into a 50:50 joint venture with the operator.

Following the upgrading of the 34,000 square feet food court at Shanghai Metro City, the food court saw record-breaking sales with the introduction of new concept and interesting tenant mix, further entrenching the Food Republic label as a leading innovative brand in the industry.

Number of food courts owned and operated by the Group:

		As At	
	30-Jun-07	**31-Dec-06**	**30-Jun-06**
PRC:			
- Shanghai	12	11	10
- Beijing	3	3	2
- Tianjin	1	1	1
- Chongqing	2	1	-
Hong Kong	1	1	1
Singapore	3	2	1
	22	19	15

Breakdown of the Group's revenue by geographical segment is summarised below:

	HY2007		HY2006		Increase/ (Decrease)	
	$000	% Contribution	$000	% Contribution	$000	
Singapore	35,718	51.3%	25,036	44.8%	10,682	42.7%
PRC	27,181	39.0%	23,788	42.5%	3,393	14.3%
Hong Kong	3,392	4.9%	3,811	6.8%	(419)	-11.0%
Rest of the world	3,383	4.8%	3,297	5.9%	86	2.6%
	69,674	100.0%	55,932	100.0%	13,742	24.6%

The Group registered revenue growth across all geographical segments in 1H07 except for Hong Kong where revenue was down 11.0% compared to the high base during the initial Food Republic launch period in 1H06. Nevertheless, month to month sales had been trending up thereby closing the gap with that of 1H06.

In HY07, 51.3% of the Group's total revenue was derived from Singapore compared to 44.8% in 1H06. Revenue contribution from Singapore grew $10.7 million or 42.7% to $35.7 million in 1H07 compared to $25.0 million in 1H06 driven by revenue growth across the three business segments, namely bakery, restaurant and food court operations.

Revenue contribution from PRC climbed $3.4 million or 14.3% to $27.2 million in 1H07, up from $23.8 million in 1H06 mainly driven by revenue growth from the bakery business. In HY07, PRC contributed 39.0% of the Group's total revenue compared to 42.5% in 1H06.

Revenue from rest of the world, comprising primarily revenue from franchisees, grew marginally by 2.6% to $3.4 million in 1H07.

(B) Profitability

Underpinned by strong revenue growth, the Group's net profit climbed $1.1 million or 59.9% to $3.0 million in 1H07, up from $1.9 million in 1H06. The profit growth was broad based across all business segments with the bakery business recorded the strongest growth. Group operating profit rose $1.4 million or 41.9% to $4.8 million in 1H07, up from $3.4 million in 1H06.

The BreadTalk bakery business registered strong operating profit growth of $0.6m or 105.9% to $1.2m in 1H07, up from $0.6 million in 1H06 mainly driven by: (i) improved performance from Singapore bakery operations as a result of higher sales and profit contribution from the additional outlets; (ii) higher profit contribution from franchise business; while offset by a one-off allowance for doubtful receivable of $0.2 million due from Hong Kong BreadTalk, a 25% owned associated company of the Group.

Restaurant business registered operating profit growth of $0.5 million or 35.7% to $1.9 million in 1H07, up from $1.4 million in 1H06, on the back of strong revenue growth and improved margins.

Overall food court business registered an operating profit of $1.5 million in 1H07, up marginally by $33,000 compared to 1H06. Profit growth was driven mainly by profit contribution from the Singapore Vivocity and Wisma Atria food courts, offset by profit decline in Hong Kong operation. As the Hong Kong unit currently operates only one food court and is in the midst of preparing for the second outlet, its 1H07 results was affected by the pre-operating expenses incurred for the second outlet.

Food courts in Shanghai and Beijing did well but overall operating results for 1H07 was affected by a one-time fixed assets write-off and loss of sales arising from the temporary closure for upgrading of the Metro City food court in Shanghai, as well as early stage operating loss at two food courts in Chongqing opened in July 2006 and January 2007 respectively, but mitigated by recognition of deferred revenue on expired food court stored-value cards. As a result, operating result was flat. The benefits of the upgraded Metro City food court was felt following the reopening of the food court in May with record-breaking sales in the subsequent months.

Interest expense increased 18.2% to approximately $0.5 million in 1H07 due to additional loans taken up since 30 June 2006 to finance its expansion.

Share of associates' loss fell to $127,000 in 1H07 compared to a loss of $226,000 in 1H06 as the Group ceased to take up losses from Hong Kong BreadTalk in 1H07 in excess of the cost of investment in the associate.

Share of results of joint ventures was up 232.8% from $64,000 in 1H06 to $213,000 in 1H07 as a result of improved performance from Wisma Atria food court.

The Group's effective tax rate for 1H07 was 24.0%, up from 20.6% in 1H06 as Shanghai BreadTalk Co., Ltd, a 100% owned subsidiary, started to pay income tax at a concessionery tax rate of 13.5% in 1H07 compared to tax free holiday enjoyed in 1H06. In addition, utilisation of tax losses by certain subsidiaries also lowered the tax expense in 1H06.

