Annual Report 2015

CONTENTS

CORPORATE PROFILE

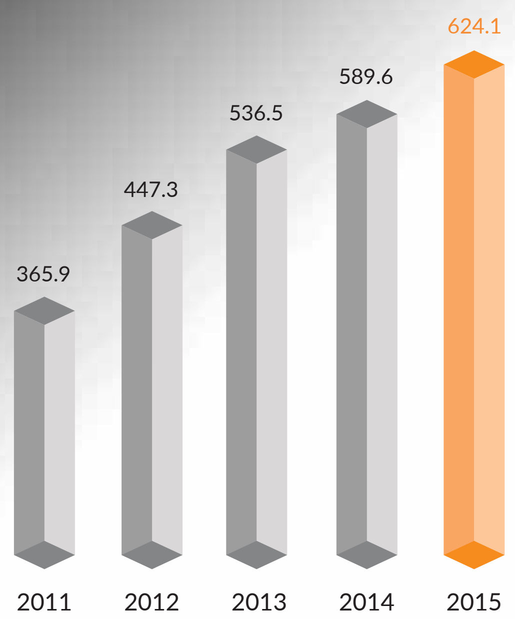
一块一块 方得墙
巩固基础 成大业

BreadTalk Group Limited ("BreadTalk Group" or the "Group") has grown from a boutique bakery in 2000 before evolving into Asia's award-winning food and beverage ("F&B") group, featuring an acclaimed portfolio of bakeries, restaurants and food atria.

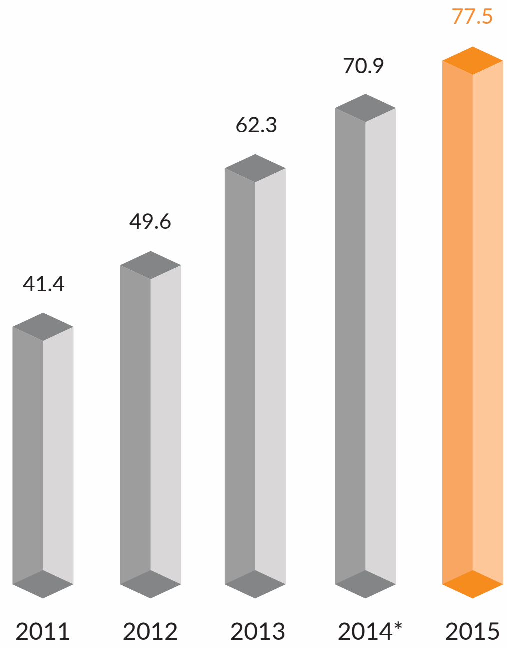
Listed on the Singapore Exchange since 2003, the Group has continued to grow in breadth over the years, spreading our wings to a network of 16 territories to date. We place every endeavour to build a robust and solid foundation as we operate close to 1,000 F&B outlets across Singapore, Mainland China, Hong Kong, Indonesia and Thailand, supported by a global staff strength of 7,000.

Our distinctive and creative F&B concepts continue to delight customers with a myriad of delectable offerings; with a stable of proprietary brands that include BreadTalk, Toast Box, Thye Moh Chan, Bread Society, Food Republic, RamenPlay and The Icing Room. In addition, we also manage the much-lauded Din Tai Fung from Taiwan.

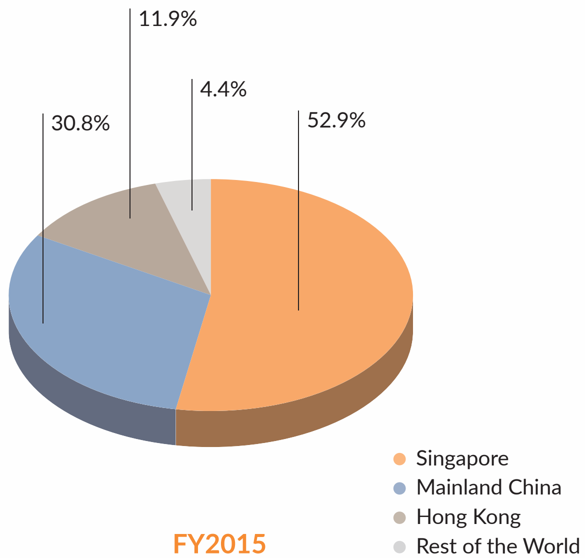
FINANCIAL HIGHLIGHTS



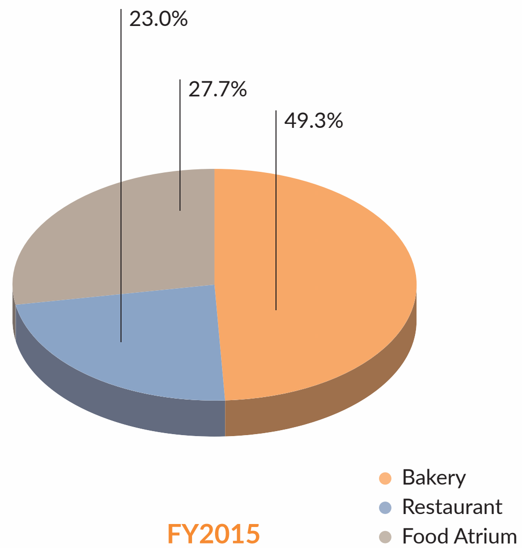
Revenue (S$' Million)



EBITDA (S$' Million)



Revenue Mix by Geographical Segment



Revenue Mix by Business Segment

* With effect from 31 December 2015, the Group changed its accounting policy for investment properties from the cost model to the fair value model. The change was applied retrospectively and accordingly, the comparative financial statements were restated.

Five-Year Financial Performance Summary

	Financial Year Ended 31 December				
	2011	2012	2013*	2014*	2015
Income Statement (S$'000)					
Group Revenue	365,904	447,334	536,530	589,644	**624,149**
Bakery	194,433	233,136	271,320	294,128	**307,902**
Food Atrium	94,502	111,578	143,007	164,781	**173,097**
Restaurant	76,969	102,620	122,203	130,735	**143,150**
Group EBITDA	41,357	49,621	62,261	70,905	**77,512**
Bakery	18,049	20,079	23,936	22,972	**22,362**
Food Atrium	15,252	14,890	21,569	24,153	**17,875**
Restaurant	8,168	13,844	17,332	21,039	**33,901**
Group EBIT	16,995	18,624	22,923	24,968	**27,998**
Profit attributable to equity holders of the company	11,592	12,000	26,369	22,171	**7,602**
Cash Flow Statement (S$'000)					
Cash flows from operating activities	48,866	53,436	71,439	73,325	**66,462**
Capital expenditure, net	(36,852)	(92,566)	(106,170)	(42,933)	**(37,480)**
Cash flows from investing activities	(49,725)	(126,745)	(120,420)	(85,914)	**(57,875)**
Net increase in borrowings	20,170	57,712	72,453	28,547	**3,597**
Cash flows from financing activities	16,775	50,245	65,120	18,516	**(9,966)**
Balance Sheet (S$'000)					
Total assets	262,305	356,409	481,021	538,810	**545,141**
Cash and cash equivalents	87,060	64,245	79,420	95,452	**94,896**
Property, plant & equipment	88,898	157,408	225,860	220,670	**205,696**
Total liabilities	176,837	265,384	364,269	400,320	**398,717**
Bank borrowings	39,316	96,419	168,516	197,819	**201,685**
Net debt / (cash)	(47,744)	32,174	89,096	102,367	**106,789**
Key Ratios					
EBITDA margin (%)	11.3	11.1	11.6	12.0	**12.4**
Net margin (%)	3.2	2.7	4.9	3.8	**1.2**
Return on equity (%) [1]	15.8	15.0	27.9	19.1	**6.0**
Dividend payout ratio (%)	36.4	30.5	19.2	19.1	**55.6**
Net gearing (x) [2]	(0.61)	0.39	0.83	0.82	**0.83**
Net debt / EBITDA (x)	(1.15)	0.65	1.43	1.44	**1.38**
EBITDA / Interest expense (x)	52.68	35.80	23.28	19.02	**14.56**
Per Share Information (S$'cents)					
Earnings per share - basic	4.12	4.27	9.37	7.87	**2.70**
Earnings per share - diluted	4.10	4.25	9.34	7.85	**2.69**
Net assets per share	30.39	32.40	41.50	49.16	**51.97**
Dividend per share	1.50	1.30	1.80	1.50	**1.50**

(1) Return on equity is defined as profit attributable to equity holders of the company divided by average shareholders' equity.

(2) Net gearing is defined as total borrowings less cash and cash equivalents divided by shareholders' equity.

CHAIRMAN'S MESSAGE

Dear Shareholders

The Year in Review

Even as Singapore celebrated its Golden Jubilee, 2015 was also a special year for the BreadTalk Group as it marked our 15th anniversary. From our humble beginning as a bakery at Bugis Junction, we have grown to become a household name in Asia.

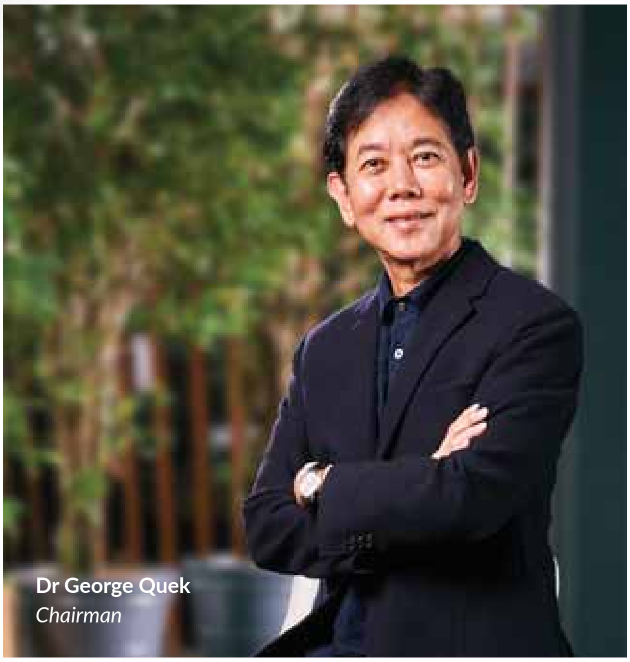
Our strengths over the years lie in our business model which has been built on the foundations of innovation, agility, integrity and hard work. In fact, the resilience of our growth model was further proven this past year when we were faced with a very challenging business environment. Despite the slowdown in Mainland China and in the regional economies, and the consequent impact on consumer spending, we were able to grow our topline and improve our operating margin.

Our revenue grew almost 6.0% year-on-year to S$624.1 million in FY2015, while earnings before interest, tax, depreciation and amortisation (EBITDA) rose 9.3% to about S$77.5 million, reflecting an improvement in EBITDA margin to 12.4% from 12.0% previously. However, due to goodwill impairment, as well as an asset impairment and write-off on outlets that have been closed or underperforming, amounting to S$5.4 million, net attributable profit decreased to S$7.6 million from S$22.2[1] million in FY2014.

Focusing on Sustainable Growth

As market conditions slowed in the course of the year, we adapted our business strategy by scaling back on expansion plans and focused on building sustainable growth in our existing operations. Our approach has always been two-pronged – increasing the efficiency of our backend operational processes, while creating new experiences to increase frontline customer engagement.

To this end, we launched BreadTalk's new concept store in VivoCity, Singapore. This bakery concept is the first to engage our customers using an interactive digital platform. Through this platform which links internal kitchen baking processes to interactive digital screens in-store, customers may know when they can enjoy hot and fresh breads from the oven real-time, thereby creating a customised and enhanced shopping experience for them. At the same time, it seamlessly integrates frontline sales with our backend production process including procurement, inventory management and staff requirements. This has enabled us to manage our supply chain and production with greater efficiency and better cost management.



Dr George Quek
Chairman

Establishing Strategic Partnerships

We work with strategic partners to strengthen our leadership position and bring greater awareness of our brands throughout Asia. I am pleased to share that our Food Republic, BreadTalk and Toast Box outlets will fly the Singapore flag at the new Shanghai Disney Resort when it opens its doors in June 2016. We are very excited at this opportunity to work with a world-class entertainment company like Disney, and we are looking forward to sharing our interesting array of Asian cuisine and creative products with visitors from all over the world.

Following our strategic partnership with the Minor Food Group to operate and further develop our bakery business in Thailand, we have invited Mr Paul Charles Kenny, the Chief Executive Officer of the Minor Food Group, to join our Board as a Non-Executive Director, from 1 March 2016. Paul brings

(1) The FY2014 figure has been restated to reflect the change in the Group's accounting policy for its investment properties from cost to fair value model which was applied retrospectively.

BreadTalk's new concept store at VivoCity, Singapore presented 50 brand new recipes from our team of international Masterchefs

with him more than 40 years of experience in the Food and Beverage industry in Thailand, which will be invaluable to the Group. On behalf of the Board, I would like to extend a very warm welcome to him.

Building a Work Class Workforce

As we pursue sustainable growth for the Group in the years to come, investing in human capital at all levels is crucial. In line with our commitment to groom the next generation of leaders, we have extended the BreadTalk Group Management Associate Programme, which we piloted in 2014 to attract young talents from established tertiary institutions, to current employees who show leadership potential. These handpicked employees will be nurtured and developed through mentorship and immersion programmes to prepare them to take on management roles. We also launched new initiatives to embrace the new Skills Future Earn-and-Learn Programme, which will see trainees from the Polytechnics honing their technical skills over a 15-month internship with us. They may then be invited to take on specialised roles in our Research and Development and Quality Assurance teams.

Our continuous investment in the BreadTalk Group Academy has also won recognition from the industry. In April, it became the first business organisation to be awarded the 'Approved Training Centre' status by

The BreadTalk Group Academy is the first business organisation to be awarded the 'Approved Training Centre' status to conduct the certificate in Bakery and Pastry Course

The BreadTalk IHQ enlivens the Paya Lebar iPark to be a great place for work-life enjoyment with our line-up of F&B and retail options

the Institute of Technical Education to conduct the certificate for its pastry and baking course. Not only did this reaffirm our Academy as a top notch training institution, it also reinforced our position as a market leader that is able to attract F&B talents in a tight labour market.

Investing in Strategic Assets

As we continue our vertical integration strategy along the retail and commercial value chain, we bought a 5.31% stake in AXA Tower for an aggregate cash consideration of S$19.4 million. AXA Tower is a 50-storey landmark 'Grade A' office development with a retail podium strategically sited within Singapore's Central Business District. Although its current gross floor area ("GFA") is 1.03 million square feet, AXA Tower has unutilised plot ratio that could add an additional gross floor area ("GFA") of over 212,000 square feet. We believe these factors present significant value creation opportunity for us.

More recently, as part of our ongoing strategy to unlock the value of our portfolio of strategic investments, we divested our stake in 112 Katong, a 6-storey shopping mall on East Coast Road. We expect to record a gain of S$8.5 million before transaction costs.

At our very own BreadTalk International Headquarters (IHQ) in the industrial estate of Paya Lebar, we have developed a strong mix of our food brands, convenience and lifestyle services that meet the needs of more than 300,000 office workers and families who visit our retail and F&B hub monthly. Our consumers' patronage brings our Group closer to the community as we grow to make the Paya Lebar vicinity a lively hub for work-life enjoyment.

Together with our other property investments which include CHIJMES, TripleOne Somerset and Beijing Tongzhou Integrated Development, the Group strives to pursue a vertically integrated strategy to allow us to secure vantage locations for our portfolio of brands, mitigate rental pressure and achieve potential long-term capital appreciation.

Looking Ahead in 2016

With the expected slowdown in Mainland China and the region, coupled with falling oil prices and volatile markets, we envisage 2016 to be even more challenging. However, through focused and disciplined execution of our strategies, supported by a disciplined workforce that is ready to embrace change, I am confident that the BreadTalk Group will continue to deliver growth and value to all our stakeholders.

Rewarding Shareholders

To thank shareholders for their continued support, the Board is pleased to recommend a final tax-exempt dividend of 1.0 cent per share. Including the interim dividend of 0.5 cent per share, the total dividend paid and proposed for FY2015 is 1.5 cents per share (FY2014: 1.5 cents per share).

Acknowledgements

I am grateful to my fellow Board of Directors for your guidance and steadfast stewardship. To my team, a big thank you for your continuous dedication and hard work in a difficult business environment.

I would like to express my appreciation to our customers, business partners and shareholders for your unwavering support and encouragement.

George Quek
Chairman

CORPORATE INFORMATION

Directors

Dr George Quek Meng Tong
Ms Katherine Lee Lih Leng
Mr Ong Kian Min
Mr Chan Soo Sen
Dr Tan Khee Giap
Mr Paul Charles Kenny (Date of Appointment: 1 March 2016)

Company Secretary

Shirley Tan Sey Liy
Chew Kok Liang
(Date of Appointment: 1 January 2016)

Registered Office

30 Tai Seng Street
#09-01 BreadTalk IHQ
Singapore 534013
Tel: 6285 6116
Fax: 6285 1661

Bankers

Australia and New Zealand Banking Group Limited
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Share Registrar

RHT Corporate Advisory Pte Ltd
Six Battery Road
#10-01
Singapore 049909

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge: Ang Chuen Beng
(since financial year ended 31 December 2011)

BOARD of DIRECTORS

From left to right:
Dr Tan Khee Giap, Ong Kian Min, George Quek, Katherine Lee and Chan Soo Sen

Absent:
Paul Charles Kenny

DR GEORGE QUEK MENG TONG

Chairman

Doctorate in Business Administration (Honorary), Wisconsin International University, USA

Date of first appointment as a director:
6 March 2003

Date of last re-election as director:
22 April 2014

Length of service as a director: (as at 31 December 2015)
12 years 10 months

Board Committees served on:
Nil

Present directorships in other listed companies:
Nil

Major appointments: (other than directorships in other listed companies)
- Director, Sky One Art Investment Pte. Ltd.

Directorships in other listed companies held over the preceding three years:
Nil

Background and working experience:
- Founder of BreadTalk Group Limited
- Led and grown the Company from a homegrown brand to become a dynamic Asian F&B group. He continues to drive its strategic direction and development into the future
- George started his F&B business in Taiwan in 1982, successfully growing it into a chain of 21 Southeast Asian food outlets within a decade. Returning to Singapore in 1992, he founded Topwin Singapore and subsequently Megabite China in 1996, establishing the food court businesses
- In 2000, he started the bakery business with BreadTalk® Pte Ltd and eventually brought it to list on the SGX in 2003
- George is a Brand Champion who has positioned the company's brand portfolio into innovative concepts now widely accepted in Asia and throughout the world. His keen interest in the arts, creative talent and acute sense of anticipating consumer demands have delighted consumers time and again with the Group's line up of creative F&B concepts
- Among other awards, George won the Ernst & Young "Entrepreneur of the Year 2006" (Emerging Entrepreneur Category), the "Entrepreneur of the Year Award 2002" organised by the Association of Small and Medium Enterprises and The Rotary Club of Singapore as well as the "Business Personality of the Year" Award 2013 accorded by Midas Touch Asia in conjunction with Channel NewsAsia

MS KATHERINE LEE LIH LENG

Deputy Chairman

Date of first appointment as a director:
6 March 2003

Date of last re-election as director:
22 April 2014

Length of service as a director: (as at 31 December 2015)
12 years 10 months

Board Committees served on:
Nil

Present directorships in other listed companies:
Nil

Major appointments: (other than directorships in other listed companies)
- Director, Heritage R Pte. Ltd.

Directorships in other listed companies held over the preceding three years:
Nil

Background and working experience:
- Katherine oversees the Group's product research and development initiatives, as well as pioneers new ideas and concepts
- Responsible for concept creation, product development and enhancement of the Group's various brands both locally and globally, Katherine also formulates product training and technical skill upgrade programmes to ensure proper transfer of knowledge and skills to its franchisees in line with its local operations so as to sustain product quality
- Katherine also spearheads product costing, which is an integral part of product strategy
- Katherine has more than 20 years of experience in the industry. She was previously the Finance Director of Topwin Singapore prior to which she was in charge of the Human Resource and Operations of more than 20 F&B outlets in Taiwan

MR ONG KIAN MIN

Lead Independent Director
LLB (Hons) (Ext), University of London, UK
BSc (Hons), Imperial College (London), UK

Date of first appointment as a director:
30 April 2003

Date of last re-election as director:
22 April 2015

Length of service as a director: (as at 31 December 2015)
12 years 8 months

Board Committees served on:
- Audit Committee (Chairman)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Present directorships in other listed companies:
- Food Empire Holdings Limited (Independent Director)
- GMG Global Ltd (Independent Director)
- HUPSteel Limited (Non-Executive Chairman)
- Jaya Holdings Limited (Independent Director)
- Penguin International Limited (Lead Independent Director)
- Silverlake Axis Ltd (Independent Director)

Major appointments: (other than directorships in other listed companies)
- Consultant, Drew & Napier LLC
- Senior Advisor, Alpha Advisory Pte. Ltd.
- Founder, Kanesaka Sushi Pte. Ltd.
- Director, OUE Hospitality REIT Management Pte. Ltd
- Director, OUE Hospitality Trust Management Pte. Ltd.
- Director, GPTW Institute (Singapore) Pte. Ltd.
- Director, Qenergy Pte. Ltd.

Directorships in other listed companies held over the preceding three years:
- China Energy Limited

Background and working experience:
- Member of Parliament (1997-2011)
- Partner, Shook Lin & Bok (1994-2000)
- President's Scholarship and Police Force Scholarship (1979)
- Called to the Bar of England and Wales in 1988 and to the Singapore Bar in 1989
- More than 20 years of legal practice in corporate and commercial law, such as, mergers and acquisitions, joint ventures, restructuring and corporate finance

DR TAN KHEE GIAP

Independent Director
PhD (Economics), University of East Anglia, UK

Date of first appointment as a director:
1 October 2010

Date of last re-election as director:
22 April 2014

Length of service as a director: (as at 31 December 2015)
5 years 3 months

Board Committees served on:
- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Present directorships in other listed companies:
- Artivision Technologies Ltd. (Independent Director)
- Boustead Projects (Independent Director)
- TEE Land Limited (Independent Director)

Major appointments: (other than directorships in other listed companies)
- Associate Professor & Co-Director, Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore
- Chair, Singapore National Committee for Pacific Economic Cooperation

Directorships in other listed companies held over the preceding three years:
- Forterra Real Estate Pte. Ltd. (Trustee-Manager of Forterra Trust)

Background and working experience:
- Member, Resource Panel of the Government Parliamentary Committee for Transport and Government Parliamentary Committee for Finance and Trade (since 2007)
- Associate Dean, Graduate Studies Office, Nanyang Technological University (2007-2009)
- Deputy President, Singapore Economic Society (2004)
- Deputy Chairman, IPS Forum for Economic Restructuring (2003)
- Chairman, Task Force on Portable Medical Benefits, 2002 Economic Review Committee

MR CHAN SOO SEN

Independent Director

MSc, Stanford University, USA
BA (Hons), Oxford University, UK

Date of first appointment as a director:
14 August 2006

Date of last re-election as director:
23 April 2013

Length of service as a director: (as at 31 December 2015)
9 years 5 months

Board Committees served on:
- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Chairman)

Present directorships in other listed companies:
- Cogent Holdings Limited (Lead Independent Director)
- Midas Holdings Limited (Independent Director)

Major appointments: (other than directorships in other listed companies)
- Adjunct Professor, Nanyang Centre of Public Administration, Nanyang Technological University
- Chairman, SCP Consultants
- Chairman, Dongus Institute for Development & Strategy
- Advisor, Singapore Suzhou Township Development Co. Ltd.

