



BREADTALK GROUP LIMITED

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NEWS RELEASE

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Financial Results for the Full-Year ended 31 December 2007

Growth on Track

- Net profit jumped 110.6% to record high on broad-based growth across all business and geographical segments -

	FY2007	FY2006	Change
	\$'000	\$'000	
Revenue	156,610	123,569	+26.7%
Profit from operations	12,150	7,394	+64.3%
Profit before tax	11,228	6,466	+73.6%
Net profit	7,319	3,476	+110.6%
EPS	3.23 cents	1.73 cents	+86.7%
Dividend per share	0.55 cents	0.42 cents	+31.0%

	31 Dec. 2007	31 Dec. 2006	Change
NAV/share	18.8 cents	12.9 cents	+45.7%

Highlights:-

- Group revenue rose 26.7% to record high lifted by broad-based double-digit growth across all business and geographical segments.
- Net profit more than doubled on higher revenue and margin improvement.
- Year of transformation with the creation of Breadtalk Silver, revamp of retail concept and expansion of geographical footprints in Malaysia and Hong Kong.
- Group expects more room for growth as it continues its brand, geographical and product expansion drives.

Singapore, 28 February 2008 – SGX-listed BreadTalk Group Limited ("BreadTalk" or the "Company"), a leading lifestyle F&B group, is pleased to announce record-breaking performance in FY2007 fueled by broad-based double-digit growth across all business and geographical segments.

Group revenue rose 26.7% to \$156.6 million in FY2007 supported by growth in bakery (+23.9%), franchise (+45.0%), restaurant (+28.5%) and food court (+26.2%) business segments across Singapore (+41.6%), PRC (+13.2%), Hong Kong (+14.6%) and Rest of the World (+20.6%) geographical segments.

Fueled by strong showing across all segments, profit also grew broad-based across all business segments. Group operating profit rose 64.3% to \$12.2 million in FY2007 lifted by bakery (+111.8%), restaurant (+31.0%) and food court (+55.2%) segments. Group net profit attributable to the shareholders soared 110.6% to \$7.3 million in FY2007 as net margin improved from 2.8% in FY2006 to 4.7% in FY2007.

To reward shareholders for their unwavering support, the Company had proposed a first and final one-tier dividend of 0.55 cent per ordinary share for FY2007, representing 17.7% of the Group's FY2007 net profit subject to shareholder approval at AGM.

Segmental Analysis

Bakery (self-owned/operated and franchised)

The Group owns and operates 73 bakery outlets, including 56 BreadTalk outlets (22 in Singapore, 3 in Malaysia, 2 in Hong Kong, 14 in Shanghai, 13 in Beijing/Tianjin and 2 in Thailand) and 17 Toast Box outlets (12 in Singapore, 2 in Malaysia, 1 in Shanghai, 1 in Beijing/Tianjin and 1 in Thailand). This represents an increase of 9 outlets from the 64 outlets as at 31 December 2006.

Bakery sales, the largest revenue contributor, increased 23.9% to \$68.8 million or 44% of Group revenue in FY2007 attributed to expansion in Singapore and the PRC. Bakery sales in Singapore rose 24.5% to \$39.1 million in FY2007 boosted by

contributions from five additional Toast Box outlets opened during the year and higher same store sales. A new premium BreadTalk Silver was launched in May 2007 at Paragon outlet and a revamp of retail concepts was carried out at certain existing BreadTalk outlets to introduce new products, store appearance, packaging and service.

PRC bakery operations grew 28.1% to \$29.3 million in FY2007 mainly driven by BreadTalk outlet expansion from 24 as of 31 December 2006 to 29 as at 31 December 2007.

The Group's 97 franchised network as at 31 December 2007 comprised franchised outlets in Indonesia (36), Philippines (11), Kuwait (6), UAE (3), Taiwan (1), India (4) and the PRC (36). This represents a 32 outlet increase from the 65 outlets as at 31 December 2006.

Franchise revenue grew 45.0% to \$11.0 million in FY2007 mainly driven by: (i) higher master franchise fees from 6 new franchisees signed up for 5 additional PRC cities; and (ii) growth in royalty fees and raw materials sales as the total number of franchised outlets increased.

Overall bakery business registered a 111.8% rise in operating profit to \$3.9 million in FY2007 mainly driven by a strong turnaround in the Singapore bakery business that generated \$2.1 million operating profit on the back of rising sales. PRC bakery's operating profits also grew 115.5% to \$2.1 million, contributing to about 53.4% of the bakery segment's operating profits. Profit growth in the PRC was driven mainly by franchise with the addition of 17 outlets. Bakeries in Hong Kong and Malaysia recorded lower loss of \$0.3 million compared to FY2006 following repossession and restructuring of the franchise operations in these countries.