Earnings per share on a fully diluted basis rose to 1.38 cents whilst its net asset value per share increased to 17.7 cents.

(C) Balance Sheet

The Group's property, plant and equipment rose $1.7 million in 1H07 to $35.8 million as at 30 June 2007 compared to $34.1 million as at 31 December 2006. A total cost of $6.4 million of plants and equipments were added particularly for the bakery and the food court business with additions of new outlets in 1H07, offset by depreciation charge for the period amounting to $4.5 million as well as disposal and write off of certain assets.

Trade receivables was up by $1.3 million to $4.2 million as at 30 June 2007 mainly as a result of reclassification of an amount due from an associated company, Shenzhen BreadTalk Restaurant Management Co., Ltd, following the disposal of the associate in January 2007 as well as increased trade receivables from our Shanghai operations.

Other receivables and deposits increased by $2.1 million to $11.8 million as at 30 June 2007 mainly attributable to: (a) receivables from food court tenants in respect of renovation cost for one new food court as well as one existing food court in Shanghai; (b) increased rental deposits which relate mainly to new shop floor leases taken up by the various business units.

Prepayment increased by $1.4 million to $1.9 million as at 30 June 2007 compared to $0.5 million as at 31 December 2006 mainly due to payment, through Topwin Investment Holding Pte Ltd, for application of shares in Out Of The Box Pte Ltd "OOTB", a company which is engaged in the business of marketing and distribution of canned drinks under the "Anything" and "Whatever" trademarks. The shares were subsequently allotted on 1 July 2007, upon which OOTB became an associated company of the Group.

The Group's total borrowings was up approximately $1.3 million to $14.6 million as at 30 June 2007 compared to $13.3 million as at 31 December 2006. A total new bank loans of $3.3 million were taken up to finance part of the Group's business expansion, while there was a total repayment of bank loans of some $2.2 million during the period.

The Company's and The Group's share capital increased by $11.8 million to $33.3 million as at 30 June 2007 following the share placement exercise in April 2007 which placed out a total of 34 million new ordinary shares at $0.36 per share and after deduction of expenses incidental to the share placement.

(D) Cash Flow Statement

A net cash inflow from operations of $5.5 million was generated in 1H07, up $0.7 million compared to $4.8 million in 1H06 as a result of higher operating profit achieved in 1H07.

As at 30 June 2007, the Group's cash and cash equivalents rose $9.4 million to $27.8 million, up from $18.4 million as at 31 December 2006. The increase was mainly contributed by a net cash inflow from operations of $5.5 million and a net proceeds of $11.8 million from the share placement exercise in April 2007, offset by a total sum of $7.4 millon used for investing activities. The major capital expenditure comprises mainly investment in new bakery and food court outlets of $5.9 million, acquisition of a one-third equity stake in Out of The Box Pte Ltd for $1.2 million and investment of $0.2 million in newly incorporated joint venture, Apex Excellent Sdn Bhd,which will undertake the business of food court operations in Malaysia. The Company also paid a final dividend for FY2006 of approximately $1.0 million in 1H 2007.

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 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 has made steady progress in executing its plan to broaden revenue base and improve margins during the first half of 2007. It will continue to do so through operational control, business streamlining and new investments.

In the second half of 2007, the Group will launch its first Food Republic food atrium at the Pavillion Shopping Centre in Kuala Lumpur, Malaysia through a 50:50 joint venture company, Apex Excellent Sdn Bhd ("Apex"). The investment marks the Group's entry into the food court business in the multi-racial country which offers abundant variety of good food and rich cultural background. Elsewhere food court expansion plan is on track with a second food atrium to be opened in Hong Kong and two or three more to be rolled out in the PRC. Food court business in the PRC and Hong Kong is expected to improve in the second half of 2007. Additional capital expenditure will be incurred for these new investments which are expected to contribute to the Group's performance in the coming months.

The BreadTalk franchise will see some interesting development with the granting of one international master franchise and the outlet roll out plan gathering momentum. The Group is looking into rationalizing its franchise portfolio to motivate the good performers and restructure the weak ones. Product upgrade is in the pipeline to benefit the franchisees following the successful launch of ToastBox in Singapore.

In Singapore, the bakery business has registered significant improvement. The Group will continue its effort to further improve on its performance. In addition, it will also explore innovative concepts to further enrich our product offerings and pamper our customers with choice.

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
Not applicable.

(d) Books closure date
Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect
No interim dividend for the half year ended 30 June 2007 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

Not applicable.

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

Not applicable.

15. A breakdown of sales

Not applicable.

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

Not applicable.

17. Negative Assurance on Interim Financial Statements

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 half year ended 30 June 2007 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
13 August 2007