Directorships in other listed companies held over the preceding three years:
- SunMoon Food Company Limited

Background and working experience:
- Executive Vice President, Singbridge International Singapore Pte Ltd (2009-2012)
- Director (Chairman's Office), Keppel Corporation (2006-2009)
- Minister of State, Ministry of Trade & Industry (2005-2006)
- Minister of State, Ministry of Education (2004-2006)
- Minister of State, Prime Minister's Office & Ministry of Community Development & Sports (2001-2004)
- Senior Parliamentary Secretary, Prime Minister's Office & Ministry of Health (2001)
- Parliamentary Secretary, Prime Minister's Office & Ministry of Health (1999-2001)
- Parliamentary Secretary, Prime Minister's Office & Ministry of Community Development (1997-1999)
- Member of Parliament (1996-2011)
- CEO, China-Singapore Suzhou Industrial Park Development Co. Ltd. (1994-1996)

MR PAUL CHARLES KENNY

Non-Executive Director

General Management Programme,
Ashridge Management College, UK

Date of first appointment as a director:
1 March 2016

Date of last re-election as director:
Nil

Length of service as a director: (as at 31 December 2015)
Nil

Board Committees served on:
Nil

Present directorships in other listed companies:
- Director, Minor International Plc.

Major appointments: (other than directorships in other listed companies)
- Chief Executive Officer and Director, The Minor Food Group Plc.
- Director, Select Service Partner Limited
- Director, Oaks Hotel & Resort Limited
- Director, The Minor (Beijing) Restaurant Management Co. Ltd.
- Director, Minor DKL Food Group Pty. Ltd.
- Director, Liwa Minor Food & Beverages LLC
- Shareholder, Minor International Plc.
- Shareholder, S&P Syndicate Plc.

Directorships in other listed companies held over the preceding three years:
Nil

Background and working experience:
- Chief Executive Officer, The Minor Food Group Plc. (2002-present)
- Senior Vice President/Chief Operating Officer, The Minor Food Group Plc. (1993-2002)
- Managing Director, Pizza Hut (Taiwan) Jardine Pacific Ltd. T.P.H. Company Ltd. (1990-1993)
- Operations Manager, Jardine Restaurant, Victoria, Australia (1987-1989)

KEY MANAGEMENT

OH ENG LOCK

Group Chief Executive Officer

Eng Lock was appointed as Group CEO on 1 January 2011. As Group CEO, he oversees the Group's global operations, focusing on strategic planning, investments, business development and regional expansion.

Prior to his appointment as Group CEO, Eng Lock was Regional Managing Director with Merrill Lynch Asia Pacific Ltd in Hong Kong, overseeing the North Asia businesses. He has also garnered vast senior executive and management experience at DBS Bank and United Overseas Bank, growing their franchises in China, Taiwan and the USA. Eng Lock holds a Bachelor of Arts degree from the University of Singapore.

CHAN YING JIAN

Group Chief Financial Officer

Ying Jian was appointed as Group CFO on 10 June 2015. As Group CFO, he is responsible for the Finance, Legal and Risks functions of our businesses. He also has direct supervision on the financial management and performance of the Food Atrium and Restaurant Divisions, as well as the Finance Shared Services function across the regions.

Prior to joining the Group, Ying Jian was Vice President of Equity Research with J.P. Morgan Securities Singapore, serving as Sector Head of Agri-Commodities and Consumer Staples for the ASEAN region. Ying Jian graduated summa cum laude (with Highest Distinction) from the Singapore Management University with double-degree in Business Management (majoring in Finance) and Accountancy. He is also a Chartered Accountant of Singapore (CA Singapore) & Chartered Financial Analyst (CFA) by qualifications.

JENSON ONG CHIN HOCK

CEO, Food Atrium Division

Jenson was appointed CEO, Food Atrium Division on 1 January 2011. As CEO of the Food Atrium Division, he is responsible for the overall development, operations, projects execution and strategic planning of the business globally.

Jenson has over 20 years of F&B experience, especially in the food court business. He joined the BreadTalk Group in 2003 as Director of Food Republic in China. In 2005, he established Megabite Hong Kong Limited and oversaw the management and operations of Food Republic in Hong Kong as Managing Director until his current appointment. Jenson's passion for the F&B industry has been greatly reflected in his work, in which he pioneered Singapore's first food court business model and initiated more than 100 food court concepts and more than 350 F&B outlets in ASEAN and Greater China.

TAN AIK PENG

CEO, Bakery Division

Aik Peng joined the BreadTalk Group as Managing Director, Bakery Division on 20 October 2014 and was subsequently appointed CEO of the Division on 25 May 2015.

Prior to joining the Group, Aik Peng was the Head of Corporate Strategy, Planning and Business Development department for SATS Ltd, responsible for developing the company's overall strategic roadmap and driving its inorganic growth through identifying, qualifying, pursuing and closing Business Development opportunities (JVs, M&As, Strategic Alliances, etc.) both locally and overseas. Before that, Aik Peng spent 12 years at Cisco Systems – a US multi-national company and the global market leader of networking and communications equipment. During his tenure with Cisco, he held various roles such as Strategic Business Transformation, Sales and Marketing Management, Business Development, Solutions Development, Strategic Partnership, Advisory/Consulting Services, Program Management and IT Operations/Implementations. His last role with Cisco was Managing Director of Cisco China Smart+Connected Communities Business Unit and Vice President of Cisco China Strategic Business Transformation Office.

Aik Peng completed his MBA at the Nanyang Business School, Singapore. He also holds a Bachelor of Mechanical Engineering (Hons, 2nd Upper) and a Master of Engineering in Quality and Statistics from the National University of Singapore.

CHENG WILLIAM

CEO, Restaurant Division

William was appointed CEO of the Restaurant Division on 1 January 2011. He leads the Company's overarching business and marketing strategies, structure and people development that drive sales and profitability at all Din Tai Fung and RamenPlay's businesses in Singapore and Thailand.

All Restaurant Division's functional leaders report to William, a 14-year veteran with the Company. He has more than 20 years of extensive experience in culinary and operations and previously, served as a Branch Manager at BreadTalk before the inception of Din Tai Fung in 2003. Under his leadership, Din Tai Fung has successfully launched a state-of-the-art Central Kitchen, researched and developed a range of popular signature dishes that have won the hearts of Singaporeans, Thais and international patrons, as well as generated strong sales and profit growth for the heritage brand. He also put a renewed focus on quality customer service and brand relevance through customer centric initiatives and a people-centric culture.

FRANKIE QUEK SWEE HENG

CEO, ASEAN Region

Frankie was appointed as CEO, ASEAN Region on 15 October 2012. In his role, Frankie is involved in the formulation and implementation of the expansion plans for the Group in the ASEAN Region.

Frankie joined the Group in 2001, starting out as the Group's Assistant General Manager and subsequently as the General Manager in 2002. He then held various portfolios within the Group including the Head of Bakery operations in Shanghai and Beijing from January 2005, and was subsequently promoted to Group COO and CEO, China Region on 1 June 2006 prior to his current appointment. He has played an instrumental role in the growth of the Group's Bakery and Food Atrium businesses in China and its subsequent expansion into several ASEAN markets. Frankie holds an honorary Master of Business Administration degree from the American University of Hawaii, USA.

GOH TONG PAK

President, Chairman's Office

HU XIAO FENG

Chief Operating Officer, China Group

JOYCE KOH

Group SVP, Corporate Affairs & Communications

JENNIFER ONG

Country Manager, Hong Kong

CHAN WING GIT

Group Head, Human Resources & Administration

VINCENT HO

Group SVP, Information Technology

VORACHAI CHAROONPRASITPORN

Country Manager, Thailand

BRAND ACCOLADES

Brand Accolades

Building strong brands has been a critical part of the Group's DNA since our inception. Over the years, the BreadTalk Group has taken a holistic approach towards maximising values for our consumers through our commitment to constantly evolve, innovate and deliver quality products and services. In recognition of our efforts, the Group and our F&B brands have received numerous awards, and in 2015, our proprietary brand BreadTalk clinched its first win at the London-based World Branding Awards for "Brand of the Year" in the Bakery category.

Other wins in 2015 include the "Five Star Diamond Brand Award" by the World Brand Laboratory Award, and the "Top Brand" award for the Franchise and Bakery categories by the Influential Brands Award. Toast Box, Food Republic and Din Tai Fung were also named "Top Brand" under the categories for Asian Café, Food Court and Asian Restaurant respectively.

For Brand Finance's "Top 100 Singapore's Brands", BreadTalk's ranking improved from 46 to 40 with its brand value listed at US$160 million. With this ranking, we are recognised as one of the top 50 most valuable Singapore brands for 2015.

INFLUENTIAL BRANDS

Top Brand
BreadTalk (Bakery) – 2015
BreadTalk (Franchise) – 2015
BreadTalk (Pastry) – 2014
Toast Box (Asian Café) – 2015, 2014 & 2013
Food Republic (Food Court) – 2015 & 2014
Din Tai Fung (Asian Restaurant) – 2015, 2014 & 2013

BRAND FINANCE

Ranked No. 40, Brand Valued at US$160 million – 2015
Top 100 Singapore Brands – 2014, 2013, 2012, 2011, 2010
BreadTalk

WORLD BRAND LABORATORY AWARD

Five Star Diamond Brand Award
BreadTalk – 2015, 2013, 2012 & 2006

WORLD RETAIL AWARDS

Growth Market Retailer of the Year
BreadTalk – 2014

Finalist – Emerging Market
BreadTalk – 2009

WORLD BRANDING AWARDS

Brand of the Year (Bakery)
BreadTalk – 2015

SPRING SINGAPORE

Singapore Service Class (S-Class) Status
BreadTalk, Toast Box,
The Icing Room & Bread Society – 2014

SIAS INVESTORS' CHOICE AWARD

Most Transparent Company Award
BreadTalk – 2014, 2008, 2007, 2005 & 2004

SHANGHAI INDUSTRIAL DESIGN ASSOCIATION

Successful Design Award
BreadTalk – 2014 & 2013

MIDAS TOUCH ASIA

Business Personality of the Year
George Quek – 2013

SME ONE ASIA AWARDS

Business Personality of the Year
George Quek – 2013

CHINA ASSOCIATION FOR QUALITY INSPECTION

Food Integrity and Quality Trust Award
BreadTalk Group (China) – 2012

SHANGHAI SUGAR ASSOCIATION, CHINA

Shanghai Premium Foods
BreadTalk (China) – 2012

SINGAPORE PRESTIGE BRAND AWARD

Most Popular Brand, Regional Brands Category, Overall Winner – 2011
Most Popular Brand – 2005 & 2002
Most Distinctive Brand – 2005 & 2003
Singapore Promising Brand – 2006, 2005 & 2004
BreadTalk

Promising Brands, Overall Winner
Toast Box – 2009
Food Republic – 2008

ERNST & YOUNG, SINGAPORE

Entrepreneur of the Year
Emerging Entrepreneur Category
George Quek – 2006

FRANCHISING AND LICENSING ASSOCIATION OF SINGAPORE

Finalist – Franchisor of the Year Award
BreadTalk – 2005

HONG KONG DESIGN CENTRE

Design for Asia Award
BreadTalk – 2004

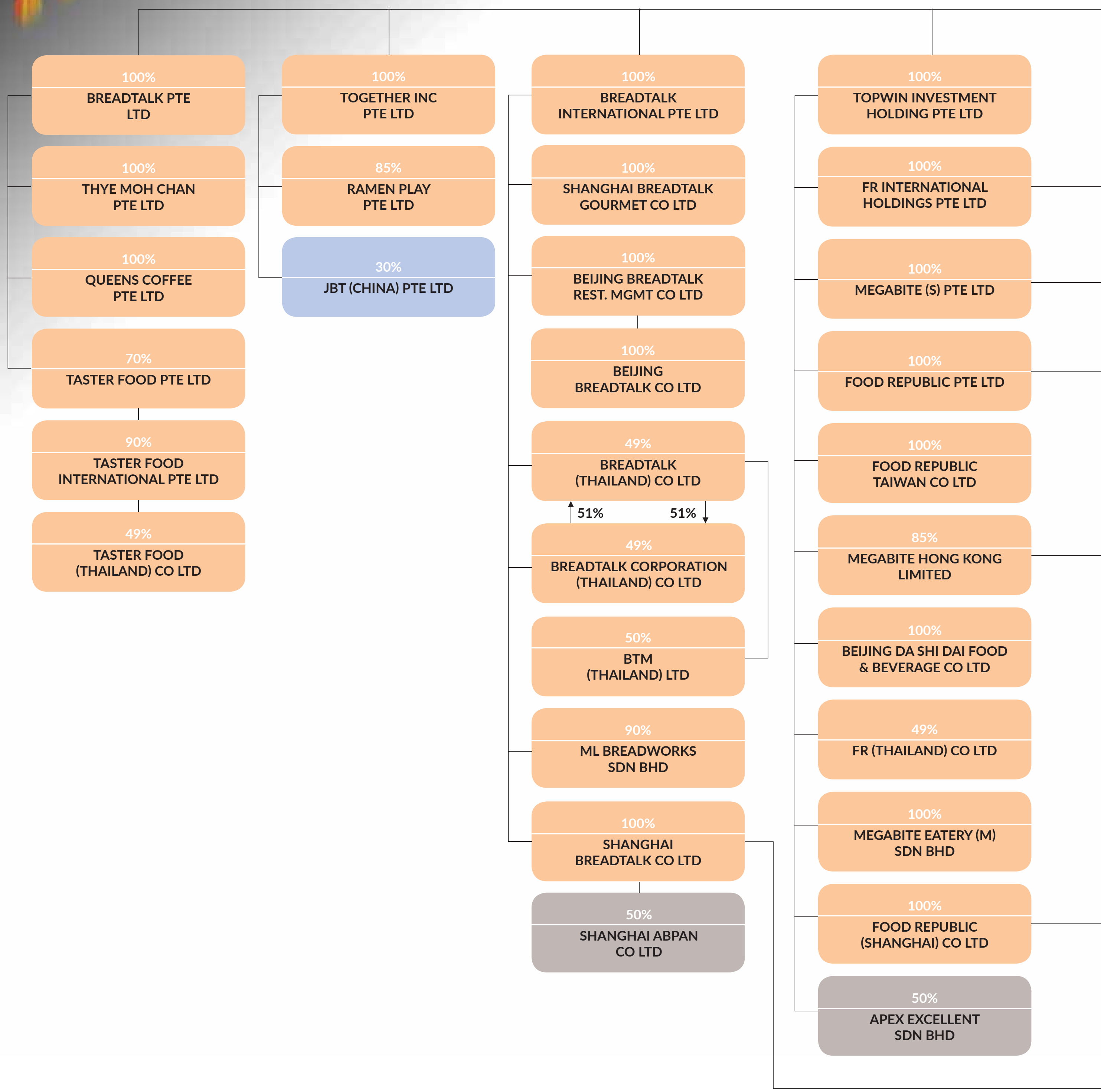
ASME AND THE ROTARY CLUB

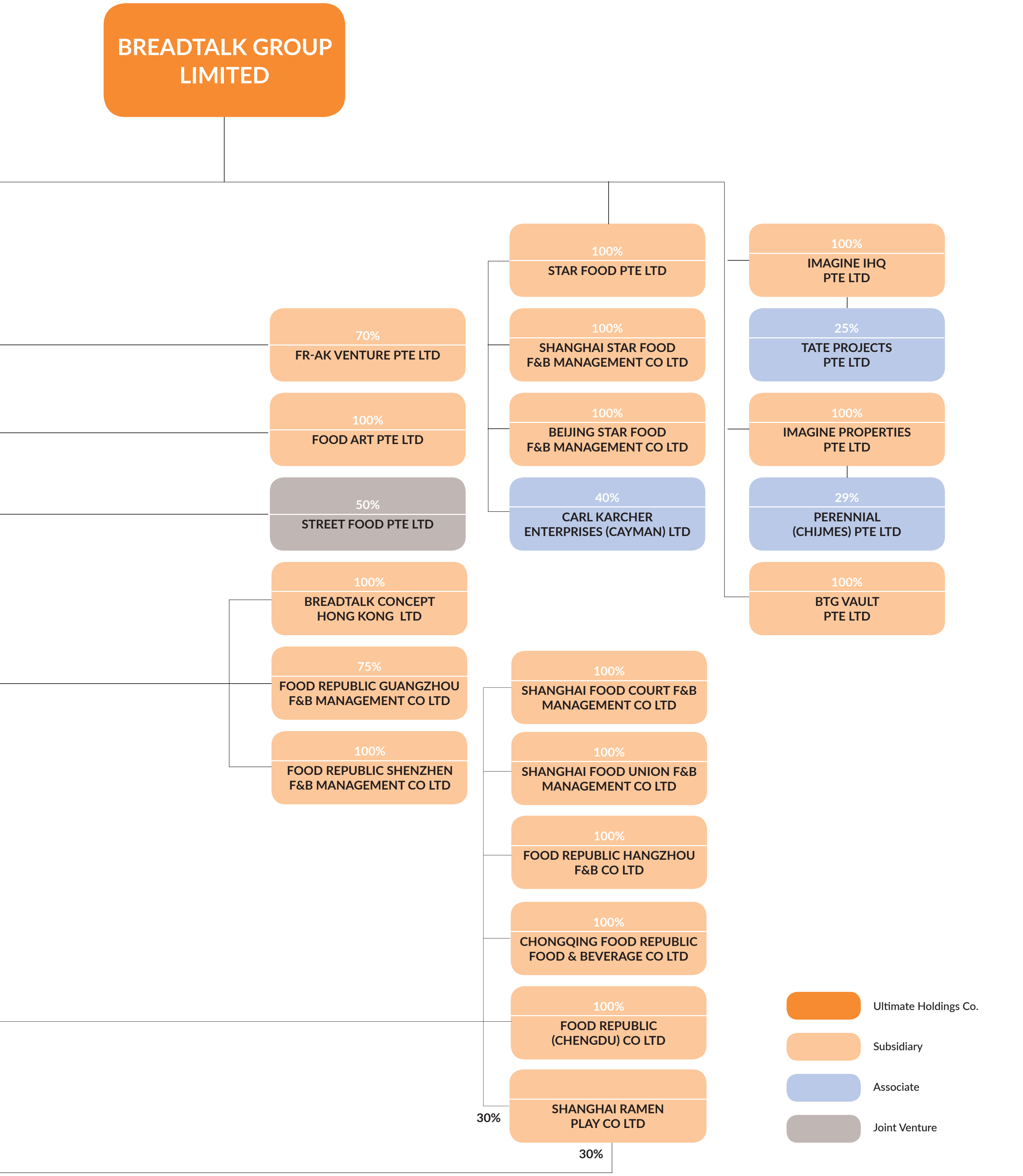
Entrepreneur of the Year
George Quek – 2002

ACCENTURE AND THE BUSINESS TIMES

Enterprise 50 Start Up Award
BreadTalk – 2002

BREADTALK GROUP LIMITED & SUBSIDIARIES





BREADTALK GROUP LIMITED
70%
FR-AK VENTURE PTE LTD
100%
FOOD ART PTE LTD
50%
STREET FOOD PTE LTD
100%
BREADTALK CONCEPT HONG KONG LTD
75%
FOOD REPUBLIC GUANGZHOU F&B MANAGEMENT CO LTD
100%
FOOD REPUBLIC SHENZHEN F&B MANAGEMENT CO LTD
100%
STAR FOOD PTE LTD
100%
SHANGHAI STAR FOOD F&B MANAGEMENT CO LTD
100%
BEIJING STAR FOOD F&B MANAGEMENT CO LTD
40%
CARL KARCHER ENTERPRISES (CAYMAN) LTD
100%
SHANGHAI FOOD COURT F&B MANAGEMENT CO LTD
100%
SHANGHAI FOOD UNION F&B MANAGEMENT CO LTD
100%
FOOD REPUBLIC HANGZHOU F&B CO LTD
100%
CHONGQING FOOD REPUBLIC FOOD & BEVERAGE CO LTD
100%
FOOD REPUBLIC (CHENGDU) CO LTD
30%
SHANGHAI RAMEN PLAY CO LTD
30%
100%
IMAGINE IHQ PTE LTD
25%
TATE PROJECTS PTE LTD
100%
IMAGINE PROPERTIES PTE LTD
29%
PERENNIAL (CHIJMES) PTE LTD
100%
BTG VAULT PTE LTD
Ultimate Holdings Co.
Subsidiary
Associate
Joint Venture

GEO-GRAPHICAL REACH

Close to 1,000
Outlets

16 Territories

7,000 Staff

Spread across 16 territories in Asia and the Middle East, the BreadTalk Group's creative concepts continue to engage and excite consumers.

862	65	30
Bakeries	Food Atria	Restaurants

Singapore China Cambodia Hong Kong Indonesia Malaysia Philippines Taiwan


Harbin
Changchun
Hohhot
Shenyang
Xining
Beijing
Tianjin
Dalian
Yinchuan
Taiyuan
Shijiazhuang
Lanzhou
Jinan
Lianyungang
Zhengzhou
Xi'an
Huai'an
Mianyang
Yangzhou
Yancheng
Zhenjiang
Taizhou
Nanjing
Changzhou
Deyang
Hefei
Wuxi
Nantong
Chengdu
Suzhou
Huzhou
Shanghai
Chongqing
Hangzhou
Jinhua
Ningbo
Changsha
Wenzhou
Zhuzhou
Nanchang
Kunming
Fuzhou
Quanzhou
Xiamen
Nanning
Guangzhou
Foshan
Shenzhen
Dongguan
Thailand
Sri Lanka
Vietnam
Bahrain
Kuwait
Oman
Qatar
Saudi Arabia

BUSINESS REVIEW BAKERY

Financial Overview

	FY2014	FY2015
Revenue (S$'m)	294.1	307.9
Revenue Contribution (%)	49.9	49.3
EBITDA margin (%)	7.8	7.3

BreadTalk's new concept store at VivoCity features contemporary interiors with neutral palettes, accentuating the appeal of freshly-baked golden breads and creates a more welcoming atmosphere for store patrons

Bakery Division revenue rose 4.7% to S$307.9 million in FY2015, driven by an increase in the number of outlets to 862 from 817 in FY2014. Conversely, EBITDA decreased slightly by 2.7% to S$22.4 million, impacted by higher staff and rental costs as well as underperformance in the Beijing, Hong Kong and Malaysia operations. EBITDA margin saw a marginal decline of 0.5 percentage points to 7.3%. Nonetheless, the Bakery Division remained the Group's top contributor, accounting for 49.3% of total revenue.