Restaurants

The Group now owns 5 Din Tai Fung restaurants and 1 Noodle Bar in Singapore which delivered 28.5% increase in revenue to \$28.3 million in FY2007. This was mainly driven by higher Din Tai Fung restaurant sales on improvement in same store sales as well as maiden full-year contributions from the Raffles City and St James

Power Station outlets opened in July 2006 and December 2006 respectively. In addition, the restaurant operation at St. James Power Station rang in maiden revenue contribution of \$1.7 million.

Restaurant business registered operating profit growth of 31.0% to \$4.6 million in FY2007 lifted by rising revenue from the Din Tai Fung restaurants.

Food Courts

The Group now owns and operates 24 food courts - 11 in Shanghai, 4 in Beijing, 1 in Tianjin, 2 in Chongqing, 2 in Hong Kong, 3 in Singapore and 1 in Malaysia.

Food court revenue grew 26.2% to \$48.4 million in FY2007 mainly attributable to full-year revenue contribution from food courts at Vivo City opened in October 2006 and maiden contribution from Suntec City opened in May 2007. PRC food courts also recorded higher revenue despite the negative effect of a 2-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.

Food court operating profit grew 62.2% to \$3.5 million in FY2007. Profit growth was driven mainly by expansion and rising sales from both PRC and Singapore despite a softer performance in Hong Kong. The Hong Kong food court performance was affected by the start-up cost for second food court opened in September 2007 and third food court to be opened in March 2008. Operating profit from the PRC food courts included one-off recognition of income from the expired food court stored value cards of \$0.7 million and government grant of \$0.9 million. Excluding income from these one off items, operating profit from PRC food courts grew 18.0% to \$1.3 million in FY2007.

Geographical Analysis

The Group achieved broad-based revenue growth across all geographical segments in FY2007. Revenue from Singapore jumped 41.6% to \$80.1 million in FY2007 driven by revenue growth across the three business segments, namely bakery, restaurant and food court operations. As a result, revenue contribution from Singapore rose to 51.2% in FY2007 (FY2006: 45.8%).

Revenue contribution from PRC grew 13.2% to \$59.2 million in FY2007 mainly driven by revenue growth from the bakery business. Revenue contribution from Hong Kong rose 14.6% or \$1.1 million to \$8.7 million contributed by the second food court at Citigate Mall opened in September 2007.

Revenue from rest of the world grew 20.6% or \$1.5 million to \$8.5 million in FY2007 mainly due to consolidation of revenue of ML Breadworks Sdn Bhd which became a 90% owned subsidiary in September 2007 as well as higher franchise revenue recorded.

Business Outlook

FY2007 can be characterized as a year of transformation for BreadTalk with the creation of Breadtalk Silver, revamp of retail concept, and the Group's expansion of geographical footprints gaining momentum with its expansion in Malaysia and Hong Kong.

Dr. George Quek, Group Chairman, said, "Our Group accomplished significant increase in economies of scale and margin expansion through successful network and brand extension, product innovation, as well as well-executed operational control and business rationalization. I am pleased with BreadTalk's latest financial showing and look forward to yet another year of further growth in all business segments over a more balanced geographical presence."

Leveraging on the strong brand awareness established for BreadTalk and Food Republic in the PRC, the Group is in a stronger position now to gear up expansion there.

With the success of Din Tai Fung model in Singapore, the Group is looking to expand the brand outside of Singapore. It is currently negotiating to secure Din Tai Fung franchise rights for another Asian country. As part of its on-going rationalization exercise, the Group is also closely monitoring its existing franchise portfolio to incentivize the good performers and restructure the weak ones.

“The Group launched its first J.Co Donuts & Coffee (“J.Co”) outlet at Raffles City in February 2008 and response has been overwhelming . We are planning to roll out more J.Co outlets as soon as suitable locations are identified.”, Dr Quek added.

About BreadTalk Group Limited

Founded as an F&B operator in 2000 and listed on the SGX in 2003, BreadTalk has rapidly expanded to become a distinctive household brand owner that has established its mark on the world stage. With global staff strength of 2,000 employees across 11 countries, the Group now owns and operates 73 bakery outlets in Singapore, PRC and Thailand, operates 97 franchised outlets across Asia and the Middle East, and owns and operates 5 world-renowned Din Tai Fung restaurants in Singapore, as well as 24 award-winning Megabite/Food Republic food atrias in Singapore, PRC, Hong Kong and Malaysia.

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. The Group had also won the CitiBusiness SPBA (Singapore Promising Brand Award) Regional Brand Award 2006. This was a new award created to honour past SPBA winners who had succeeded in making its mark in new regional markets and extended its growth and brand name to different countries. Similarly, its efforts at building brand equity reaped fruits in Shanghai as it won the 5 Star Diamond Award presented by the World Brand Laboratory in the PRC in 2006.

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 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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