Highlights in FY2015

Outlets

The Group continued to expand our footprint by adding 45 new bakery outlets in FY2015 while deploying new innovations at existing outlets for better efficiency and cost management.

In June 2015, Shanghai Disney Resort announced that BreadTalk and Toast Box are amongst the first of several dozen tenants for its new exciting shopping, dining and

Masterchef
Alan Zou (Taiwan)

Masterchef
Shin Horie (Japan)

Masterchef
Janson Loo (Singapore)

Our award-winning team of Masterchefs focused on creating harmony among textures, flavours and ingredients, presenting recipes based on classic simplicity as their inspiration

A delectable treat – the Rice Chiffon cake is made uniquely from premium rice flour for a light and exquisite taste

entertainment district, Disneytown, which will open in June 2016. Through our presence at the Shanghai Disney Resort, we will be able to introduce our home-grown brands, and the unique taste of our products to international tourists visiting this iconic destination.

Attesting to our continuous efforts in building brand equity, our flagship brand, BreadTalk walked away with its first win at the prestigious World Branding Awards in London, fifth win at the World Brand Laboratory Award in Shanghai, and second win as the "Top Brand" by the Influential Brands Award, Singapore in 2015. BreadTalk was also ranked No. 40 in Brand Finance's Top 100 Singapore Brands.

BreadTalk – Moving Towards a New Consumer Experience

During FY2015, the Group unveiled our fifth generation concept store at the VivoCity BreadTalk outlet, which aims to enrich the customers' shopping experience. Inspired by the 'Chef's Table' idea at specialty restaurants, the store features a centrepiece Island Bar which prominently displays the creations of its Chefs, while seamlessly integrating the kitchen and the service area.

In addition, the store also introduces the Group's first integrated digital system that connects internal kitchen baking processes to an external real-time display. By providing prompt notifications on the display whenever new batches of breads are ready, the system optimises productivity and kitchen efficiency. The new store concept will be rolled out progressively across Singapore as well as internationally in Thailand, Mainland China and Indonesia.

Focused on using the finest natural ingredients that are simple in taste and robust in flavour, BreadTalk introduced over 50 scrumptious bakery items, including the Sweet Potato Volcano and Red Bean Queen to the store's wide range of offerings. The highlights of this new product collection lie with the careful sourcing and selection of the finest ingredients in their natural forms, such as the Japanese-milled flour and pure butter from New Zealand. These unique new recipes, which were skilfully crafted by our very own Masterchefs from Japan, Taiwan and Singapore, bring a whole new palette of taste and consumer satisfaction.

Careful sourcing and selection of ingredients bring about a whole new enjoyment of wholesome bread flavours

Scoot's newest Boeing 787 Dreamliner painted with SG50-themed livery featuring BreadTalk as one of Singapore's iconic brands during the SG50 celebrations

In celebration of Singapore's Golden Jubilee, as well as the Group's 15th anniversary, BreadTalk also launched a tasty new line-up of 15 Jubilee buns, inspired by local dishes and snacks such as Chilli Crab, Satay Chicken and the specially-created SG50 Flosss Sambal Chicken.

We are also proud to be one of the established homegrown brands to be featured on Scoot's newest Boeing 787 Dreamliner, which was painted with SG50-themed livery.

Toast Box

During the year, in recognition of our strong branding and retail presence, Visa partnered Toast Box to be its first Asian Café Chain partner for its Visa payWave campaign. The advertising campaign, which prominently featured Toast Box, was aired across multiple channels and greatly increased brand recognition and consumer awareness of Toast Box. Furthermore, through this partnership, we were able to offer customers yet another cashless payment option which reduces waiting time and enhances consumer convenience at Toast Box outlets.

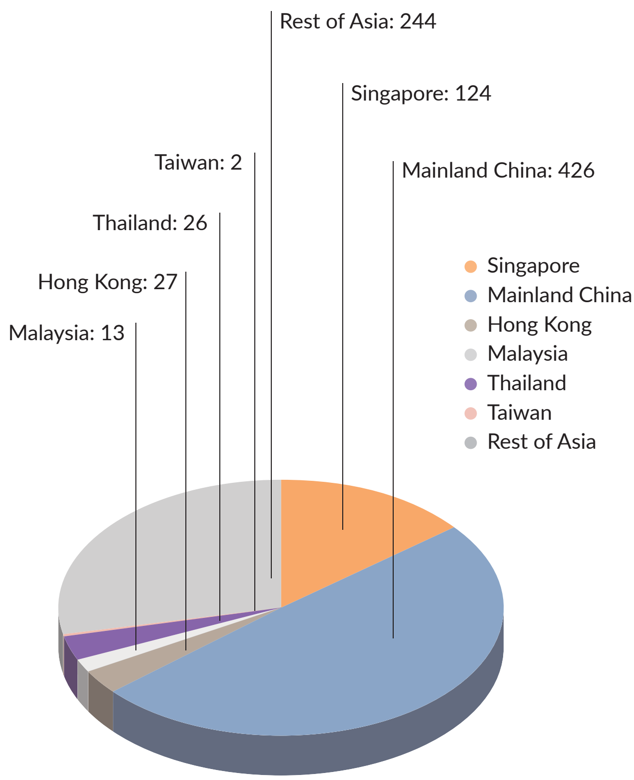
Toast Box launched a new product line of Asian Delight Ready-to-Cook Pastes for customers to enjoy their favourite home-grown recipes right at home

The artisanal Bread Society at Metro City, Shanghai showcases a healthy range of bakery selections combined with a comfortable dine-in section

In July 2015, Toast Box also launched a new product – Asian Delight Ready-to-Cook Pastes – to promote takeaway options for its current variety of all-time favourite Asian dishes like Curry Chicken, Laksa, Mee Rebus and Mee Siam served at its outlets. These ready-to-cook paste packs, which contain no artificial colouring and trans fat, allow customers to easily prepare and enjoy healthy and tantalising local dishes at their homes, or for purchase as gifts for friends and loved ones living abroad.

Bread Society

Revitalised with a dine-in service and a new range of hand-crafted natural yeast loaves, Bread Society launched its new concept at the opening of its third outlet in Shanghai's Metro City. Customers can choose from Southeast Asian or Western style cuisines, as well as enjoy the natural goodness of artisanal bread made from premium ingredients such as 100% whole wheat flour, with no added preservatives or additives, and natural yeast cultivated from fresh fruits such as lemons, oranges and apples.



Distribution of outlets by geography

TOTAL: 862

BUSINESS REVIEW
RESTAURANT

Financial Overview

	FY2014	FY2015
Revenue (S$'m)	130.7	143.2
Revenue Contribution (%)	22.2	23.0
EBITDA margin (%)	16.1	23.7

Private rooms at the newly refurbished Din Tai Fung outlet at Paragon, Singapore

Accounting for 23.0% of the Group's revenue in FY2015, the Restaurant Division achieved the highest revenue growth of S$143.2 million, a gain of 9.5% from S$130.7 million in FY2014. Contributing factors include higher turnover from Din Tai Fung outlets in Thailand, contribution from Sanpoutei and strong same store sales growth. As a consequence of this and prudent cost control measures implemented by the management, EBITDA soared 61.1% to S$33.9 million from S$21.0million, translating to a 7.6 percentage points improvement in EBITDA margin to 23.7%.

Highlights in FY2015

Restaurants

During the year, the Restaurant Division took a strategic position to consolidate some of our restaurant operations and implemented stringent cost control management to streamline our operations.

RamenPlay exited from Mainland China with the closure of three RamenPlay restaurants in Shanghai. In Singapore, we concluded retail leases on two underperforming restaurants and channelled our focus on our core competencies of delivering innovative and quality flavours with the remaining six restaurants located at Resorts World Sentosa, nex, Novena Square, BreadTalk IHQ, Jem, and Bedok Mall.

With the addition of a Din Tai Fung restaurant in Thailand, the Restaurant Division rounded up the year with 30 restaurants in Singapore and Thailand.

Din Tai Fung

Din Tai Fung, the crown jewel of our Restaurant business, made its debut in Singapore in 2003. With its origins from Taiwan, this award-winning restaurant has garnered a strong local following with its exquisite flavours and superior service standards.

Today, Din Tai Fung has a total of 19 restaurants strategically located in high density shopping malls island-wide.

In August, its 8,500 square feet flagship restaurant at Paragon was refurbished, rejuvenating its interior as well as boosting the restaurant's seating capacity to close to 300. To cater to its growing business clientele, the renovated restaurant now comprises three VIP rooms for an exclusive, private dining experience.

Din Tai Fung continued to receive recognition for its culinary and service efforts, securing Asia's 'Top Brand' in the Restaurant category by Influential Brands, as well as Best Chinese Restaurant at the AsiaOne People's Choice Awards for three consecutive years since 2013. The brand was also featured in Singapore Tatler's Top Restaurant Guide over the past two years, secured a Gold award in Reader's Digest Trusted Brands Asia, and was endorsed by Trip Advisor with the Certificate of Excellence for the fourth year running.

In Thailand, where Din Tai Fung first set foot in 2011, we have been wooing customers with our harmonious dishes, high standards of service and contemporary ambience. Our first two restaurants are located at CentralWorld and Central Embassy.

The Group added a third Din Tai Fung restaurant in the country's first integrated complex, CentralPlaza Lardprao – one of the most popular shopping destinations in Bangkok. The latest expansion to the Thai fleet caters to the growing demand and boasts close to 4,000 square feet with a seating capacity of 136.

The new Din Tai Fung at CentralPlaza Lardprao, Thailand

To commemorate Din Tai Fung's 12th anniversary, the brand introduced 20 delectable new dishes after an extensive year-long research and development process spearheaded by a team of dedicated chefs. Perfectly aligned with the culinary ethos of Din Tai Fung's cuisine where simplicity is key and where its dishes combine harmony and balance, the mouth-watering creations include dishes such as Chinese Yam Steeped in Umeshu & Topped with Wolfberries, Deep-fried Handmade Tofu with Water Chestnuts & Mushrooms, the traditional San Bei Claypot Chicken in Special Taiwanese Sauce, as well as a selection of steamed buns. These dishes are now exclusively available at the Paragon flagship restaurant.

Talent growth and retention is at the foremost of the organisation's priority, and 2015 saw our participation in the inaugural Great Place to Work® in Singapore. Founded in America, Great Place to Work® ranks and celebrates the best organisations to work for, based on a series of staff surveys and questionnaires. The only local F&B organisation to participate in the inaugural Great Place to Work®, Din Tai Fung continues its journey towards creating a healthy work environment to groom and retain talent.

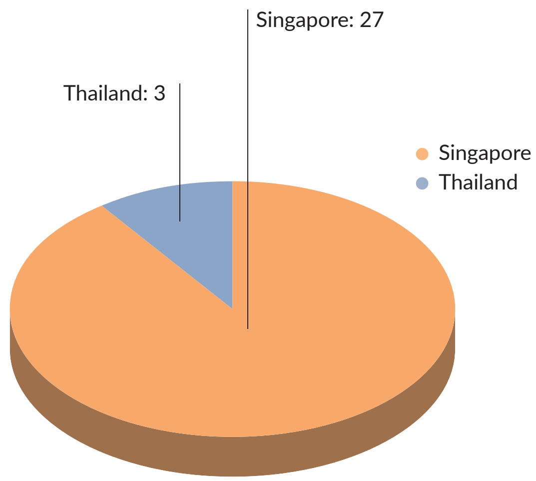
Other Brands and Initiatives

The Group's premier ramen brand Sanpoutei Ramen continued to offer high quality imported flavours of Japan to discerning customers at its two locations in Holland Village and Shaw Lido. Uncompromising in quality, its Japanese masterchefs ensure the restaurant only uses fresh and premium ingredients from Japan and daily homemade noodles that are springy and silky in texture.

During the year, our restaurant brands Din Tai Fung and RamenPlay celebrated SG50 by bringing back the ever-popular local favourite Steamed Chilli Crab Dumplings and introducing a Curry Yummy Special respectively. Din Tai Fung also launched a limited edition series of six SG50-themed magnet/pin badge collectibles in celebration of Singapore's Golden Jubilee. The specially designed collectibles featured Din Tai Fung's mascot, Bao Zai (包仔) touring Singapore and visiting some of the island's symbolic attractions and icons such as the Merlion and Marina Bay Sands.

Our signature Xiao Long Bao with its 18 folds is a perennial favourite with discerning diners

A selection of 20 new dishes was launched in tandem with Din Tai Fung's 12th anniversary



Distribution of outlets by geography

TOTAL: 30

BUSINESS REVIEW
FOOD ATRIUM

Financial Overview

	FY2014	FY2015
Revenue (S$'m)	164.8	173.1
Revenue Contribution (%)	27.9	27.7
EBITDA margin (%)	14.7	10.3

The new Food Republic at Manulife Centre offers a myriad of local favourites to satisfy tourists and students from the multiple tertiary institutions nearby

Revenue for the Food Atrium Division climbed 5.0% to S$173.1 million in FY2015 from S$164.8 million in FY2014, with growth contributed mainly from Singapore. Operations in Taiwan and Thailand are on track to recovery, while Mainland China continued to be affected by lower footfalls in the shopping malls. With start-up expenses of new outlets, write-offs due to outlet closures and higher operating expenses, EBITDA declined 26.0% with margin down to 10.3% compared to 14.7% in FY2014.

Highlights in FY2015

Outlets

Having been in the marketplace for 10 years, Food Republic's delectable spread of local and Asian cuisines within thematic settings continues to create unique dining experiences. This can be seen in our VivoCity outlet which captures the 1930s Chinese street food atmosphere, while our City Square outlet reflects the old world charm of the famous New World Amusement Park that used to be opposite the mall. Our premier Food Opera at ION Orchard offers an eclectic spread of flavours and décor that exudes a more upmarket vibe.

In 2015, Food Republic celebrated our second consecutive win as Asia's Top Influential Brand under the Food Court category by Brand Alliance, a testament of our unflagging efforts to offer a diverse mix of high quality cuisines to diners. As at 31 December 2015, the Division operates 65 outlets across Mainland China, Hong Kong, Malaysia, Singapore, Taiwan and Thailand, having opened two outlets in Singapore and one each in Mainland China – Shanghai, Hangzhou and Xi'an – during the year.

Guaranteed to excite even the most discerning food critics would be the latest Food Republic outlet located at Metro City, Shanghai. Replicating a resplendent Shanghai Dining Hall (弄堂), it serves up an outstanding line up of Shanghai's century old heritage brands such as the renowned Shen Da Chen dumplings incepted in 1875; De Xing Guan, famous for its fried pork chops and noodles that are synonymous with Chinese culinary culture since 1878 as well as the not to be missed Da Hu Chun, known for its ubiquitous pan-fried dumplings (生煎馒头). Food Republic also opened its doors at the integrated Hong Qiao transportation hub that connects the domestic airport and a network of railways in a mixed-use development. We also opened our first Food Republic in a new city, Xi'an, which offers a wide array of delightful tastes and rich colours of Asia.

In Singapore, we opened two new dining outlets at Manulife Centre and at the newly refurbished Capitol Piazza.

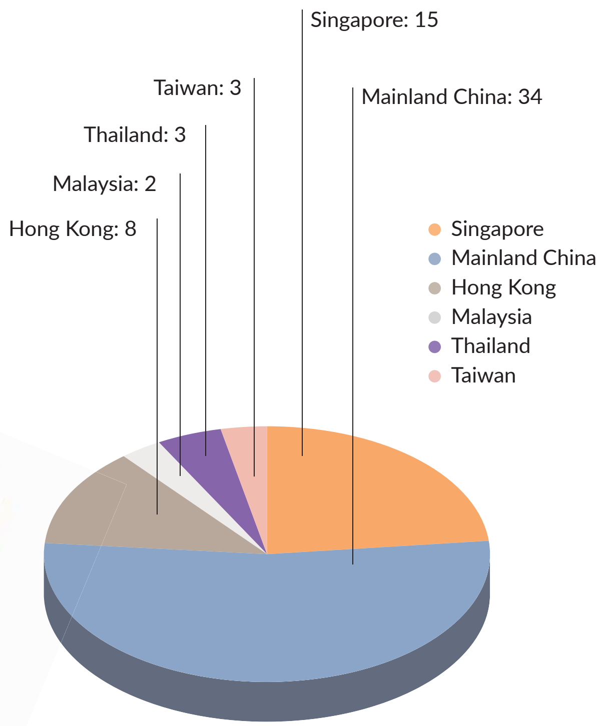
The new Food Republic at Metro City, Shanghai is reminiscent of a nostalgic Shanghai Dining Hall (弄堂)

At Capitol Piazza, we brought together under one roof a specially-curated list of ten specialty food brands from around Asia. Some of the exquisite tastes include the first casual dining outpost of renowned Ah Yat Seafood Restaurant and hailing from Hong Kong, the 60-year heritage wanton and beef noodle specialist, Hok Kee Authentic Hong Kong Noodle & Congee.

Key Initiatives and Outlook

Notwithstanding the diversity of food offerings at our outlets, we constantly introduce creative promotions to further titillate diners' palates. To celebrate Singapore's Golden Jubilee, Food Republic initiated a week of 'Let's Makan' food trail at VivoCity, treating participants to eight delightful local dishes in between fun and games, rekindling customers' appreciation for Singapore food cultures.

In Mainland China, Food Republic will also be opening an outlet at the new Shanghai Disney Resort, slated to be the second largest Disney destination after the Walt Disney Resort in Orlando, USA. Expected to open in June 2016, this world class entertainment complex is expected to welcome thousands of Chinese visitors who will undoubtedly look forward to the magic of Disney while tucking into the Asian flavours of Food Republic.



Distribution of outlets by geography

TOTAL: 65

Food Republic brings together an exciting array of renowned heritage street food for a tantalising cultural taste

CORPORATE SOCIAL RESPONSIBILITY

At the BreadTalk Group, we believe in giving back to the communities that we are a part of. This year, we focused on supporting causes closest to our hearts – developing the local arts and culture scene, nurturing our next generation and supporting the local community.

Arts & Culture

Patron of the Arts Award

The Group received the Patron of the Arts Award from the National Arts Council in September, in recognition of our support and contribution towards the development of the arts and culture scene in Singapore.

"The arts and culture are an integral part of Singapore which the country must continue to nurture because Man does not live by bread alone."

Quote Prime Minister Lee Hsien Loong

UnThinkTank

In support of the Arts & Culture scene in Singapore, the BreadTalk Group was a partner for UnThinkTank – a series of global thought conferences where eminent thought leaders from Asia discussed key societal topics with theories, ideas and values across different disciplines.

Children's Cancer Foundation

In March 2015, Din Tai Fung raised funds from the sale of limited edition key chains at our outlets for the Children's Cancer Foundation. Our efforts helped to support their programme to improve the quality of life of children with cancer and their families through enhancing their emotional, social and medical well-being.

Huayi Festival

In March, Din Tai Fung also supported the Huayi – Chinese Festival of Arts' by sponsoring the opening programme – 'RICE' by renowned Taiwanese modern dance group, Cloud Gate Dance Theatre. The festival is one of four annual cultural festivals held at Esplanade – Theatres on the Bay celebrating Singapore's multicultural heritage.

Youth

NAFA Scholarships

The Group awarded bond-free scholarships to support students pursuing their degree programmes from the Nanyang Academy of Fine Arts, relieving their financial burden so they can focus on pursuing their studies.

Community

Mid-Autumn Festival

BreadTalk Group Cares, a corporate initiative led by our colleagues from all three divisions, celebrated Mid-Autumn Festival with the residents of Lee Ah Mooi Old Age Home and Ren Ci Hospital. Residents enjoyed mooncakes from BreadTalk while they were serenaded with their favourite songs.

Community Chest

BreadTalk sponsored a Chari-Tree at Marina Bay for a fundraising initiative by TOUCH Community Service and Community Chest, helping over 180,000 beneficiaries comprising underprivileged individuals, the elderly and people with special needs.

BreadTalk was awarded the Special Events Silver Award during the Community Chest Awards 2015 for its concerted efforts in donations and raising funds to help the less fortunate.

In commemoration of SG50, BreadTalk donated proceeds from the sale of each BreadTalk 15th Anniversary tote bag to the Community Chest.

Toast Box Christmas

Toast Box donated proceeds from the sale of each Kopi Card and each set of Toast Box's hearty Curry Chicken with Sparkling Drink, to the beneficiaries of Abilities Beyond Limitations and Expectations (ABLE), This also marks the fifth year of support from Toast Box towards the worthy cause of ABLE.


Photo Credit: Overseas Singapore Unit

Singapore Day 2015 in Shanghai

Food Republic was the F&B partner for Singapore Day 2015 in Shanghai. Working closely with the Overseas Singaporean Unit and over 20 popular local hawkers, Food Republic curated a line-up of top favourite hawker dishes, including Nasi Padang, Laksa, Chilli Crab that stole the hearts and appetites of 5,000 overseas Singaporeans. The delightful line up of top hawkers at Century Park was the top attraction for Singaporeans who turned up for their favourite home dishes, enjoying great food and entertainment by Singaporean artistes.

INVESTOR RELATIONS

As part of good corporate governance practices, we have established a sound reporting system structured to provide transparency, accountability and timely disclosure. This includes proactive communications and engagements with all stakeholders and the investment community through regular investor meetings, tele-conferences and annual general meetings, as well as timely disclosure of all corporate announcements on the company's investor relations website **http://breadtalk.listedcompany.com** and SGX's website.

FY2015 Calendar

9 Feb	• RHB ASEAN Consumer Day
17 Feb	• FY2014 Results Announcement
22 Apr	• Annual General Meeting
13 May	• 1Q2015 Results Announcement
5 Aug	• 2Q2015 Results Announcement
6 Aug	• 2Q2015 Results – Analyst & Media Briefing • Non-Deal Roadshow with RHB
9 Nov	• 3Q2015 Results Announcement
26-27 Nov	• Citi ASEAN Stars of the Next Decade: Multi-Sector Champions (SG)

FY2016 Calendar*

24 Feb	• FY2015 Results Announcement
25 Feb	• FY2015 Results – Analyst & Media Briefing • Non-Deal Roadshow with Daiwa
7 Mar	• Non-Deal Roadshow with ANZ and OCBC
20 Apr	• Annual General Meeting
May*	• 1Q2016 Results Announcement
Aug*	• 2Q2016 Results Announcement • 2Q2016 Results – Analyst & Media Briefing
Nov*	• 3Q2016 Results Announcement

* *Please check http://breadtalk.listedcompany.com for the latest updates*

Summary of FY2015 Investor Relations Activities

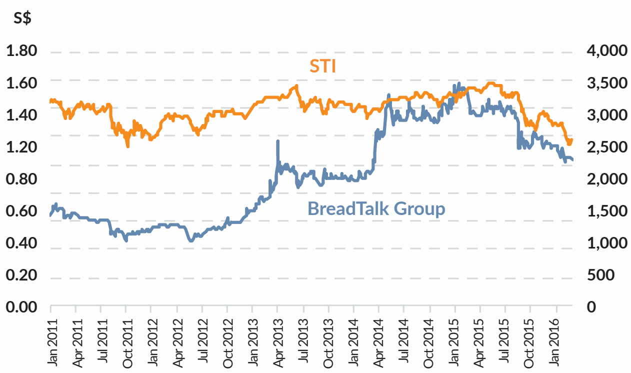
Face-to-face/tele-conferences

Investor meetings hosted	:	11
Investors met	:	180
Investor conferences/events attended	:	4

Coverage by equity research houses/analysts :

- Daiwa Capital Markets Singapore Limited/ Shane Goh
- OCBC Investment Research/ Jodie Foo & Eugene Chua
- RHB Research Institute Singapore/ James Koh

BreadTalk Group Share Price vs Straits Times Index (STI)



BreadTalk Group's market capitalisation as at 29 February 2016 was S$291 million based share price of S$1.035. Total shareholder return over the last 5 years was 88.4%, inclusive of dividends, compared to -10.8% delivered by the Straits Time Index.

BreadTalk Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") are committed to set corporate governance practices in place which are in line with the recommendations of the Code of Corporate Governance 2012 (the "**Code**") to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

This report sets out the Group's corporate governance processes and structures that were in place throughout the financial year ended 31 December 2015, with specific reference made to the principles and guidelines of the Code and where appropriate, we have provided explanations for deviations from the Code.

A. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guideline 1.1 of the Code: The Board's role

The primary function of the Board of Directors (the "**Board**") is to protect and enhance long-term value and returns for its Shareholders. Besides carrying out its statutory responsibilities, the Board's roles include:

1. Providing entrepreneurial leadership, setting strategic directions and overall corporate policies of the Group;
2. Supervising, monitoring and reviewing the performance of the management team;
3. Ensuring the adequacy of internal controls, risk management and periodic reviews of the Group's financial performance and compliance;
4. Setting the Company's values and standards (including ethical standards) to meet its obligations to shareholders and other stakeholders, ensuring that the necessary human resources are in place;
5. Approving the annual budget, major investments and divestment proposals;
6. Assuming responsibility for good corporate governance practices; and
7. Approving corporate or financial restructuring, share issuance, dividends and other returns to Shareholders, Interested Person Transactions of a material nature and release of the Group's results for the first three (3) quarters and full year results.

Guideline 1.2 of the Code: Disclosure on director's discharge of duties and responsibilities

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

Guideline 1.3 of the Code: Disclosure on delegation of authority by the Board to Board Committees

To assist in the execution of its responsibilities, the Board is supported by three committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively "**Board Committees**"). The Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

Guideline 1.4 of the Code: Board to meet regularly

Formal Board meetings are held at least four times a year to approve the quarterly and full year results announcements and to oversee the business affairs of the Group. The schedule of all the Board Committees meetings for the calendar year is usually given to all the Directors well in advance. The Board is free to seek clarification and information from Management on all matters within their purview. Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. Meetings via telephone or video conference are permitted by the Company's Articles of Association.

Details of the Directors' attendance at Board and Board Committee meetings held during the financial year ended 31 December 2015 are summarised as follows:

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	Board	AC	NC	RC
Number of Meetings Held	4	4	1	1
ATTENDANCE				
Dr George Quek Meng Tong	4	4*	1*	1*
Ms Katherine Lee Lih Leng	4	4*	1*	1*
Mr Ong Kian Min	4	4	1	1
Mr Chan Soo Sen	4	4	1	1
Dr Tan Khee Giap	4	4	1	1
Mr Paul Charles Kenny (1)	Nil	Nil	Nil	Nil

* By invitation

(1) Mr Paul Charles Kenny was appointed as the Non-Executive Director on 1 March 2016.

Guideline 1.5 of the Code: Matters requiring Board approval

Matters that are specifically reserved to the Board for approval include:

(a) matters involving a conflict of interest for a substantial Shareholder or Director;
(b) material acquisitions and disposal of assets;
(c) corporate or financial restructuring;
(d) share issuances, dividends and other returns to Shareholders;
(e) matters which require Board approval as specified in the Company's Interested Person Transactions policy; and
(f) substantial expenditures exceeding a prescribed limit.

Guideline 1.6 of the Code: Directors to receive appropriate training

The Company provides a comprehensive orientation programme to familiarise new directors with the Company's businesses and governance practices, as well as the Group's history, core values, strategic direction and industry-specific knowledge so as to assimilate them into their new roles.

Directors also have the opportunity to visit the Group's operational facilities and meet with the management team to gain a better understanding of the Group's business operations. Each director is provided with an annually updated manual containing Board and Company policies relating to the disclosure of interests in securities and conflicts of interests in transactions involving the Company, prohibitions on dealings in the Company's securities, as well as restrictions on the disclosure of price sensitive information.

The Directors are also updated regularly with changes to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarizes the Directors on the business activities of the Company during Board meetings.

Guideline 1.7 of the Code: Formal letter of appointment

All Directors are appointed to the Board by way of a formal letter of appointment indicating their roles, obligations, among other matters, duties and responsibilities as member of the Board.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

Guideline 2.1 and 2.2 of the Code: Independence of the Board

The Board comprises six (6) members with a majority of independent Directors – three (3) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Non-Executive Director. They are as follows:

Dr George Quek Meng Tong	(Chairman)
Ms Katherine Lee Lih Leng	(Deputy Chairman)
Mr Ong Kian Min	(Lead Independent Non-Executive Director)
Mr Chan Soo Sen	(Independent Non-Executive Director)
Dr Tan Khee Giap	(Independent Non-Executive Director)
Mr Paul Charles Kenny	(Non-Executive Director)

Guideline 2.3 of the Code: Independent Directors

The Board has three (3) Independent Directors whose independence is reviewed by the NC annually. The NC considers an "independent" Director as one who has no relationship with the Company, its related Corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent judgement of the conduct of the Group's affairs, and is not a 10% Shareholder, or a partner (with 10% or more stake) or an executive officer, or a director of any for profit business organisation to which the Company or any of its subsidiaries have made or received significant payments (aggregated in excess of S$200,000 per year) in the current or immediate past financial year. Moreover, the Chairman of the NC is not associated, directly or indirectly, with a 10% Shareholder, in current or immediate past financial year to enhance an independent view to the best interests of the Company.

As a result of the NC's review for financial year ended 31 December 2015, the NC is of the view that the Independent Directors are independent of the Company's management as contemplated by the Code.

Guideline 2.4 of the Code: Independent Director who have served the Board beyond 9 years

In line with Guideline 2.4 of the Code, the NC had conducted a rigorous review on the independence of the Independent Directors, Mr Ong Kian Min ("**Mr Ong**") and Mr Chan Soo Sen ("**Mr Chan**") and considers them as independent even though they have served on the Board beyond 9 years. The relevant factors that were taken into consideration in determining the independence of Mr Ong and Mr Chan are set out under Principle 4 of page 37 of this Annual Report.

Guideline 2.5 of the Code: Appropriate Board size

The Board, in view of the nature and scope of business operations, considers that though small, the present Board size and composition facilitates efficient and effective decision-making with a strong independent element.

Guideline 2.6 of the Code: Board to comprise Directors with core competencies

Each Director has been appointed on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. As each Director brings valuable insights from different perspectives vital to the strategic interests of the Company, the Board considers that the Directors possess the necessary competencies to provide Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

Guidelines 2.7, 2.8 and 3.4 of the Code: Role of NEDs and regular meetings of NEDs

Once a year, a formal session is arranged for the Non-Executive Directors (the "NEDs") to meet without the presence of Management or Executive Directors to discuss any matters that must be raised privately, for example, the review of the performance of Management. The session is chaired by Mr Ong, the Lead Independent Non-Executive Director, who is also the chairman of the AC and NC. The Lead Independent Non-Executive Director has provided feedback to the Chairman after such meeting.

The Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guideline 3.1 of the Code: The Chairman and chief executive officer should be separate persons

The Company adopts a dual leadership structure whereby the positions of chairman and chief executive officer are separated. There is a clear division of responsibilities between the Company's Chairman and the Group's Chief Executive Officer, which provides a balance of power and authority.

Guideline 3.2 of the Code: The Chairman's role

As the Chairman, Dr George Quek Meng Tong is responsible for ensuring Board effectiveness and conduct, as well as the strategic development of the Group in addition to duties and responsibilities which he may, from time to time, be required to assume. The Group Chief Executive Officer, Mr Oh Eng Lock, has overall responsibility of the Group's operations, organisational effectiveness and implementation of Board policies and strategic decisions.

Guideline 3.3 of the Code: Appointment of Lead Independent Director

Notwithstanding the above, the Non-Executive and Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgement to take care of the interests, not only of the Company but also of the Shareholders, employees, customers, suppliers and the many communities with which the Company conducts business with. The Board had on 14 August 2006 appointed Mr Ong as the Lead Independent Non-Executive Director to act as an additional channel available to Shareholders.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1 of the Code: Composition of the NC

The NC comprises the three (3) Independent Non-executive Directors who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole, as well as for each individual Director on the Board. The chairman of the NC is the Lead Independent Non-executive Director, who is not a 10% Shareholder or directly associated with a 10% Shareholder.

The composition of the NC is as follows:

Mr Ong Kian Min – Chairman
Mr Chan Soo Sen – Member
Dr Tan Khee Giap – Member

Guidelines 4.2 of the Code: Duties of the NC

The primary responsibilities of the NC under the guidelines of the written Terms of Reference are:

1. To make recommendations to the Board on the appointment of new Executive and Non-executive Directors, including making recommendations on the composition of the Board generally, and the balance between Executive and Non-executive Directors appointed to the Board, as well as ensuring there are procedures in place for the selection and appointment of NEDs.

2. To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

3. To be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominees have the requisite qualifications and whether or not they are independent.

4. To make plans for succession, in particular for the Chairman, the Group Chief Executive Officer and other key management personnel.

5. To determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the Code is in fact independent, the NC would disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent.

6. To recommend Directors who are retiring by rotation to be put forward for re-election.

7. To determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly where he has multiple board representations and other principal commitments.

8. To be responsible for developing an evaluation mechanism for the performance of the Board, its board committees and Directors; and assessing the effectiveness of the Board as a whole, its board committees and for assessing the contribution of each individual Director to the effectiveness of the Board and disclosing annually, this assessment process.

9. To review the training and professional development programmes for the Board.

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration.

Guidelines 4.2 and 4.6 of the Code: Process of selecting directors

New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next AGM.

All the Directors are required to submit themselves for re-nomination and re-appointment at least once every three (3) years and at least one-third of the Board shall retire from office by rotation and be subject to re-election at every annual general meeting ("**AGM**") of the Company.

In considering whether an Independent Director who has served on the Board for 9 years is still independent, the Board has taken into consideration the following factors:

Guideline 4.3 of the Code: Independence of Independent Directors

1. The considerable amount of experience and wealth of knowledge that the independent director brings to the Company

2. The attendance and active participation in the proceedings and decision making process of the Board and Committee Meetings

3. Provision of continuity and stability to the new Management at the Board level as the independent director has developed deep insight into the business of the Company and possesses experience and knowledge of the business

4. The qualification and expertise provides reasonable checks and balances for the Management

5. The independent director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared and responsive and heavily involved in the discussions at the meeting

6. The independent director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests

In this regard, the NC with the concurrence of the Board has reviewed the suitability of Mr Ong and Mr Chan being the Independent Directors who have served on the Board for 9 years and have determined that Mr Ong and Mr Chan remains independent. Mr Ong and Mr Chan had abstained from voting on any resolution in respect of their own appointment. In addition, the NC is of the view that Mr Ong and Mr Chan are independent (as defined in the Code) and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

Guideline 4.4 of the Code: Board representations

There is no alternate director being appointed to the Board for the financial year ended 31 December 2015.

Guideline 4.5 of the Code: Appointment of Alternate Director

The NC has recommended to the Board that Dr George Quek Meng Tong and Mr Chan Soo Sen be nominated for re-election pursuant to Article 104 of the Company's Articles of Association and Mr Paul Charles Kenny be nominated for re-election pursuant to Article 108 of the Company's Articles of Association at the forthcoming AGM. The Board had accepted the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions in respect to his nomination as a Director.

The key information regarding Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out in pages 8 to 11 of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1 to 5.3 of the Code: Assessing the effectiveness of the Board

While the Code recommends that the NC be responsible for assessing the Board as a whole and also assessing the individual evaluation of each Directors' contribution, the NC is of the view that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each member of the Board contributes in different way to the success of the Company and Board decisions are made collectively.

The Board has implemented a process for assessing the effectiveness of the Board as a whole. During the financial year under review, each Director was required to complete a board evaluation form adopted by the NC to assess the overall effectiveness of the Board, which will be collated by the Chairman for review or discussion. The results of the board evaluation exercise were considered by the NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively. The appraisal process focused on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The Board and the NC had endeavored to ensure that Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

The Board Committees have recommended to the Board on the adoption of the formal evaluation form for the Board Committees to further enhance the effectiveness of the Board Committees.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for the financial year ended 31 December 2015 are based on their attendance and contributions made at the Board and Board Committees meetings.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guideline 6.2 of the Code: Provision of information to the Board

The Board receives complete and adequate information on an on-going basis. The Management provides the Chairman and Deputy Chairman with monthly management accounts and the rest of the Board members with quarterly management accounts. The agenda for Board meetings is prepared in consultation with the Chairman and it will be circulated at least one (1) week in advance to Board members of each meeting.

Furthermore, the Board members have separate and independent access to the Company Secretary and senior executives, and there is no restriction of access to the senior Management team of the Company or the Group at all times in carrying out its duties.

Guidelines 6.1 and 6.3 of the Code: Access to the Management and role of the Company Secretary

The Company Secretaries or their representatives attends all Board and Board Committees meetings and prepares minutes of Board and Board Committees meetings and assists the Chairman in ensuring that Board procedures are followed and reviewed in accordance with the Company's Articles of Association so that the Board functions effectively and the relevant rules and regulations applicable to the Company are complied with. The Company Secretaries or their representatives' role is to advise the Board on all governance matters, ensuring that legal and regulatory requirements as well as Board policies and procedures are complied with. The appointment and removal of the Company Secretaries are subjected to the approval of the Board.

Guideline 6.4 of the Code: Appointment and removal of company secretary

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board takes independent professional advice as and when it is necessary to enable it or the Independent Directors to discharge the responsibilities effectively.

Guideline 6.5 of the Code: Access to independent professional advice

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors, comprises the three (3) Independent Non-executive Directors. The chairman of the RC is an Independent Non-executive Director.

Guideline 7.1 of the Code: The RC is to consist entirely of NEDs and the majority, including the RC chairman, must be independent

The RC comprises three (3) Independent Directors as follows:

Mr Chan Soo Sen – Chairman
Dr Tan Khee Giap – Member
Mr Ong Kian Min – Member

The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has adopted written terms of reference that defines its membership, roles, functions and administration.

The primary responsibilities of the RC are as follows:

Guideline 7.2 of the Code: The RC's responsibilities

1. To review and recommend to the Board in consultation with the Chairman of the Board, a framework for remuneration and to determine the specific remuneration packages and terms of employment for each of the executive Directors and senior executives or divisional Directors (those reporting directly to the Chairman or the Group Chief Executive Officer) and those employees related to the Executive Directors and controlling Shareholders of the Group.

2. To review and recommend to the Board in consultation with the Chairman of the Board, any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

3. To administer the BreadTalk Group Limited Employees' Share Option Scheme (the "**Scheme**") and shall have all the powers as set out in the Rules of the Scheme.

4. To administer the BreadTalk Group Limited Restricted Share Grant Plan (the "**RSG Plan**") and shall have all the powers as set out in the Rules of the RSG Plan.

5. To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

6. As part of its review, the RC shall ensure that:

   (i) all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered.

   (ii) the remuneration packages should be comparable within the industry and comparable companies, and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive Directors' and senior executives' or divisional Directors' performance.

   (iii) the remuneration package of employees related to Executive Directors and controlling shareholders are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

Guideline 7.3 of the Code: Access to expert advice

The RC will seek independent expert advice inside and/or outside the Company on the remuneration of executive directors and senior executives or divisional directors (those reporting directly to the Chairman or the Group's Chief Executive Officer), and those employees related to the executive directors and controlling shareholders of the Group, if necessary. The Company has not engaged any remuneration consultants.

Guideline 7.4 of the Code: Termination clauses

The RC will review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service and ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to success fully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines 8.1 to 8.4 of the Code: RC to recommend remuneration of Directors and review remuneration of key executives

The Company advocates a performance based remuneration system for executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus and participation in an employee share award or scheme based on the Company's performance, linking it to the individual's performance.

In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman or the Group Chief Executive Officer amongst other things, the respective individuals' responsibilities, skills, expertise and contribution to the Company's performance, and whether they are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous.

At an Extraordinary General Meeting held on 28 April 2008, the shareholders of the Company had approved the adoption of the RSG Plan. Under the RSG Plan and any other share based schemes of the Company, the aggregate number of shares to be issued shall not exceed 15% of the total issued share capital, excluding treasury shares of the Company and will be in force for a maximum period of ten (10) years commencing 28 April 2008.

The award of shares under RSG Plan can be either performance based awards or time based awards. For performance based awards, entitled participants will be allotted fully paid shares upon satisfactory achievement of pre-determined performance targets. As for time based awards, entitled participants will be allotted fully paid shares upon satisfactory completion of time based service conditions, that is, after the participant has served the Company or as the case may be, the relevant associated company, for a specified duration, as may be determined by the RC.

The adoption of RSG Plan is consistent with the continuing efforts of the existing Scheme in rewarding, retaining and motivating employees to achieve superior performance standards while affording the Company greater flexibility to align the interests of employees with those of the shareholders. To date, the Company has issued 3,617,660 shares under its RSG Plan.

The RC has adopted a framework which consists of a base fee to remunerate Non-Executive Directors based on their appointments and roles in the respective Board committees, as well as the fees paid in comparable companies. Fees for the Non-Executive Directors will be tabled at the forthcoming 2015 AGM for Shareholders' approval.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of each Director's and key Management Personnel's remuneration for the year ended 31 December 2015 is set out below:

Guidelines 9.1 to 9.6 of the Code: Remuneration of Directors, key management personnel and related employees

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name of Director	Salary(1)	Bonus / Profit–Sharing	Compensation Share–based	Benefits –In–Kind	Directors' Fees(3)	Total
	%	%	%	%	%	%
S$500,000 to below S$750,000						
Dr George Quek Meng Tong	91	7	–	2	–	100
S$250,000 to below S$500,000						
Ms Katherine Lee Lih Leng	92	6	–	2	–	100
Below S$100,000						
Mr Ong Kian Min	–	–	–	–	100	100
Mr Chan Soo Sen	–	–	–	–	100	100
Dr Tan Khee Giap	–	–	–	–	100	100
Mr Paul Charles Kenny(2)	–	–	–	–	–	–

Name of Key Management Personnel (who are not Directors)	Designation	Salary[1] %	Bonus / Profit-Sharing %	Share-based Compensation %	Benefits -In-Kind %	Total %
S$750,000 to below S$1,000,000						
Mr Oh Eng Lock	Group CEO	92	8	–	–	100
S$250,000 to below S$500,000						
Mr Chan Ying Jian [4]	Group CFO	92	8	–	–	100
Mr Tan Aik Peng	CEO, Bakery Division	77	23	–	–	100
Mr Cheng William	CEO, Restaurant Division	58	34	8	–	100
Mr Jenson Ong Chin Hock	CEO, Food Atrium Division	93	7	–	–	100
Mr Frankie Quek Swee Heng [5]	CEO, ASEAN	93	7	–	–	100
Mr Goh Tong Pak	President (Chairman's Office)	91	7	2	–	100

Notes:

(1) Salary is inclusive of fixed allowance and CPF contribution.

(2) Mr Paul Charles Kenny was appointed as the Non-Executive Director on 1 March 2016.

(3) Directors' fees will be paid after approval is obtained from Shareholders at the forthcoming 2015 AGM.

(4) Mr Chan Ying Jian was appointed as the Group CFO on 10 June 2015

(5) Mr Frankie Quek Swee Heng is the brother of Dr George Quek Meng Tong and was appointed as CEO, Asean Region on 15 October 2012.

The total remuneration of each Director and key management personnel has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration packages of these Directors.

The total remuneration of the top five key executives (who are not directors or the CEO) is S$1,900,305.89 for the financial year ended 31 December 2015.

There were no terminations, retirement or post-employment benefits granted to Directors, the CEO and key management personnel other than the standard contractual notice period termination payment in lieu of service for the financial year ended 31 December 2015.

Save as disclosed, no other employee whose remuneration exceeded S$50,000 during the year is an immediate family member of any of the members of the Board.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board has a responsibility to present a fair assessment of the Group's position, including the prospects of the Group in all announcements (including financial performance reports) made to the public via SGXNET and the annual report to shareholders, as required by the SGX-ST.

Guideline 10.1 of the Code: Board's responsibility to the public

The Board has also taken steps to ensure compliance with legislative and regulatory requirements. In line with the requirements under the rules of the SGX ST, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Group CEO and Group CFO have provided assurance to the Board on the integrity of the Group's financial statements.

Guidelines 10.2 and 10.3 of the Code: Management's responsibility to the Board

To enable effective monitoring and decision-making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. Particularly, prior to the release of quarterly and full year results to the public, Management will present the Group's financial performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Group has established a risk identification and management framework. With the afore said framework, the Group identifies key risks and undertakes appropriate measures to control and mitigate these risks. The ownership of these risks lie with the respective department and business unit heads with stewardship residing with the Board. Action plans to manage the risks are continually being monitored and refined by Management and the Board.

Guideline 11.4 of the Code: Board overseeing the Company's risk management framework and policies

The Internal Auditors carry out internal audit on the system of internal controls at least annually and reports the findings to the AC. The Group's External Auditors, Ernst & Young LLP have also carried out, in the course of their statutory audit, a review of the Group's material internal controls. Material non-compliance and internal control weaknesses and recommendations for improvements noted during their audit were reported to the AC. The AC has reviewed the effectiveness of the actions taken by the management on the recommendations made by the Internal and External Auditors in this respect.

Guideline 11.2 of the Code: Board to review adequacy of the financial, operational and compliance controls and risk management policies

The Board has also received assurance from the Group CEO and the Group CFO that (i) the financial records have been properly maintained and the financial statements provide a true and fair view of the Company's operations and finances; and (ii) the Company risk management and internal control systems in place are effective.

Guideline 11.3 of the Code: Board to comment on the adequacy of internal controls

Based on the internal control established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance, information technology and risk management system, were adequate and effective for the financial year ended 31 December 2015.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines 12.1, 12.2 and 12.9 of the Code: Board to establish AC and composition of AC

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the Board's established references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the AC. The AC has its set of written terms of reference defining its scope of authority and further details of its major functions are set out below and also in the Report of the Directors.

The AC comprises three (3) members who are all Independent Non-Executive Directors. The chairman of the AC is an Independent Non-Executive Director.

The members of the AC are:

Mr Ong Kian Min – Chairman
Mr Chan Soo Sen – Member
Dr Tan Khee Giap – Member

The members of the AC including the AC Chairman have recent and relevant expertise or experience in accounting and financial management, and are qualified to discharge the AC's responsibilities. The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. None of the members of the AC is a former partner or director of the Company's present auditors.

Guideline 12.3 of the Code: The AC's authority

In performing its functions, the AC confirms that it has explicit authority to investigate any matter within its terms of reference, has full access to and co-operation from the Management, and has been given full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

Guideline 12.4 of the Code: Duties of the AC

The main functions of the AC are as follows:

1. Reviewing the audit plan of the Company's external auditors and adequacy of the system of internal accounting control;

2. Discussing and reviewing the external auditors' reports;

3. Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's or Group's financial performance;

4. Reviewing and recommending the nomination of the external auditors for appointment or re-appointment;

5. Reviewing the Interested Person Transactions;

6. Reviewing the scope and results of the internal audit procedures; and

7. Reviewing the remuneration packages of the employees who are related to the Directors or substantial Shareholders.

Guidelines 12.5 and 12.6 of the Code: Meeting with auditors and review of their independence

The AC held four (4) meetings during the financial year under review. It has reviewed the financial statements of the Group for the purpose of the first three (3) quarters and annual results release before they were submitted to the Board for approval. It has also met with the Company's internal and external auditors (without the presence of Management) to review their audit plans and results, and has separate and independent access to the auditors. The AC had reviewed the non-audit services provided by the external auditors, and is of the opinion that the provision of such services does not affect their independence. The aggregate amount of fees paid to the external auditors and a breakdown of fees paid in total for audit and non-audit services are set out on page 93 of this Annual Report.

The Group has complied with Rules 712 and Rules 715 or 716 of the Listing Manual issued by SGX-ST in relation to its auditors. As required by Rule 716 of the Listing Manual, the AC and the Board of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the EA. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any Singapore law, rule or regulation which has a material impact on the Company's operating results, the AC will commission and review the findings of internal investigations into the matters. Endorsed by the AC, the Company has in place a whistle-blowing framework ("**Policy**") which provides an avenue for employees of, as well as other external parties who have business relations with, the Group to access the AC chairman to raise concerns about improprieties and independent investigation of such matters by the AC. Details of the Policy are set out below.
Guidelines 12.7 and 12.8 of the Code: Whistle-blowing arrangements

The Policy

Guideline 12.7 of the Code: Whistle-blowing policy and arrangements

The Group maintains an independent, confidential channel through which both employees and external parties who have business relations with the Group and include, amongst others, customers, suppliers and contractors may, in good faith and without reprisal, raise concerns about suspected acts of misconduct or non-compliance to the AC, which oversees the Policy. The Group's ethos of sound corporate governance underlies the Group's whistle-blowing policy that aims to encourage the disclosure of inappropriate conduct, which in turn allows the Group to investigate and resolve them as required. The Policy undergoes annual review to ensure continual effectiveness, and may only be amended upon approval by the AC. Relevant information on this policy has been conveyed to all employees.

Reportable Conduct

Generally, the Policy covers questionable financial reporting or accounting practices, illegal or criminal acts and failures to comply with regulatory or legal obligations. Examples of reportable misconduct or non-compliance include, among others:

1. Use of funds for any illegal, improper or unethical purpose;

2. Tampering with, or destroying, any accounting or audit-related records in any medium or format except as otherwise permitted or required by the Group's records retention policy;

3. Fraud or deliberate errors in the preparation, evaluation, review or audit of the Group's financial statements, and/or recording and maintaining of financial records (such as overstating expense reports, preparing erroneous invoices, misstating inventory records or describing an expenditure as being made for one purpose when it was in fact for another);

4. Deficiencies in or non-compliance with the internal controls for example, circumventing review and approval processes;

5. Unsafe work practices; and/or

6. Concealing or attempting to conceal information related to any of the above.

However, the Policy is not intended to address issues such as personal grievances or feedback to improve policies or procedures, which are addressed through separate, existing measures. Non-reportable matters under this Policy include, among others:

1. Work scheduling, required hours of work, compensation of work and staff transfer;

2. Enforcement of existing Human Resource Policies and requirements; and/or

3. Theft and/or fraud by customers.

Functions and Procedure

While the AC is responsible for overseeing the Policy, it may where necessary delegate certain duties to appropriate parties, such as work involving administration or investigation. The AC chairman shall receive and conduct a preliminary review of complaints before escalating valid reports to the AC. A Complaints Register is maintained to record all complaints and remedial action taken, if any. The Complaints Register is also available for inspection upon request, subject to approval by the Chairman of the AC.

Parties who wish to report suspected acts of misconduct or non-compliance may submit reports directly to the AC chairman by way of email at whistleblow@breadtalk.com. A confidential email account has been set up for this purpose. The report must contain: the specific concern, reasons for this concern, and the background/history of the concern, including relevant dates. The AC will review the complaint and may investigate it further and take appropriate action, unless it decides that no further action is required.

While the Group encourages whistleblowers to disclose their identities when submitting complaints, the Group shall endeavor to keep all identities confidential. However, this is subject to, among others, legal or regulatory requirements, court orders or directions for disclosure.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group set up an internal audit function in November 2013 and has also outsourced certain internal audit works to Foo Kon Tan Advisory Services Pte Ltd.

Guidelines 13.1 to 13.5 of the Code: IA to report to AC chairman

The Internal Auditors are guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC reviews the scope of the internal audit function, internal audit findings and the internal audit plan.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Company's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the Internal Auditors is to assist the AC in ensuring that the controls are effective and functioning as intended to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function has adequate resources to perform its function effectively.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC approves the hiring, removal, evaluation and compensation of the internal auditor, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews annually the adequacy and effectiveness of the internal audit function of the Company.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Guidelines 14.1 to 14.3 of the Code: Company to treat all shareholders fairly and equitably

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint such number of proxies as required to vote on his/her behalf at the general meeting through proxy forms sent in advance.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholder, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:-

Guidelines 15.1 to 15.4 of the Code: Regular, effective and fair communications with shareholders

- Annual Report prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period; and

- Press releases on major developments of the Group;

- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("EGM"). The notice of AGM and EGM are also advertised in a national newspaper.

The Company's website at "http://www.breadtalk.com" provide shareholders access to financial information, corporation announcements, press releases, annual reports and profile of the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company set up internal investor relations ("IR") function in June 2015 to focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis. For detail IR events, please refer to page 32 of this Annual Report.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profitability, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

The Board has recommended a final dividend of 1.0 cent per share for the financial year ended 31 December 2015 which is subject to the shareholders' approval at the forthcoming AGM of the Company.

Conduct of Shareholder Meeting

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.3 of the Code: Chairman and external auditors present at general meetings

Notices of general meetings are despatched to shareholders, together with the annual report or circulars within the time notice period as prescribed by the regulations. At general meetings, shareholders are given opportunities to voice their views and direct their questions to Directors or Management regarding the Company. The Chairman of the Board, members of the AC, NC and/or RC are present and available to address questions at general meetings. The External Auditors are also present to assist the Board.

In preparation for the annual general meeting, shareholders are encouraged to refer to the SGX's investor guides, namely 'An Investor's Guide To Reading Annual Reports' and 'An Investor's Guide To Preparing For Annual General Meetings'. The guides, in both English and Chinese, are available at the SGX website via this link:

http://www.sgx.com/wps/wcm/connect/sgx_en/home/individual_investor/investor_guide

The Company has in place an investor relations programme to keep investors informed of material developments in the Company's business and affairs beyond that which is prescribed, but without prejudicing the business interests of the Company.

Guideline 16.1 to 16.2 and 16.4 of the Code: Shareholders should be allowed to vote in absentia, avoid bundling of resolutions and limit on proxies

The Company's Articles of Association do not restrict the number of proxies a shareholder can appoint to attend and vote on his/her behalf at all general meetings. There are separate resolutions at the general meetings for each distinct issue. The Board and Management are on hand at general meetings to address questions by shareholders.

Guideline 16.5 of the Code: Minutes of general meetings

Minutes of general meetings are prepared and made available to shareholders upon their requests by the Company Secretary.

Guideline 16.6 of the Code: All resolutions to vote by poll

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Manual of the SGX-ST and the Code. All resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings.

Dealing in Securities

The Company has adopted and implemented an Insider Trading (Prevention) Policy (the "**Policy**"). The Policy is to ensure that the Company's Directors, officers, employees of the Group as well as consultants or contractors to the Group (collectively the "**Covered Persons**") and immediate family members of the Covered Persons are aware of their legal obligations in relation to the dealing of securities in the Company. Covered Persons who are in possession of unpublished material price sensitive information and use such information for their own material gain in relation to those securities are committing an offence. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all the times.

Before the close of each window period, every officer in the Company is reminded not to deal in the Company's securities on a short-term basis. Accordingly, the Company had complied with Rule 1207 (19) of the Listing Manual.

On 28 May 2009, a Disciplinary Committee (the "**DC**") was formed to conduct inquiry on possible breaches of the Policy. The role of the DC is to report its finding to the Board and make recommendation as to the penalty if applicable. The Board will decide based on the DC's recommendation.

The DC comprises three (3) members, a majority of whom are Independent Non-executive Directors. The chairman of the DC is an Independent Non-executive Director.

The DC consists of:
Mr Ong Kian Min – Chairman
Dr George Quek Meng Tong – Member
Mr Chan Soo Sen – Member

Interested Person Transactions

When a potential conflict arises, the Directors concerned do not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC has reviewed the Interested Person Transactions ("**IPTs**") entered into during the financial year by the Group and the aggregate value of IPTs entered during the financial year ended 31 December 2015 is as follows:

Name of Interested Person	Aggregate value (S$'000) of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
(1) Sky One Art Investment Pte Ltd - Purchases of artwork	564	Not applicable – the Group does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual
(2) Kung fu Kitchen - Food court rental income/ miscellaneous charges	452	
(3) Capitol F&B - Food court rental income/ miscellaneous charges	41	

Material Contracts

Except as disclosed in Interested Person Transactions above, there is no material contract or loan entered into by the Company or any of its subsidiaries involving interests of any Director or controlling shareholder during the financial year ended 31 December 2015.

I N D E X   P A G E S

The directors are pleased to present their report to the members together with the audited consolidated financial statements of BreadTalk Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Dr George Quek Meng Tong	(Chairman)
Katherine Lee Lih Leng	(Deputy Chairman)
Ong Kian Min	
Chan Soo Sen	
Dr Tan Khee Giap	
Paul Charles Kenny	

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Direct interest			Deemed interest		
Name of director	As at 1 January 2015	As at 31 December 2015	As at 21 January 2016	As at 1 January 2015	As at 31 December 2015	As at 21 January 2016
The Company						
(Ordinary shares)						
Dr George Quek Meng Tong	95,687,660	95,687,660	95,687,660	–	–	–
Katherine Lee Lih Leng	52,415,020	52,415,020	52,415,020	–	–	–
Ong Kian Min	120,000	120,000	120,000	–	–	–
Dr Tan Khee Giap	–	–	–	20,000	20,000	20,000
(Conditional award of restricted shares)						
Dr George Quek Meng Tong	14,190	–	–	–	–	–
Katherine Lee Lih Leng	14,190	–	–	–	–	–

By virtue of Section 7 of the Companies Act, Chapter 50, Dr George Quek Meng Tong and Katherine Lee Lih Leng are deemed to be interested in the shares held by the Company in its subsidiaries.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share Option and Share Plans

The Company has a Share Option Scheme and a Restricted Share Grant Plan which are administered by the Remuneration Committee comprising three Directors namely Messrs Chan Soo Sen (Chairman), Ong Kian Min (Member) and Dr Tan Khee Giap (Member). Details of the Share Option Scheme and the Restricted Share Grant Plan are as follows:

(a) ***The BreadTalk Group Limited Employees' Share Option Scheme***

The BreadTalk Group Limited Employees' Share Option Scheme ("ESOS") was approved at an Extraordinary General Meeting held on 30 April 2003. The following persons are eligible to participate in the ESOS at the absolute discretion of the Remuneration Committee:

(i) *Employees and Directors*

Employees, executive directors and non-executive directors of the Group who are not on probation and have attained the age of 21 years on or before the Offering Date.

(ii) *Controlling Shareholders and their Associates*

Controlling Shareholders or their Associates whose participation and actual number of shares issued to them must be approved by independent shareholders in general meeting.

Share Option and Share Plans (cont'd)

(a) ***The BreadTalk Group Limited Employees' Share Option Scheme (cont'd)***

Size of ESOS

The total number of new shares over which options may be granted pursuant to the ESOS shall not exceed fifteen per cent (15%) of the issued share capital of the Company on the date preceding the grant of an option.

The aggregate number of Shares available to eligible Controlling Shareholders and their Associates under the ESOS shall not exceed twenty five per cent (25%) of the Shares available under the ESOS. In addition, the number of Shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent (10%) of the Shares available under the ESOS.

Grant of ESOS

Options may be granted from time to time during the year when the ESOS is in force, except that options shall be granted on or after the second market day on which an announcement of any matter involving unpublished price sensitive information is released.

Acceptance of ESOS

The grant of an option shall be accepted not more than 30 days from the offering date of that option and accompanied by payment to the Company of a nominal consideration of $1 or such other amount as required by the Remuneration Committee.

Since the commencement of the ESOS up to the end of the financial year, there were no options granted to any person. Any options granted under the ESOS do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

(b) ***The BreadTalk Restricted Share Grant Plan***

The BreadTalk Restricted Share Grant Plan ("RSG Plan") was approved at an Extraordinary General Meeting held on 28 April 2008.

The RSG Plan is centred on the accomplishment of specific pre-determined performance objectives and service conditions, which is the prerequisite for the contingent award of fully paid Shares ("Award"). The reward structure allows the Company to target specific performance objectives and incentivise the Participants to put in their best efforts to achieve these targets.

Share Option and Share Plans (cont'd)

(b) ***The BreadTalk Restricted Share Grant Plan (cont'd)***

Eligibility

The following persons shall be eligible to participate in the RSG Plan subject to the absolute discretion of the Remuneration Committee:

(i) *Employees*

Employees who are confirmed in their employment with the Company or any subsidiary, or employees of associated companies who hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and

(ii) *Directors*

Executive and non-executive directors of the Company and its subsidiaries, provided always that any of the aforesaid persons:

- have attained the age of twenty-one (21) years on or before the Award Date; and

- not undischarged bankrupts.

Controlling Shareholders and their Associates within the above categories are eligible to participate in the RSG Plan. Participation in the RSG Plan by Controlling Shareholders or their Associates must be approved by the independent shareholders. A separate resolution shall be passed for each such Participant and to approve the number of Shares to be awarded to the Participant and the terms of such Award.

There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or another company within the Group.

Size of RSG Plan

The aggregate number of Shares available to eligible Controlling Shareholders and their Associates under the RSG Plan shall not exceed twenty five per cent (25%) of the Shares available under the RSG Plan. In addition, the number of Shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent (10%) of the Shares available under the RSG Plan.

The aggregate number of Shares to be awarded pursuant to the RSG Plan when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, including but not limited to the ESOS, shall not exceed fifteen per cent (15%) of the total issued share capital excluding treasury shares of the Company on the day preceding the relevant Award Date.

Share Option and Share Plans (cont'd)

(b) ***The BreadTalk Restricted Share Grant Plan (cont'd)***

Grant of RSG Plan

The grant of Awards under the RSG Plan may be made from time to time during the year when the RSG Plan is in force.

While Awards may be granted at any time in the year, it is anticipated that Awards under the RSG Plan would be made once a year, after the Company's annual general meeting. It will be administered by the Remuneration Committee.

Share Awards and Vesting

The final number of restricted shares awarded will depend on the achievement of pre-determined targets over a one year period. On meeting the performance conditions for the performance period, one-third of the restricted shares will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements.

The details of the restricted shares awarded under the RSG Plan since its commencement up to 31 December 2015 are as follows:

Name of Participant	**Conditional restricted shares granted during the year**	**Aggregate conditional restricted shares awarded since commence-ment of the Plan** (a)	**Aggregate conditional restricted shares lapsed since commence-ment of the Plan** (b)	**Aggregate conditional restricted shares vested and released during the year**	**Aggregate conditional restricted shares vested and released since commence-ment of the Plan** (c)	**Aggregate conditional restricted shares outstanding at end of the year** (a)-(b)-(c)
Directors of the Company						
Dr George Quek Meng Tong (1)	–	179,200	–	–	179,200	–
Katherine Lee Lih Leng (1)	–	154,000	–	–	154,000	–
Associate of a Controlling Shareholder						
Frankie Quek Swee Heng (2)	41,000	166,000	–	9,900	121,700	44,300

Share Option and Share Plans (cont'd)

(b) ***The BreadTalk Restricted Share Grant Plan (cont'd)***

Name of Participant	Conditional restricted shares granted during the year	Aggregate conditional restricted shares awarded since commence-ment of the Plan	Aggregate conditional restricted shares lapsed since commence-ment of the Plan	Aggregate conditional restricted shares vested and released during the year	Aggregate conditional restricted shares vested and released since commence-ment of the Plan	Aggregate conditional restricted shares outstanding at end of the year
		(a)	(b)		(c)	(a)-(b)-(c)
Participants who received 5% or more of the total grants available						
Oh Eng Lock(3)	52,000	1,594,430	–	47,850	1,526,590	67,840
Cheng William	25,000	347,200	–	33,870	299,430	47,770
Tan Aik Peng	37,000	37,000	–	–	–	37,000
Other participants	132,000	1,767,000	229,290	108,300	1,336,740	200,970
	287,000	4,244,830	229,290	199,920	3,617,660	397,880

(1) Also a controlling shareholder of the Company
(2) Associate of Dr George Quek Meng Tong, a controlling shareholder of the Company
(3) This includes a total of 781,666 shares and 488,764 shares that were released via the issuance of treasury shares in relation to a sign-on bonus as well as award of service equity granted to Mr. Oh Eng Lock.

With the Remuneration Committee's approval on the achievement of the performance targets for the performance period from FY2012 to FY2014, a total of 199,920 restricted shares were released via the issuance of treasury shares.

Audit Committee

The Audit Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Dr George Quek Meng Tong
Director

Katherine Lee Lih Leng
Director

Singapore
30 March 2016

Independent auditor's report to the members of BreadTalk Group Limited

Report on the financial statements

We have audited the accompanying financial statements of Breadtalk Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 61 to 153, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the members of BreadTalk Group Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	2015 $'000	2014 $'000 (Restated)
Revenue	3	624,149	589,644
Cost of sales		(293,916)	(279,018)
Gross profit		330,233	310,626
Other operating income	4	16,279	18,345
Interest income	5	4,005	2,058
Distribution and selling expenses		(248,415)	(233,005)
Administrative expenses		(70,099)	(70,998)
Interest expense	5	(5,322)	(3,728)
Profit before tax and share of results of associates and joint ventures		26,681	23,298
Share of results of associates		(1,933)	8,858
Share of results of joint ventures		628	645
Profit before tax	6	25,376	32,801
Income tax expense	8	(10,768)	(6,771)
Profit for the year		14,608	26,030
Profit attributable to:			
Owners of the Company		7,602	22,171
Non-controlling interests		7,006	3,859
		14,608	26,030
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on available-for-sale financial assets		–	(111)
Foreign currency translation		1,571	1,643
Other comprehensive income for the year, net of tax		1,571	1,532
Total comprehensive income for the year		16,179	27,562
Total comprehensive income attributable to:			
Owners of the Company		9,173	23,703
Non-controlling interests		7,006	3,859
		16,179	27,562
Earnings per share (cents)			
Basic	9	2.70	7.87
Diluted	9	2.69	7.85

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	Group			Company	
		31.12.2015	31.12.2014	1.1.2014	31.12.2015	31.12.2014
		$'000	$'000	$'000	$'000	$'000
			(Restated)	(Restated)		
Non-current assets						
Property, plant and equipment	10	205,696	220,670	225,860	72,593	75,560
Investment property	11	24,053	23,198	–	–	–
Intangible assets	12	6,903	7,691	7,772	–	–
Investment securities	13	90,309	77,182	59,799	1,000	–
Investment in subsidiaries	14	–	–	–	24,206	24,170
Investment in associates	15	26,322	25,745	17,337	–	–
Investment in joint ventures	16	7,553	8,235	3,638	–	–
Other receivables	18	546	2,350	3,277	–	–
Fixed deposit	20	–	–	10,671	–	–
Deferred tax assets	8	4,444	4,970	4,287	–	–
		365,826	370,041	332,641	97,799	99,730
Current assets						
Investment securities	13	7,224	–	–	–	–
Inventories	17	9,878	10,629	10,004	–	–
Trade and other receivables	18	60,039	54,494	49,145	336	1,854
Prepayments		5,726	5,783	6,395	116	120
Tax recoverable		–	8	6	–	–
Due from related corporations	19	1,046	1,885	959	32,999	26,412
Amounts due from non-controlling shareholders of subsidiaries (non-trade)	24	506	518	395	–	–
Cash and cash equivalents	20	94,896	95,452	79,420	2,516	3,047
Assets of disposal group classified as held for sale		–	–	2,056	–	–
		179,315	168,769	148,380	35,967	31,433
Current liabilities						
Trade and other payables	21	94,123	97,675	102,589	1,553	1,430
Other liabilities	22	57,544	65,226	59,531	2,042	3,280
Provision for reinstatement costs	23	15,002	11,681	10,223	25	22
Due to related corporations	19	4,522	5,162	3,901	32,084	32,103
Loan from a non-controlling shareholder of a subsidiary (non-trade)	24	200	200	200	–	–
Short-term loans	25	38,321	32,367	9,746	10,000	–
Current portion of long-term loans	26	43,679	43,965	20,554	4,122	4,032
Tax payable		8,879	6,825	6,458	180	–
		262,270	263,101	213,202	50,006	40,867

	Notes	Group			Company	
		31.12.2015	31.12.2014	1.1.2014	31.12.2015	31.12.2014
		$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
Net current liabilities		(82,955)	(94,332)	(64,822)	(14,039)	(9,434)
Non-current liabilities						
Other liabilities	22	12,282	12,626	10,297	–	–
Loan from a non-controlling shareholder of a subsidiary (non-trade)	24	538	476	–	–	–
Long-term loans	26	119,685	121,487	138,216	43,920	47,158
Deferred tax liabilities	8	3,942	2,630	2,554	1,103	167
		136,447	137,219	151,067	45,023	47,325
Net assets		146,424	138,490	116,752	38,737	42,971
Equity attributable to owners of the Company						
Share capital	27	33,303	33,303	33,303	33,303	33,303
Treasury shares	27	(378)	(3)	(187)	(378)	(3)
Accumulated profits	28	90,545	87,261	70,268	5,375	9,008
Other reserves	28	5,728	4,687	3,338	437	663
		129,198	125,248	106,722	38,737	42,971
Non-controlling interests		17,226	13,242	10,030	–	–
Total equity		146,424	138,490	116,752	38,737	42,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2015 Group	**Share capital** $'000 (Note 27)	**Treasury shares** $'000 (Note 27)	**Accu-mulated profits** $'000 (Note 28)	**Statutory reserve fund** $'000 (Note 28)	**Trans-lation reserve** $'000 (Note 28)	**Share based compen-sation reserve** $'000 (Note 28)	**Premium paid on acquisition of non-controlling interests** $'000 (Note 28)	**Capital reserve** $'000 (Note 28)	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
	Attributable to owners of the Company										
At 1 January 2015	33,303	(3)	87,261	2,864	2,309	356	(1,149)	307	125,248	13,242	138,490
Profit for the year	–	–	7,602	–	–	–	–	–	7,602	7,006	14,608
Other comprehensive income											
Foreign currency translation	–	–	–	–	1,571	–	–	–	1,571	–	1,571
Other comprehensive income for the year, net of tax	–	–	–	–	1,571	–	–	–	1,571	–	1,571
Total comprehensive income for the year	–	–	7,602	–	1,571	–	–	–	9,173	7,006	16,179
Contributions by and distributions to owners											
Share-based payments	–	–	–	–	9	50	–	–	59	–	59
Dividends paid (Note 36)	–	–	(4,228)	–	–	–	–	–	(4,228)	–	(4,228)
Dividends payable	–	–	–	–	–	–	–	–	–	(3,559)	(3,559)
Treasury shares transferred on vesting of restricted share grant	–	276	–	–	–	(146)	–	(130)	–	–	–
Purchase of treasury shares	–	(651)	–	–	–	–	–	–	(651)	–	(651)
Total contributions by and distributions to owners	–	(375)	(4,228)	–	9	(96)	–	(130)	(4,820)	(3,559)	(8,379)

2015 Group	Share capital $'000 (Note 27)	Treasury shares $'000 (Note 27)	Accu-mulated profits $'000 (Note 28)	Statutory reserve fund $'000 (Note 28)	Trans-lation reserve $'000 (Note 28)	Share based compen-sation reserve $'000 (Note 28)	Premium paid on acquisition of non-controlling interests $'000 (Note 28)	Capital reserve $'000 (Note 28)	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company										
Changes in ownership interests in a subsidiary											
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	(403)	–	(403)	387	(16)
Issuance of new shares to non-controlling interest	–	–	–	–	–	–	–	–	–	150	150
Total transactions with owners in their capacity as owners	–	(375)	(4,228)	–	9	(96)	(403)	(130)	(5,223)	(3,022)	(8,245)
Others											
Transfer of statutory reserve funds	–	–	(90)	90	–	–	–	–	–	–	–
At 31 December 2015	33,303	(378)	90,545	2,954	3,889	260	(1,552)	177	129,198	17,226	146,424

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

2014 Group	Share capital	Treasury shares	Accu-mulated profits	Statutory reserve fund	Trans-lation reserve	Fair value adjust-ment reserve	Share based compen-sation reserve	Premium paid on acquisition of non-controlling interests	Capital reserve	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company											
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	(Note 27)	(Note 27)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)			
At 1 January 2014, as previously reported	33,303	(187)	57,499	2,757	666	111	286	(657)	175	93,953	10,030	103,983
Impact of change in accounting policy (Note 38)	–	–	12,769	–	–	–	–	–	–	12,769	–	12,769
At 1 January 2014, as restated	33,303	(187)	70,268	2,757	666	111	286	(657)	175	106,722	10,030	116,752
Profit for the year (restated)	–	–	22,171	–	–	–	–	–	–	22,171	3,859	26,030
Other comprehensive income												
Net fair value loss on available-for-sale financial assets	–	–	–	–	–	(111)	–	–	–	(111)	–	(111)
Foreign currency translation	–	–	–	–	1,643	–	–	–	–	1,643	–	1,643
Other comprehensive income for the year, net of tax	–	–	–	–	1,643	(111)	–	–	–	1,532	–	1,532
Total comprehensive income for the year	–	–	22,171	–	1,643	(111)	–	–	–	23,703	3,859	27,562
Contributions by and distributions to owners												
Share-based payments	–	650 [(1)]	–	–	–	–	305	–	–	955	–	955
Dividends paid (Note 36)	–	–	(5,071)	–	–	–	–	–	–	(5,071)	(155)	(5,226)
Dividends payable	–	–	–	–	–	–	–	–	–	–	(984)	(984)
Treasury shares transferred on vesting of restricted share grant	–	103	–	–	–	–	(235)	–	132	–	–	–
Purchase of treasury shares	–	(569)	–	–	–	–	–	–	–	(569)	–	(569)
Total contributions by and distributions to owners	–	184	(5,071)	–	–	–	70	–	132	(4,685)	(1,139)	(5,824)

2014 Group	Share capital $'000 (Note 27)	Treasury shares $'000 (Note 27)	Accu-mulated profits $'000 (Note 28)	Statutory reserve fund $'000 (Note 28)	Trans-lation reserve $'000 (Note 28)	Fair value adjust-ment reserve $'000 (Note 28)	Share based compen-sation reserve $'000 (Note 28)	Premium paid on acquisition of non-controlling interests $'000 (Note 28)	Capital reserve $'000 (Note 28)	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company											
Changes in ownership interests in a subsidiary												
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	–	(492)	–	(492)	492	–
Total transactions with owners in their capacity as owners	–	184	(5,071)	–	–	–	70	(492)	132	(5,177)	(647)	(5,824)
Others												
Transfer of statutory reserve fund	–	–	(107)	107	–	–	–	–	–	–	–	–
At 31 December 2014	33,303	(3)	87,261	2,864	2,309	–	356	(1,149)	307	125,248	13,242	138,490

	Share capital $'000 (Note 27)	**Treasury shares** $'000 (Note 27)	**Accumulated profits** $'000 (Note 28)	**Share based compen-sation reserve** $'000 (Note 28)	**Capital reserve** $'000 (Note 28)	**Total equity** $'000
2015						
Company						
1 January 2015	33,303	(3)	9,008	356	307	42,971
Profit for the year	–	–	595	–	–	595
Total comprehensive income for the year	–	–	595	–	–	595
Contributions by and distributions to owners						
Share-based payments	–	–	–	50	–	50
Treasury shares transferred on vesting of restricted share grant	–	276	–	(146)	(130)	–
Purchase of treasury shares	–	(651)	–	–	–	(651)
Dividends paid (Note 36)	–	–	(4,228)	–	–	(4,228)
Total transactions with owners in their capacity as owners	–	(375)	(4,228)	(96)	(130)	(4,829)
At 31 December 2015	33,303	(378)	5,375	260	177	38,737
2014						
Company						
1 January 2014	33,303	(187)	3,159	286	175	36,736
Profit for the year	–	–	10,920	–	–	10,920
Total comprehensive income for the year	–	–	10,920	–	–	10,920
Contributions by and distributions to owners						
Share-based payments	–	650 [1]	–	305	–	955
Treasury shares transferred on vesting of restricted share grant	–	103	–	(235)	132	–
Purchase of treasury shares	–	(569)	–	–	–	(569)
Dividends paid (Note 36)	–	–	(5,071)	–	–	(5,071)
Total transactions with owners in their capacity as owners	–	184	(5,071)	70	132	(4,685)
At 31 December 2014	33,303	(3)	9,008	356	307	42,971

[1] Refers to 488,764 treasury shares released to Mr. Oh Eng Lock, the Group Chief Executive Officer, as an award of service equity.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Notes	2015	2014
		$'000	$'000
			(Restated)
Cash flows from operating activities			
Profit before tax		25,376	32,801
Adjustments for:			
Amortisation of intangible assets	12	571	442
Depreciation of property, plant and equipment	10	49,013	45,495
Gain on a disposal of a joint venture		–	(27)
Write back of provision for reinstatement cost	23	(35)	(92)
Impairment loss on investment securities	13	21	75
Impairment loss on intangible assets	12	1,009	–
Impairment loss on plant and equipment	10	1,048	–
Impairment of trade receivables	18	91	137
Impairment of other receivables	18	33	111
Impairment of amount due from joint venture	19	–	52
Net fair value gains on investment property	11	(628)	(45)
Net loss/(gain) on disposal of property, plant and equipment		165	(1,001)
Written off of other receivables		244	–
Interest expense	5	5,322	3,728
Interest income	5	(4,005)	(2,058)
Property, plant and equipment written off	10	3,217	3,135
Share based payment expenses		59	955
Share of results of associates		1,933	(8,858)
Share of results of joint ventures		(628)	(645)
Write-off of inventories	17	131	12
Allowances for inventory obsolescence	17	168	–
Dividend income from unquoted investment equity		–	(411)
Unrealised exchange (gain) / loss, net		(215)	437
Operating cash flows before working capital changes		82,890	74,243
Increase in:			
Inventories		452	(637)
Trade and other receivables		(1,916)	(3,323)
Prepayments		57	612
Amount due from joint ventures (trade)		(79)	(139)
Increase in:			
Trade and other payables		(995)	(600)
Other liabilities		(6,728)	9,734
Amount due to a joint venture (trade)		(369)	364
Cash flows generated from operations		73,312	80,254
Tax paid		(6,850)	(6,929)
Net cash flows from operating activities		66,462	73,325

	Notes	2015	2014
		$'000	$'000
			(Restated)
Cash flows from investing activities			
Interest income received		2,507	578
Purchase of property, plant and equipment	A	(37,569)	(47,482)
Additions to intangible assets	12	(795)	(337)
Purchase of investment property		–	(23,153)
Cash paid for reinstatement expenses	23	(366)	(792)
Proceeds from disposal of property, plant and equipment		89	4,549
Proceeds from disposal of assets of disposal group classified as held for sale		–	2,056
Proceeds from disposal of a joint venture		–	27
Amount due from joint ventures (non-trade)		224	(138)
Amount due to joint ventures (non-trade)		(118)	(11)
Amount due to an associate (non-trade)		(158)	904
Investment in a joint venture		–	(5,044)
Investment in associates	15	(2,507)	–
Purchase of investment securities		(20,371)	(17,569)
Loan to an investee		–	(4,485)
Repayment of loan to an investee		–	3,788
Dividends received from an associate		–	450
Dividends received from a joint venture		1,189	334
Dividends received from unquoted investment equity		–	411
Net cash flows used in investing activities		(57,875)	(85,914)
Cash flows from financing activities			
Interest paid		(5,321)	(3,728)
Dividends paid to shareholders of the Company	36	(4,228)	(5,071)
Dividends paid to non-controlling shareholders of a subsidiary		(3,559)	(1,139)
Purchase of treasury shares		(651)	(569)
Proceeds from long-term loans		19,939	40,739
Repayment of long-term loans		(22,086)	(18,691)
Proceeds from short-term loans		32,167	30,758
Repayment of short-term loans		(26,423)	(24,259)
Loan due to a non-controlling shareholder		62	476
Capital contribution from non-controlling interest		150	–
Acquisition of non-controlling interest	14	(16)	–
Net cash flows (used in) / generated from financing activities		(9,966)	18,516
Net (decrease)/ increasein cash and cash equivalents		(1,379)	5,927
Effect of exchange rate changes on cash and cash equivalents		823	(984)
Cash and cash equivalents at the beginning of the year		95,452	79,420
Reclassification of long term fixed deposit due within 12 months		–	11,089
Cash and cash equivalents at the end of the year	20	94,896	95,452

Note A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of approximately $37,269,000 (2014: $43,629,000). The additions were by way of cash payments of $26,814,000 (2014: $30,705,000), increase in provision for reinstatement costs of $3,558,000 (2014: $2,169,000), in amount payable to other creditors of $6,775,000 (2014: $9,334,000) and accruals of $122,000 (2014: $1,421,000).

Cash outflow for the year also include payments in respect of property, plant and equipment acquired in the previous years of $10,755,000 (2014: $16,777,000).

1. General

1.1 ***Corporate information***

BreadTalk Group Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at Breadtalk IHQ, 30 Tai Seng Street, #09-01 Singapore 534013.

The principal activity of the Company is that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

Related corporations comprise companies within the BreadTalk Group Limited group of companies, and include associates and joint ventures.

2. Summary of significant accounting policies

2.1 ***Basis of preparation and fundamental accounting assumption***

As at 31 December 2015, the Group's and Company's current liabilities exceeded their current assets by $82,955,000 (2014: $94,332,000) and $14,039,000 (2014: $9,434,000) respectively. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved and to enable it to meet its financial obligations as and when they fall due. In addition, the Group has sufficient unutilised banking facilities available for future use should the need arise. As disclosed in Note 37, the Group has announced its intention for bonds issuance of $75,000,000 in principal amount under the multicurrency medium term note programme on 21 March 2016.

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group implemented the following:

(a) New and revised standards

The Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

(b) Voluntary change in accounting policy relating to investment properties

On 31 December 2015, the Group changed its accounting policy with respect to the subsequent measurement of investment property from the cost model to the fair value model, with changes in fair value recognised in profit or loss. The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets, assists users to better understand the risks associated with these assets and is consistent with industry practice in relation to these types of assets.

This change in accounting policy was applied retrospectively. Further details of the effects of the changes are detailed below.

Impact on statement of profit or loss (increase / (decrease)) in profit:

	Group	
	As at 31.12.2015	**As at 31.12.2014**
	$'000	$'000
Other income	628	45
Share of profit from associate	(27)	9,943
Income tax expense	(157)	(11)
Net impact on profit after tax	444	9,977

Impact on equity (increase/(decrease)) in net equity:

		Group	
	As at 31.12.2015	**As at 31.12.2014**	**As at 1.1.2014**
	$'000	$'000	$'000
Investment properties	673	45	–
Investment in associate	22,685	22,712	12,769
Deferred tax liabilities	(168)	(11)	–
Total assets	23,190	22,746	12,769
Net impact on equity	23,190	22,746	12,769

There is no impact on the consolidated statement of cash flows as the above changes are non-cash items.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) FRS 19 Employee Benefits	1 January 2016
(d) FRS 34 Interim Financial Reporting	1 January 2016
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 *Significant accounting estimates and judgements*

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment of available-for-sale investments and held-to-maturity investments

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

The Group assesses whether there is an indication that held-to-maturity investments may be impaired. In the assessment, the Group evaluates, among other factors, the cash flow projections and value of the related secured properties.

2. Summary of significant accounting policies (cont'd)

2.4 ***Significant accounting estimates and judgements (cont'd)***

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2015 was $4,837,000 (2014: $5,846,000). More details are given in Note 12.

2.5 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.6 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations and goodwill (cont'd)*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.7 ***Transactions with non-controlling interests***

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2.8 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 ***Joint arrangements***

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

2. Summary of significant accounting policies (cont'd)

2.9 *Joint arrangements (cont'd)*

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.10.

2.10 *Associates and joint ventures*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (cont'd)

2.11 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold property	–	20 –57 years
Leasehold land	–	57 years
Machinery and equipment	–	5 - 20 years
Electrical works	–	5 - 6 years
Furniture and fittings	–	5 - 6 years
Office equipment	–	3 - 6 years
Renovation	–	2 - 6 years
Motor vehicles	–	5 - 6 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.12 ***Investment properties***

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

2. Summary of significant accounting policies (cont'd)

2.12 *Investment properties (cont'd)*

Investment properties are initially measured at cost, including transaction costs. The cost of investment properties are recognised as assets if, and only if, it is probable that future economic benefits associated with the property will flow to the Group and the cost of the property can be measured reliably.

Subsequent to initial recognition, investment properties are measured at fair value. Gain or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.13 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) *Trade mark*

Costs relating to trade mark are capitalised and amortised on a straight-line basis over its estimated finite useful life of 5 to 10 years.

(b) *Franchise rights*

Costs relating to master franchise fees paid are capitalised and amortised on a straight-line basis over the lease/ franchise period ranging from 4 to 20 years.

Costs relating to territory reservation fees are capitalised and amortised on a straight line basis over the useful life of 6 years.

(c) *Location premium*

Consideration paid to previous tenants to vacate premises in order to secure the lease arrangement are amortised on a straight-line basis over the new lease agreement period of 4 years.

2. Summary of significant accounting policies (cont'd)

2.13 ***Intangible assets (cont'd)***

(d) *Brand value*

Brand value was acquired through a business combination. The useful life of the brand is assessed to be finite and estimated to be 15 years because this is the length of time that the management expects the economic benefits of the brand to flow to the Group.

Brand value is amortised on a straight-line basis over its estimated economic useful life.

2.14 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.15 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

2. Summary of significant accounting policies (cont'd)

2.15 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(ii) *Held-to-maturity investments (cont'd)*

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisiation process.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity instruments classified as available-for sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 *Impairment of financial assets (cont'd)*

(c) *Available-for-sale financial assets (cont'd)*

Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.17 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank and unpledged short-term fixed deposits.

2.18 *Inventories*

Inventories comprise raw materials, consumables, semi-finished goods, finished goods and base inventories.

Inventories are valued at the lower of cost and net realisable value. Costs comprise purchase costs accounted for on a weighted average cost basis. In the case of semi-finished goods, costs also include an appropriate share of production overheads based on normal operating capacity.

Base inventory, comprising mainly cutlery and dining utensils, are written down to 50% of the original cost and all further replacement costs incurred in maintaining the base inventory is expensed.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.21 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

2. Summary of significant accounting policies (cont'd)

2.21 ***Borrowing costs (cont'd)***

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 ***Leases***

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(g). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

Singapore

The Group makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. The Group makes monthly contributions based on stipulated contribution rates.

People’s Republic of China (“PRC”)

Subsidiaries incorporated and operating in the PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. Contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries’ PRC employees.

2. Summary of significant accounting policies (cont'd)

2.23 *Employee benefits (cont'd)*

(a) *Defined contribution plans (cont'd)*

Hong Kong

Subsidiaries incorporated and operating in Hong Kong pay contributions to publicly or privately administered pension insurance plans on a mandatory basis. The subsidiaries have no further payment obligations once the contributions have been paid. The contributions are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognized as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

(c) *The BreadTalk Restricted Share Grant Plan ("RSG Plan")*

Employees receive remuneration under the RSG Plan in the form of fully-paid shares ("Awards") of the Company as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the Awards at the date on which the Awards are granted. The cumulative expense recognized at each reporting date until the vesting date reflects the Company's best estimate of the number of Awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

In the Company's separate financial statements, the fair value of the Awards granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity.

2.24 *Non-current assets held for sale*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.25 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Bakery sales, restaurant sales and sales to franchisee*

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. Summary of significant accounting policies (cont'd)

2.25 ***Revenue (cont'd)***

(b) *Franchise income*

Initial franchise income is recognised upon the grant of rights, completion of the designated phases of the franchise setup and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Recurring franchise income is recognised on a periodic basis as a percentage of the franchisees' revenue in accordance with terms as stated in the franchise agreement.

(c) *Food court revenue*

Fixed rental income from the sub-lease of food courts is recognised as income in profit or loss on a straight line basis over the lease term. The variable portion of the rental income which is computed based on a percentage of the food court tenants' gross sales is recognised when such sales are earned.

Revenue from the sale of food and beverage is recognised upon delivery and acceptance by customers, net of sale discounts.

(d) *Management fee*

Management fee is recognised on an accrual basis.

(e) *Interest income*

Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

(f) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(g) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.26 ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.27 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date, in the countries where the Group operates and generates taxable income.

2. Summary of significant accounting policies (cont'd)

2.27 T*axes (cont'd)*

(a) *Current income tax (cont'd)*

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised in profit or loss. Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.27 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about the facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.28 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.30 ***Treasury shares***

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. Summary of significant accounting policies (cont'd)

2.31 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3. *Revenue*

	Group	
	2015	**2014**
	$'000	$'000
Bakery sales	264,958	252,297
Restaurant sales	143,150	130,735
Sales to franchisee	28,781	27,824
Franchise income	14,176	13,913
Food court income	173,084	164,875
	624,149	589,644

4. **Other operating income**

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Management fee income	8,498	7,491
Income from mall operation	956	769
Government grant [(1)]	769	1,367
Grant income from Special Employment Credit [(2)]	345	327
Wage credit scheme [(3)]	1,260	790
PIC Bonus [(4)]	–	90
Income from expired food court stored value cards	–	54
Sponsorship income	356	555
Rental income	2,917	2,014
Gain on disposal of a joint venture	–	27
Gain from fair value adjustment of investment properties (Note 11)	628	45
Gain on disposal of property, plant and equipment	–	1,001
Foreign exchange gain	–	851
Write back of provision for reinstatement cost	–	92
Compensation received from vendor	394	726
Waiver of debt by vendor	–	170
Dividend received from unquoted equity instruments	–	411
Miscellaneous income	156	1,565
	16,279	18,345

(1) Government grant in relation to business expansion activities undertaken by certain subsidiaries in the PRC.

(2) The Special Employment Credit ("SEC") was introduced as a budget initiative in the financial year 2011 and was further enhanced in financial year 2012 to cover a wider range of employees and enabling more employers to benefit from the Scheme. The enhanced Scheme is for 5 years and will expire on 31 December 2016.

Under this Scheme, for each Singaporean employee who is aged 50 and above and who earns up to $3,000 per month, the Company will receive an 8% Special Employment Credit based on that employee's salary. The Scheme has 2 payouts in March and September. The Group received $345,000 (2014: $327,000) during the year.

(3) The Wage Credit Scheme ("WCS") was introduced as a budget initiative in the financial year 2014 to help businesses which may face rising wage costs in a tight labour market. The Government will co-fund 40% of wage increases to Singaporean employees earning a gross monthly wage of $4,000 for the financial year 2014 to 2015 and 20% co-funding in the financial years of 2016 and 2017.

(4) Introduced in the Singapore Budget 2013, the PIC Bonus ("PIC") scheme helps business defray rising operating costs such as wages and rentals and encourages businesses to undertake improvements in productivity and innovation.

PIC gives a dollar-for-dollar matching cash bonus for the financial year 2012 to 2014, subject to an overall cap of $15,000 for all 3 financial years combined.

5. Interest income and interest expense

	Group	
	2015	**2014**
	$'000	$'000
Interest income from:		
- loans and receivables	597	927
- held-to-maturity financial assets	3,408	1,131
	4,005	2,058
Interest expense on:		
- Term loans	(5,322)	(3,728)

6. *Profit before tax*

This is determined after charging the following:

	Group	
	2015	**2014**
	$'000	$'000
Audit fees to auditor of the Company	372	358
Non-audit fees to auditor of the Company:		
Recurring		
- tax returns compliance services	55	77
- sales certifications	18	30
	73	107
Non-recurring		
- capital allowances study	23	14
- transfer pricing	168	–
- sustainability reporting	50	–
	241	14
Audit fees to other auditors of the Company	380	283
Non-audit fees other auditors of the Company	53	56
Amortisation of intangible assets (Note 12)	571	442
Impairment loss on goodwill (Note 12)	1,009	–
Impairment of loans and receivables		
- trade receivables (Note 18)	91	137
- other receivables (Note 18)	33	111
- amount due from joint venture (Note 19)	–	52
Directors' fees	173	168
Depreciation of property, plant and equipment (Note 10)	49,013	45,495
Employee benefits (Note 7)	167,817	161,867
Operating lease expenses		
- fixed portion	129,275	116,613
- variable portion	18,505	12,808
Property, plant and equipment written off (Note 10)	3,217	3,135
Impairment loss on property, plant and equipment (Note 10)	1,048	–
Loss on disposal of plant and equipment	165	–
Write-off of inventories (Note 17)	131	12
Allowances for inventory obsolescence (Note 17)	168	–
Impairment loss on quoted equity instruments (Note 13)	21	75
Write off of trade receivables	244	–
Foreign exchange loss	575	–

7. Employee benefits

	Group	
	2015	**2014**
	$'000	$'000
Staff costs (including directors)		
Salaries and bonuses	126,515	115,653
Central Provident Fund and other pension contributions	18,285	13,931
Sales incentives and commission	1,654	3,428
Share-based payment (RSG Plan)	101	1,093
Other personnel benefits	21,262	27,762
	167,817	161,867

RSG Plan

Under the RSG Plan, directors and employees receive remuneration in the form of fully-paid shares of the Company as consideration for services rendered. Restricted shares are granted conditionally and the final number of restricted shares awarded will depend on the achievement of pre-determined targets over a one year period. On meeting the performance conditions for the performance period, one-third of the restricted shares will vest. The balance will vest equally over the subsequent two years with the fulfilment of service requirements.

The fair value of the restricted shares granted is estimated based on the market price of the shares on grant date less the present value of expected future dividends during the vesting period.

During the year, 287,000 (2014: 314,000) restricted shares were granted. The number of restricted shares outstanding at year end is 397,880 (2014: 616,280) shares.

8. Taxation

Major components of income tax expense were:

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Current tax		
- Current year	7,493	6,585
- Under/(over) provision in prior year	507	(82)
Deferred tax		
- Origination and reversal of temporary differences	1,076	(654)
- Under provision in prior year	826	188
Withholding tax	866	734
Taxation expense	10,768	6,771

8. Taxation (cont'd)

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December is as follows:

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Profit before tax	25,376	32,801
Tax at the domestic rates applicable to profits in the countries where the Group operates [1]	4,750	4,139
Tax effect of:		
Expenses not deductible for tax purposes	2,476	2,583
Depreciation not deductible for tax purposes	1,180	1,649
Income not subject to taxation	(1,972)	(811)
Share of results of associates and joint ventures	228	259
Tax savings arising from development and expansion incentive [2]	(173)	(181)
Under/(Over) provision in prior years		
- Current tax	507	(82)
- Deferred tax	826	188
Withholding tax expense	866	734
Effect of partial tax exemption and tax relief	(278)	(168)
Deferred tax assets not recognised	3,226	631
Benefits from previously unrecognised temporary differences	(500)	(1,170)
Tax savings from enhanced deductions [3]	(123)	(922)
Others	(245)	(78)
Taxation expense	10,768	6,771

(1) This is prepared by aggregating separate reconciliations for each national jurisdiction. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues for the next 3 years.

In determining the amount of deterred tax asset to be recognised, cash flow projections based on financial budgets approved by management covering a three-year period are used.

(2) In February 2004, the Economic Development Board granted the Development and Expansion Incentive under the International Headquarters (IHQ-DEI) Award to a subsidiary. Subject to certain conditions, the subsidiary enjoys a concessionary tax rate of 10% on its qualifying income for a period of 5 years commencing 1 January 2003 and was subsequently extended for 5 more years and expired as of 31 December 2012. On 19 December 2014, the subsidiary was granted an extension of the DEI for another 5 years commencing 1 January 2013.

(3) In Budget 2010, the Minister for Finance of Singapore introduced a new broad-based tax scheme to encourage businesses to invest in productivity and innovation. The scheme enhances existing tax measures that encourage productivity and innovative activities and consolidates them into a single scheme, known as the Productivity and Innovation scheme ("PIC"). The PIC is available for Year of Assessment ("YA") 2011 to YA 2015.

8. Taxation (cont'd)

Deferred income tax as at 31 December relates to the following:

	Group				
	Balance sheet			Profit or loss	
	2015	**2014**	**2013**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000	$'000 (Restated)
Deferred tax liabilities:					
Differences in depreciation for tax purposes	(3,729)	(2,243)	(2,174)	(1,486)	(69)
Other items	(213)	(387)	(380)	174	(6)
	(3,942)	(2,630)	(2,554)		
Deferred tax assets:					
Provisions	623	1,619	1,508	(996)	36
Differences in depreciation for tax purposes	623	429	922	194	(533)
Unutilised capital allowances	1,295	1,886	473	(591)	1,389
Unutilised tax losses	1,135	476	851	659	(375)
Other items	768	560	533	144	24
	4,444	4,970	4,287		
Deferred income tax				(1,902)	466

	Company	
	Balance sheet	
	2015	**2014**
	$'000	$'000
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(1,103)	(167)
	(1,103)	(167)

Deferred tax assets

The deferred tax assets recognised in loss making entities during the year amounted to $232,596 (2014:$238,884). In determining the amount of deferred tax asset to be recognised, cash flow projections based on financial budgets approved by management covering a three-year period are used.

Unrecognised tax losses, capital allowances and other temporary differences

As at 31 December 2015, the Group has tax losses of approximately $37,665,000 (2014: $24,032,000), unutilised capital allowances of approximately $324,000 (2014: $250,000) and other temporary differences of approximately $1,947,000 (2014: $2,111,000) that are available for offset against future taxable profits, for which no deferred tax assets are recognised on these amounts due to uncertainty of their utilisation. The comparative figures have been adjusted based on the latest tax submissions and finalisation of certain years of tax assessments. The utilisation of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. As at 31 December 2015, $37,145,000 (2014: $19,263,000) of the unrecognised tax losses will expire between 1 and 5 years.

8. Taxation (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2014: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $28,872,000 (2014: $26,605,000). The deferred tax liability is estimated to be $1,444,000 (2014: $1,330,000).

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

9. Earnings per share

Basic earnings per share are calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

These profit and share data are presented in the table below:

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Profit for the year attributable to owners of the Company	7,602	22,171
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation *	281,734	281,687
Effects of dilution:		
- Restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan"	674	647
Weighted average number of ordinary shares for diluted earnings per share computation *	282,408	282,334

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

10. *Property, plant and equipment*

Group	Leasehold property $'000	Leasehold land $'000	Machinery and equipment $'000	Electrical works $'000	Furniture and fittings $'000	Office equipment $'000
Cost						
As at 1.1.2014	53,173	20,119	47,107	48,897	46,637	10,325
Additions	2,603	1,053	6,647	7,143	7,231	1,271
Reclassifications(2)	–	–	435	159	365	42
Write offs	–	–	(2,216)	(2,641)	(2,335)	(240)
Disposals	–	–	(1,381)	(276)	(298)	(407)
Translation difference	145	104	697	665	1,056	157
As at 31.12.2014 and 1.1.2015	55,921	21,276	51,289	53,947	52,656	11,148
Additions	10	–	6,073	5,499	5,760	1,394
Reclassifications(2)	221	–	75	253	266	496
Write offs	–	–	(3,356)	(2,301)	(2,266)	(556)
Disposals	–	–	(107)	(31)	(49)	(47)
Translation difference	57	178	260	447	965	67
As at 31.12.2015	56,209	21,454	54,234	57,814	57,332	12,502
Accumulated depreciation and impairment losses						
As at 31.12.2014	1,871	252	22,209	21,932	23,332	6,063
Charge for the year	1,049	392	6,750	7,982	7,480	1,844
Reclassifications	–	–	–	41	–	(41)
Write offs	–	–	(1,664)	(2,184)	(1,794)	(165)
Disposals	–	–	(766)	(83)	(196)	(213)
Translation difference	60	7	382	393	627	104
As at 31.12.2014 and 1.1.2015	2,980	651	26,911	28,081	29,449	7,592
Charge for the year	1,173	407	6,557	8,244	8,361	2,077
Reclassifications	–	–	(85)	271	(40)	(121)
Write offs	–	–	(2,777)	(1,895)	(1,896)	(492)
Disposals	–	–	(63)	(14)	(19)	(15)
Impairment loss	–	–	144	160	58	17
Translation difference	15	14	144	295	662	57
As at 31.12.2015	4,168	1,072	30,831	35,142	36,575	9,115
Net carrying amount						
As at 31.12.2014	52,941	20,625	24,378	25,866	23,207	3,556
As at 31.12.2015	52,041	20,382	23,403	22,672	20,757	3,387

10. Property, plant and equipment (cont'd)

	Renovation [1]	Motor vehicles	Construction -in-progress	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
As at 1.1.2014	114,061	1,747	9,378	351,444
Additions	14,922	908	1,851	43,629
Reclassifications[2]	7,172	–	(8,173)	–
Write offs	(4,188)	–	–	(11,620)
Disposals	(2,345)	(383)	–	(5,090)
Translation difference	2,483	42	42	5,391
As at 31.12.2014 and 1.1.2015	132,105	2,314	3,098	383,754
Additions	15,026	77	3,430	37,269
Reclassifications(2)	962	–	(2,273)	–
Write offs	(6,249)	(110)	(274)	(15,112)
Disposals	(227)	–	(5)	(466)
Translation difference	804	23	55	2,856
As at 31.12.2015	142,421	2,304	4,031	408,301
Accumulated depreciation and impairment losses				
As at 1.1.2014	49,048	877	–	125,584
Charge for the year	19,672	326	–	45,495
Reclassifications	–	–	–	–
Write offs	(2,678)	–	–	(8,485)
Disposals	(842)	(294)	–	(2,394)
Translation difference	1,291	20	–	2,884
As at 31.12.2014 and 1.1.2015	66,491	929	–	163,084
Charge for the year	21,820	374	–	49,013
Reclassifications	(25)	–	–	–
Write offs	(4,761)	(74)	–	(11,895)
Disposals	(101)	–	–	(212)
Impairment loss	669	–	–	1,048
Translation difference	376	4	–	1,567
As at 31.12.2015	84,469	1,233	–	202,605
Net carrying amount				
As at 31.12.2014	65,614	1,385	3,098	220,670
As at 31.12.2015	57,952	1,071	4,031	205,696

(1) Additions to renovation during the year include provision for reinstatement costs of $3,558,000 (2014: $2,169,000).

(2) Reclassifications mainly relate to the reclassification of construction in progress to the respective property, plant and equipment category upon completion of construction.

10. Property, plant and equipment (cont'd)

Assets written off

Property, plant and equipment written off during the year arose mainly due to the refurbishment/closure of certain bakery outlets and food courts. The amount written off represents the total carrying value of the property, plant and equipment attributable to the bakery outlets and food courts at the date of refurbishment/closure.

Assets pledged as security

The Group has the following assets pledged to secure the Group's bank loans (Note 26).

	Group and Company	
	2015	**2014**
	$'000	$'000
Leasehold land	17,915	18,246
Leasehold property	49,757	50,667
	67,672	68,913

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of the plant and equipment in the loss making outlets of its bakery, restaurant and food court segments. An impairment loss of $1,048,000 (2014:$Nil), representing the write-down of these plant and equipment to the recoverable amount was recognised in "Administrative expenses" line item of profit or loss for the financial year ended 31 December 2015.

Capitalisation of borrowing costs

The Group's leasehold property includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of leasehold property. The borrowing costs capitalised as cost of property, plant and equipment amounted to $145,000.

10. Property, plant and equipment (cont'd)

	Leasehold property	Leasehold land	Machinery and equipment	Electrical works	Furniture and fittings
	$'000	$'000	$'000	$'000	$'000
Company					
Cost					
As at 1.1.2014	49,452	17,678	297	1,989	723
Additions	2,602	1,053	43	126	441
As at 31.12.2014 and 1.1.2015	52,054	18,731	340	2,115	1,164
Additions	10	–	–	60	41
As at 31.12.2015	52,064	18,731	340	2,175	1,205
Accumulated depreciation					
As at 1.1.2014	497	164	29	191	79
Charge for the year	890	321	66	412	215
As at 31.12.2014 and 1.1.2015	1,387	485	95	603	294
Charge for the year	920	331	68	426	249
As at 31.12.2015	2,307	816	163	1,029	543
Net carrying amount					
As at 31.12.2014	50,667	18,246	245	1,512	870
As at 31.12.2015	49,757	17,915	177	1,146	662

10. Property, plant and equipment (cont'd)

	Office equipment $'000	Renovation $'000	Total $'000
Company			
Cost			
As at 1.1.2014	1,238	4,486	75,863
Additions	339	75	4,679
As at 31.12.2014 and 1.1.2015	1,577	4,561	80,542
Additions	219	120	450
As at 31.12.2015	1,796	4,681	80,992
Accumulated depreciation			
As at 1.1.2014	352	436	1,748
Charge for the year	419	911	3,234
As at 31.12.2014 and 1.1.2015	771	1,347	4,982
Charge for the year	498	925	3,417
As at 31.12.2015	1,269	2,272	8,399
Net carrying amount			
As at 31.12.2014	806	3,214	75,560
As at 31.12.2015	527	2,409	72,593

11. Investment property

	Group 2015 $'000	Group 2014 $'000 (Restated)
Balance sheet:		
At 1 January	23,198	–
Additions	–	23,153
Net gains from fair value adjustments recognised in profit or loss (Note 4)	628	45
Exchange differences	227	–
At 31 December	24,053	23,198

The investment property held by the Group as at 31 December is as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
18 units office space located in Xuhui district, Shanghai, The Peoples' Republic of China	Offices	Leasehold	46 years

11. Investment property (cont'd)

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements, except for a mortgage provided to a bank to secure bank loans of $Nil (2014:$10,780,000) (Note 25).

Valuation of investment property

Investment property is stated at fair value, which has been determined based on valuations performed as at 31 December 2015 and 31 December 2014. The valuations were performed by上海沪港房地产估价有限公司, an independent real estate valuation expert with recent experience in the location and category of the property being valued. Details of the valuation technique and inputs used are disclosed in Note 33.

12. Intangible assets

	Group					
	Goodwill	**Brand value**	**Trade mark**	**Franchise rights**	**Location premium**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
As at 1.1.2014	6,173	3,209	1,024	1,495	505	12,406
Additions	–	–	286	51	–	337
Write off	–	–	–	(50)	–	(50)
Translation difference	–	–	17	22	–	39
As at 31.12.2014 and 1.1.2015	6,173	3,209	1,327	1,518	505	12,732
Additions	–	–	563	232	–	795
Write off	–	–	(4)	–	(31)	(35)
Translation difference	–	–	4	(6)	–	(2)
As at 31.12.2015	6,173	3,209	1,890	1,744	474	13,490
Accumulated amortisation and impairment losses						
As at 1.1.2014	327	1,930	842	1,030	505	4,634
Amortisation	–	213	72	157	–	442
Write off	–	–	–	(50)	–	(50)
Translation difference	–	–	2	13	–	15
As at 31.12.2014 and 1.1.2015	327	2,143	916	1,150	505	5,041
Amortisation	–	213	124	234	–	571
Impairment loss	1,009	–	–	–	–	1,009
Write off	–	–	(4)	–	(31)	(35)
Translation difference	–	–	–	1	–	1
As at 31.12.2015	1,336	2,356	1,036	1,385	474	6,587
Net carrying amount						
As at 31.12.2014	5,846	1,066	411	368	–	7,691
As at 31.12.2015	4,837	853	854	359	–	6,903

12. Intangible assets (cont'd)

Brand value, trade mark, franchise rights and location premium are determined to have finite useful lives and are amortised on a straight-line basis over their respective estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. Brand value, trade mark and franchise rights have remaining useful lives of 4 years (2014: 5 years), 1 to 10 years (2014: 1 to 5 years) and 1 to 6 years (2014: 1 to 6 years) as at 31 December 2015 respectively.

Amortisation expense is included in "Administrative expenses" in profit or loss.

Impairment testing of goodwill

Goodwill arising from the acquisition of Topwin Investment Holding Pte Ltd and its subsidiaries in the financial year ended 31 December 2005 was allocated to 2 cash-generating units ("CGU"), which represent the 2 geographical segments (i.e. Shanghai and Beijing segments) in which the acquired food courts are located. The food courts located in the same geographical segment are managed by the same management team.

Goodwill on the acquisition of MWA Pte Ltd in December 2007 was primarily attributable to the food court operations in Singapore.

The carrying amounts of goodwill allocated to each CGU are as follows:

	Carrying amount as at 31.12.15	**Carrying amount as at 31.12.14**	**Pre-tax discount rate 2015**	**Pre-tax discount rate 2014**
	$'000	$'000		
Foodcourt operations in:				
- Shanghai	3,569	3,569	11.6%	13.8%
- Beijing	–	1,009	12.6%	13.8%
- Singapore	1,268	1,268	9.9%	9.7%
	4,837	5,846		

The recoverable amount is determined based on a value in use calculation using the cash flow projections based on financial budgets approved by management covering a three-year period. The discount rates applied to the cash flow projections are derived from cost of capital plus a reasonable risk premium at the date of assessment of the respective cash generating units.

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on budgets approved by management.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its cash-generating units and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

12. Intangible assets (cont'd)

Sensitivity to changes in assumptions

For the food courts in Shanghai and Singapore, the estimated recoverable amount exceeds its carrying amount by approximately $4,191,000 and $3,119,000 (2014: $6,515,000 and $1,757,000) respectively and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

Pre-tax discount rates – In respect of the assessment of value in use for Shanghai and Singapore, management believes that an increase of discount rate by 2.5% and 2.1% respectively (2014: 4.2% and 1.2%) for would result in a impairment. The goodwill allocated to the food courts in Beijing has been fully impaired and was excluded from sensitivity analysis.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill allocated to the food court operations in Beijing after making an assessment of the expected recoverable amount during the current financial year. The impairment loss of $1,009,000 (2014: $Nil) has been recognised in profit or loss under the line item "administrative expenses".

13. Investment securities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current:				
Held-to-maturity investments				
- 8% SGD junior bonds due on 29 January 2016 (unquoted)	7,224	–	–	–
	7,224	–	–	–
Non-Current:				
Available-for-sale financial assets				
- Equity instruments (quoted), at fair value	1,218	239	1,000	–
- Equity instruments (unquoted), at cost	45,391	34,515	–	–
- Redeemable preference shares (unquoted), at cost	5,067	5,067	–	–
	51,676	39,821	1,000	–
Held-to-maturity investments				
- 8% SGD junior bonds due on 29 January 2016 (unquoted)	–	7,224	–	–
- 3% SGD junior bonds due on 18 January 2020 (unquoted)	18,000	18,000	–	–
- 5% SGD junior bonds due on 31 March 2018 (unquoted)	12,137	12,137	–	–
- 10% SGD junior bonds due on 24 April 2025 (unquoted)	8,496	–	–	–
	38,633	37,361	–	–
	90,309	77,182	1,000	–

8% SGD junior bonds and redeemable preference shares

On 27 January 2010, a subsidiary, Imagine Properties Pte Ltd ("IPPL") had completed the subscription of $10,750,000 in principal amount of junior bonds and was issued 43 preference shares of $0.10 per share in PRE 1 Investments Pte Ltd ("PRE 1").

The junior bonds mature in 2016 and will bear interest, payable semi-annually in arrears, at 8% per annum from 29 January 2012 to but excluding the maturity date of the junior bonds, subject to the extinguishment of unpaid interest.

On 17 January 2016, the junior bonds and redeemable preference shares were sold for a total consideration of $16,015,000.

13. Investment securities (cont'd)

3% SGD junior bonds

On 10 February 2012, IPPL had completed the subscription of $18,000,000 in principal amount of junior bonds and was issued 72 ordinary shares of $1.00 per ordinary share in the share capital of Perennial (Chijmes) Pte Ltd ("PCPL"). IPPL's investment in ordinary shares of PCPL is classified as an investment in associate (Note 15).

The junior bonds are expected to mature in 2017 and will bear interest semi-annually in arrears, at minimum 3% per annum from 1 January 2013.

5% SGD junior bonds

On 31 March 2014, IPPL had completed the subscription of $12,137,000 in principal amount of junior bonds and was issued 121,370 redeemable preference shares of $41.75 per share (aggregate issue price of $5,067,000) and 121,370 ordinary shares of $0.15 per ordinary share ($18,000) in the share capital of Perennial Somerset Investors Pte Ltd ("PSIPL").

The junior bonds will bear interest semi-annually in arrears, at minimum 5% per annum from 31 March 2014.

The junior bonds were expected to mature in 2018. On 28 July 2015, IPPL agreed with the consortium of investors of PSIPL to extend the maturity of the bonds to 20 January 2020.

10% SGD junior bonds

On 24 April 2015, IPPL had completed the subscription of $8,496,000 in principal amount of junior bonds and was issued 8,496 ordinary shares of $1,280 per share (aggregate issue price of $10,874,880) in the share capital of Perennial 8 Shenton Investors Pte Ltd ("P8SIPL").

The junior bonds are expected to mature in 2025 and will bear interest semi-annually in arrears, at maximum 10% per annum from 24 April 2016.

Equity instruments (unquoted)

On 30 September 2012, IPPL together with a consortium of investors, entered into a joint venture agreement to invest in Perennial Tongzhou Development Pte Ltd ("PTD") for the subscription of ordinary shares of PTD. IPPL's subscription of 20,130 ordinary shares for a cash consideration of $20,130,000 represents a 5.72% equity interest in PTD. On 12 March 2014, the shareholders of PTD agreed to an additional capital injection in PTD, of which IPPL's proportionate share of the capital call was $347,000. 347,000 shares was allotted to IPPL on 14 March 2014.

On 15 April 2013, IPPL together with a consortium of investors, entered into a joint venture agreement to invest in Perennial Tongzhou Holdings Pte Ltd ("PTHD") for the subscription of ordinary shares of PTHD. IPPL's subscription of 14,520 ordinary shares for a cash consideration of $14,520,000 represents a 5.86% equity interest in PTHD. As at 31 December 2015, the Company has paid approximately 97% of the subscription amount of $14,020,000.

Investments pledged as security

The Group's investments in unquoted equity instruments of $25,197,000 (2014: $25,215,000) and junior bonds of $38,633,000 (2014: $37,361,000) have been pledged as security for bank loans (Note 25).

Impairment losses

During the financial year, the Group recognised impairment loss of $21,000 (2014: $75,000) for quoted equity instruments as there was significant decline in the fair value of the investments below their costs.

14. Investment in subsidiaries

	Company	
	2015	**2014**
	$'000	$'000
Unquoted equity shares at cost	28,864	28,864
Share based compensation reserve	646	606
Impairment losses:		
- Unquoted shares	(5,304)	(5,300)
	24,206	24,170
Movement in impairment loss:		
At 1 January	5,300	5,300
Charge during the year	4	–
At 31 December	5,304	5,300

a. Composition of the Group

The Groups has the following investment in subsidiaries:

Name	**Country of incorporation**	**Principal activities**	**Proportion of interest ownership**	
			2015	**2014**
			%	**%**
Held by the Company				
BreadTalk Pte Ltd [1]	Singapore	Bakers and manufacturers of and dealers in bread, flour and biscuits	100	100
Together Inc. Pte Ltd [3]	Singapore	Investment holding	100	100
BreadTalk International Pte Ltd [3]	Singapore	Investment holding	100	100
Topwin Investment Holding Pte Ltd [3]	Singapore	Investment holding	100	100
Star Food Pte Ltd [3]	Singapore	Investment holding	100	100
Imagine IHQ Pte Ltd [3]	Singapore	Investment holding	100	100
Imagine Properties Pte Ltd [1]	Singapore	Investment holding	100	100
BTG Vault Pte.Ltd. [3] (Note (e)	Singapore	Acquiring and holding of intellectual property rights	100	–
Held through BreadTalk Pte Ltd				
Taster Food Pte Ltd [1]	Singapore	Operators of food and drinks outlets, eating houses and restaurants	70	70
Thye Moh Chan Pte. Ltd. [3]	Singapore	Wholesale of confectionery and bakery products	100	100
Queens Coffee Pte Ltd [3]	Singapore	Processing, sale and distribution of premium coffee beans and tea dust; and distribution of related processing equipment	100	100

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of interest ownership	
			2015	2014
			%	%
Held through Taster Food Pte Ltd				
Taster Food International Pte Ltd (3) (11) (12)	Singapore	Investment holding	90	90
Held through Taster Food International Pte Ltd				
Taster Food (Thailand) Co. Limited (8) (11) (13)	Thailand	Operators of restaurants	49	49
Held through Together Inc. Pte Ltd				
Ramen Play Pte Ltd (3)	Singapore	Operators of restaurants	85	85
Held through BreadTalk International Pte Ltd				
Shanghai BreadTalk Co., Ltd (2)	People's Republic of China	Bakers and manufacturers of and dealers in bread, flour and biscuits	100	100
Shanghai BreadTalk Gourmet Co., Ltd (2)	People's Republic of China	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
Beijing BreadTalk Restaurant Management Co., Ltd (2)	People's Republic of China	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
BreadTalk (Thailand) Company Limited (10)	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	49 (14)	49 (14)
BreadTalk Corporation (Thailand) Co., Ltd., (10)	Thailand	Investment holding	49 (15)	49 (15)
ML Breadworks Sdn Bhd (4)	Malaysia	Bakers and manufacturers of and dealers in bread, flour and biscuits	90	90
Held through Shanghai BreadTalk Co. Ltd.				
Shanghai Ramen Play Co., Ltd (5) (16)	People's Republic of China	Operators of restaurants	30	30

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of interest ownership	
			2015	2014
			%	%
Held through Beijing BreadTalk Restaurant Management Co. Ltd				
Beijing BreadTalk Co.,Ltd (2)	People's Republic of China	Manufacture and sale of bakery and confectionery products	100	100
Held through BreadTalk (Thailand) Co. Ltd				
BreadTalk Corporation (Thailand) Co., Ltd., (10)	Thailand	Investment holding	50.9 (15)	50.9 (15)
Held through BreadTalk Corporation (Thailand) Co. Ltd				
BreadTalk (Thailand) Company Limited (10)	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	51 (14)	51 (14)
Held through Topwin Investment Holding Pte Ltd				
Food Republic (Shanghai) Co., Ltd (2)	People's Republic of China	Food court operator	100	100
Beijing Da Shi Dai Food and Beverage Co., Ltd (2)	People's Republic of China	Food court operator	100	100
Megabite Hong Kong Limited (6)	Hong Kong	Investment holding and food court operator	85	85
Food Republic Pte Ltd (1)	Singapore	Food court operator	100	100
FR International Holdings Pte Ltd (3)	Singapore	Investment holding	100	100
Megabite (S) Pte Ltd (3)	Singapore	Investment holding	100	100
Megabite Eatery (M) Sdn Bhd (4)	Malaysia	Operator of food and beverage outlets	100	100
Food Republic Taiwan Co., Ltd (9) (Note (e))	Taiwan	Food court operator	100	90
FR (Thailand) Co., Ltd (10) (11)	Thailand	Food court operator	49	49

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of interest ownership	
			2015	2014
			%	%
Held through Food Republic (Shanghai) Co. Ltd.				
Chongqing Food Republic Food & Beverage Management Co., Ltd (5)	People's Republic of China	Food court operator	100	100
Food Republic (Chengdu) Co., Ltd (5)	People's Republic of China	Food court operator	100	100
Food Republic Hangzhou F&B Co.,Ltd (5)	People's Republic of China	Food court operator	100	100
Shanghai Ramen Play Co., Ltd (5) (16)	People's Republic of China	Operators of restaurants	30	30
Shanghai Food Court F&B Management Ltd. Co (5)	People's Republic of China	Operator of food and beverage outlets	100	100
Shanghai Food Union F&B Management Ltd. Co. (5)	People's Republic of China	Operator of food and beverage outlets	100	100
Held through Megabite Hong Kong Limited				
BreadTalk Concept Hong Kong Limited (6)	Hong Kong	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
Food Republic Shenzhen F&B Management Co., Ltd (7)	People's Republic of China	Food court operator	100	100
Food Republic Guangzhou F&B Management Co., Ltd (7)	People's Republic of China	Food court operator	75	75
Held through FR International Holdings Pte Ltd.				
FR-AK Venture Pte Ltd (3) (Note (e))	Singapore	Operator of food and beverage outlets	70	–
Held through Megabite (S) Pte Ltd				
MWA Pte Ltd (17) (18)	Singapore	Dormant	–	100
Food Art Pte Ltd (3)	Singapore	Dormant	100	100

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of interest ownership	
			2015	2014
			%	%
Held through Star Food Pte Ltd				
Shanghai Star Food F&B Management Co., Ltd (5)	People's Republic of China	Investment holding	100	100
Beijing Star Food F&B Management Co., Ltd (5)	People's Republic of China	Dormant	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of Ernst & Young Global in the respective countries

(3) Audited by Mazars LLP, Singapore

(4) Audited by TY Teoh International, Malaysia

(5) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd, People's Republic of China

(6) Audited by S.F. Kwok & Co. Certified Public Accountants, Hong Kong

(7) Audited by Guang Dong Zhihe Certified Public Accountants, People's Republic of China

(8) Audited by Phattarakit Aupliting Office Co.,Ltd, Thailand

(9) Audited by KPMG, Taiwan

(10) Audited by Tree Sun Co., Ltd, Thailand

(11) Considered a subsidiary of the Company as the Company has voting control at general meetings and Board meetings

(12) The Group holds 63% ownership interest in Taster Food International Pte Ltd in 2015 and 2014 and accounted for it as a subsidiary

(13) The Group holds 31% ownership interest in Taster Food (Thailand) Co., Ltd in 2015 and 2014 and accounted for it as a subsidiary

(14) The Group holds 100% ownership interest in BreadTalk (Thailand) Co., Ltd through BreadTalk International Pte Ltd and BreadTalk Corporation (Thailand) Co. Ltd. and accounted for it as a subsidiary

(15) The Group holds 99.9% ownership interest in BreadTalk Corporation (Thailand) Co., Ltd through BreadTalk International Pte Ltd and BreadTalk (Thailand) Co. Ltd. and accounted for it as a subsidiary

(16) The Group holds 60% ownership interest in Shanghai Ramen Play Co., Ltd through Shanghai BreadTalk Co. Ltd. and Food Republic (Shanghai) Co. Ltd. and accounted for it as a subsidiary

(17) Unaudited financial statements have been used for the preparation of the consolidated financial statements as it is not significant to the Group

(18) MWA Pte Ltd has been struck off in 2015

14. Investment in subsidiaries (cont'd)

(b) ***Interests in subsidiaries with material non-controlling interests ("NCI")***

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends payable to NCI $'000
31 December 2015:					
Taster Food Pte Ltd	Singapore	30%	7,333	18,576	3,444
31 December 2014:					
Taster Food Pte Ltd	Singapore	30%	4,469	14,686	984

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiary with material non-controlling interests.

(c) ***Summarised financial information about subsidiaries with material NCI***

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Taster Food Pte Ltd As at 31.12.2015 $'000	Taster Food Pte Ltd As at 31.12.2014 $'000
Current		
Assets	67,355	51,164
Liabilities	(25,424)	(23,097)
Net current assets	41,931	28,067
Non-current		
Assets	16,394	18,723
Liabilities	(1,309)	(1,665)
Net non-current assets	15,085	17,058
Net assets	57,016	45,125

14. Investment in subsidiaries (cont'd)

(c) ***Summarised financial information about subsidiaries with material NCI (cont'd)***

Summarised statement of comprehensive income

	Taster Food Pte Ltd	
	2015	**2014**
	$'000	$'000
Revenue	119,152	105,687
Profit before income tax	26,683	16,840
Income tax expense	(4,326)	(3,214)
Profit after tax – continuing operations	22,357	13,626
Other comprehensive income	–	–
Total comprehensive income	22,357	13,626

Other summarised information

	Taster Food Pte Ltd	
	2015	**2014**
	$'000	$'000
Net cash flows from operations	22,855	20,495
Acquisition of significant property, plant and equipment	(3,516)	(4,118)

(d) ***Acquisition of non-controlling interests***

On 23 July 2015, Topwin Investment Holding Pte Ltd, a 100% owned subsidiary of the Company, acquired an additional 10.0% equity interest in Food Republic Taiwan Co., Ltd ("FRTW") from its non-controlling interests for a cash consideration of $16,000. As a result of this acquisition, FRTW became a wholly owned subsidiary. The carrying value of net liabilities of FRTW as at 23 July 2015 was $3,870,000 and the deficit in carrying value of the additional interest acquired was $387,000. The cumulative amount of $403,000 of the consideration and the deficit in the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect to the change in the Group's ownership interest in FRTW on the equity attributable to owners of the Company:

	$'000
Consideration paid for acquisition of non-controlling interests	16
Increase in equity attributable to non-controlling interests	387
Decrease in equity attributable to owners of the Company	403

14. Investment in subsidiaries (cont'd)

(e) ***Incorporation of new subsidiaries***

FR-AK Venture Pte Ltd ("FRAK")

FRAK was incorporated as a 70% owned subsidiary of FR International Holdings Pte Ltd. on 19 March 2015 with a share capital of $500,000.

BTG Vault Pte.Ltd. ("BVPL")

BVPL was incorporated as a wholly-owned subsidiary of BreadTalk Group Limited on 10 July 2015 with a share capital of $2.

15. Investment in associates

The Group's material investments in associates are summarised below:

	Group		
	31.12.2015	**31.12.2014**	**1.1.2014**
	$'000	$'000	$'000
		(Restated)	(Restated)
Carl Karcher Enterprises (Cayman) Ltd	1,466	1,617	2,870
Perennial (Chijmes) Pte Ltd	22,685	22,712	12,769
Other associates	2,171	1,416	1,698
At end of year	26,322	25,745	17,337

Details of the associates are as follows:

Name	**Country of incorporation**	**Principal activities**	**Proportion of interest ownership**	
			2015	**2014**
			%	**%**
Held through subsidiaries				
Perennial (Chijmes) Pte Ltd ("PCPL") (1)	Singapore	Investment holding	29	29
JBT (China) Pte Ltd ("JBTC") (2)	Singapore	Investment holding	30	30
Tate Projects Pte. Ltd. (3)	Singapore	General building contractor	25	25
Carl Karcher Enterprises (Cayman) Ltd ("CKEC") (4)	Cayman islands	Investment holding	40	40
Held by PCPL				
Pre 8 Investments Pte Ltd (1)	Singapore	Operators of commercial malls	100	100

15. **Investment in associates (cont'd)**

Name	Country of incorporation	Principal activities	Proportion of interest ownership	
			2015	2014
			%	%
Held by JBTC				
JBT (Shanghai) Co., Ltd (5)	People's Republic of China	Operators of restaurants	100	100
Held by CKEC				
Carl Karcher Enterprises (HK) Limited (4)	Hong Kong	Investment holding	100	100
CKE (Shanghai) F&B Management Limited (4)	People's Republic of China	Operators of restaurants	100	100

(1) Audited by KPMG LLP, Singapore

(2) Audited by Deloitte LLP, Singapore

(3) Audited by Leethen & Associates, Singapore

(4) Audited by KPMG Huazhen, People's Republic of China

(5) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd, People's Republic of China

(a) ***Additional interests in associates, with no change in shareholdings***

During the year, JBTC increased its share capital to $4,900,000. Proportionate to its shareholdings of 30% in JBTC, a wholly owned subsidiary, Together Inc. Pte Ltd injected additional share capital of $570,000.

During the year, CKEC increased its share capital to $12,853,000. Proportionate to its shareholdings of 40% in CKEC, a wholly owned subsidiary, Star Food Pte Ltd injected additional share capital of $1,937,000.

For the financial year 2014, dividends of $450,000 were received from an associate that is not individually material to the Group. All associates are not restricted by regulatory requirements on the distribution of dividends.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group	
	31.12.2015	**31.12.2014**
	$'000	$'000 (Restated)
Profit or loss after tax from continuing operations	1,500	168
Other comprehensive income	–	–
Total comprehensive income	1,500	168

15. Investment in subsidiaries (cont'd)

The summarised financial information in respect of CKEC and PCPL, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	CKEC		PCPL	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current assets	2,712	2,583	9,954	8,219
Non-current assets	3,523	2,061	334,369	321,858
Total assets	6,235	4,644	344,323	330,077
Current liabilities	(2,274)	(1,224)	14,044	11,816
Non-current liabilities	(296)	(32)	252,055	239,936
Total liabilities	(2,570)	(1,256)	266,099	251,752
Net assets	3,665	3,388	78,224	78,325
Proportion of the Group's ownership	40%	40%	29%	29%
Group's share of net assets	1,466	1,355	22,685	22,712
Other adjustments	–	278	–	–
Exchange difference	–	16	–	–
Carrying amount of the investment	1,466	1,617	22,685	22,712
Revenue	8,030	5,134	12,736	7,864
(Loss)/Profit after tax from continuing operations	(4,165)	(3,164)	(100)	34,204
Other comprehensive income	(122)	(17)	–	–
Total comprehensive income	(4,287)	(3,181)	(100)	34,204

16. Investment in joint ventures

The Group's material investments in joint ventures are summarised below:

	Group	
	2015	**2014**
	$'000	$'000
BTM (Thailand) Co., Ltd	3,036	3,047
Shanghai ABPan Co., Ltd	4,083	3,702
Other joint ventures	602	1,147
Exchange differences	(163)	339
At end of year	7,553	8,235

16. **Investment in joint ventures (cont'd)**

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion of interest ownership	
			2015	**2014**
			%	**%**
Held through subsidiaries				
Apex Excellent Sdn Bhd (1)	Malaysia	Food court operator	50	50
Street Food Pte Ltd (2)	Singapore	Dormant	50	50
Shanghai ABPan Co., Ltd ("SHAB") (3)	People's Republic of China	Manufacture and sale of frozen dough	50	50
BTM (Thailand) Co., Ltd ("BTM") (4)	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	50	50

(1) Audited by TY Teoh International, Malaysia

(2) Audited by Mazars LLP, Singapore

(3) Audited by Ernst & Young Hua Ming LLP, People's Republic of China

(4) Audited by PricewaterhouseCoopers ABAS Ltd

The activities of the joint ventures are strategic to the Group's activities. The Group jointly controls the joint ventures with other partners under contractual agreement that requires unanimous consent fo all major decisions over the relevant activities.

Dividends of $449,000 (2014: $334,000) were received from SHAB. All joint ventures are not restricted by regulatory requirements on the distribution of dividends.

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Profit or loss after tax from continuing operations	1,050	217
Other comprehensive income	–	–
Total comprehensive income	1,050	217

16. Investment in joint ventures (cont'd)

The summarised financial information in respect of SHAB and BTM, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	SHAB		BTM	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,003	3,169	1,522	3,197
Trade receivables	–	–	688	515
Other current assets	2,576	4,328	1,237	102
Current assets	5,579	7,497	3,447	3,814
Non-current assets	4,338	2,400	6,780	4,966
Total assets	9,917	9,897	10,227	8,780
Current liabilities	(1,795)	(1,690)	(2,547)	(536)
Total liabilities	(1,795)	(1,690)	(2,547)	(536)
Net assets	8,122	8,207	7,680	8,244
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	4,061	4,104	3,840	4,122
Other adjustments	–	(47)	(808)	(1,075)
Exchange difference	22	(355)	4	–
Carrying amount of the investment	4,083	3,702	3,036	3,047

Summarised statement of comprehensive income

	SHAB		BTM	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Revenue	11,979	11,641	10,960	2,078
Operating expenses	(10,890)	(10,579)	(11,276)	(2,021)
Interest expense	–	(4)	–	–
Profit/(loss) before tax	1,089	1,058	(316)	57
Income tax expense	(280)	(259)	–	–
Profit/(loss) after tax	809	799	(316)	57
Other comprehensive income	–	–	–	–
Total comprehensive income	809	799	(316)	57

17. Inventories

	Group	
	2015	**2014**
	$'000	$'000
Balance sheet:		
Raw materials and consumables, at cost	8,932	9,647
Semi-finished goods	476	490
Finished goods	448	461
Base inventories	22	31
Total inventories at lower of cost and net realisable value	9,878	10,629

	Group	
	2015	**2014**
	$'000	$'000
Profit or loss:		
Inventories recognised as an expense in cost of sales	152,549	147,670
Inclusive of the following charge:		
- Write-off of inventories	131	12
- Allowance for inventory obsolescence	168	–

18. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade receivables	13,719	9,443	–	–
Other receivables	5,847	9,984	310	1,694
Interest receivable	3,402	1,160	–	–
Deposits	37,071	33,907	26	160
	60,039	54,494	336	1,854
Other receivables (non-current)	546	2,350	–	–
	60,585	56,844	336	1,854
Current	60,039	54,494	336	1,854
Non-current	546	2,350	–	–
	60,585	56,844	336	1,854

Other receivables include the following:

(a) Initial fee receivable of $2,023,000 (2014: $4,770,000) from food atrium stall tenants. The initial fee receivable is a contribution from tenants mainly for renovation costs of the leased food atrium stalls.

(b) In FY2013, a subsidiary, BreadTalk Pte Ltd ("BTPL") entered into an agreement to subscribe for non-convertible notes of $550,000 in a private limited company incorporated in Singapore. The non-convertible notes carry a fixed interest of 1.93% per annum. The notes and related accrued interest is payable in September 2016.

(c) In FY2013 BTPL also entered into an agreement to subscribe for convertible notes of 900,000 at a total issue price of $900,000 in a private limited company incorporated in Singapore. The convertible notes carry a fixed interest of 1.93% per annum. The notes mature and accrued interest is payable in September 2016. The notes provide BTPL the rights to convert outstanding amounts of the notes and interest by the allotment of such number of shares in the company at the conversion rate of $1 to 1 share such that BTPL shall own 60% of the enlarged issued capital of the company.

18. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 60 days terms (2014: 15 to 60 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:-

	Group	
	2015	**2014**
	$'000	$'000
United States Dollar	2,491	599

Receivables that are past due but not impaired

The Group has trade receivables amounting to $5,622,000 (2014: $2,974,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	2,554	2,044
30 to 60 days	231	116
61 to 90 days	375	78
91 to 120 days	469	143
More than 120 days	1,993	593
	5,622	2,974

Receivables that are impaired / partially impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	181	334
Less: Allowance for impairment	(181)	(334)
	–	–
Movement in allowance accounts:		
At 1 January	334	197
Charge during the year	91	137
Written off during the year	(244)	–
At 31 December	181	334

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. Trade and other receivables (cont'd)

Other receivables

Other receivables (current) are non-interest bearing and are generally on 0 to 60 days terms (2014: 0 to 60 days).

Other receivables that are past due but not impaired

The Group has other receivables amounting to $444,000 (2014: $906,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Other receivables past due:		
Lesser than 30 days	236	574
30 to 60 days	35	184
61 to 90 days	2	18
91 to 120 days	2	5
More than 120 days	169	125
	444	906

Other receivables that are impaired / partially impaired

The Group's other receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2015	**2014**
	$'000	$'000
Other receivables – nominal amounts	33	5
Less: Allowance for impairment	(33)	(5)
	–	–
Movement in allowance accounts:		
At 1 January	5	45
Charge during the year	33	111
Written off during the year	(5)	(151)
At 31 December	33	5

Other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. Due from/to related corporations

	Company 2015	Company 2014
	$'000	$'000
Non-current		
Amounts due from:		
Loan to subsidiary	3,137	1,200
Less: Impairment losses	(3,137)	(1,200)
	–	–

The loan to subsidiary is treated as a net investment in the subsidiary, non-interest bearing and has no fixed terms of repayment.

During the year, management made an allowance of $1,937,000 in respect of the loan to Star Food Pte Ltd as the subsidiary had been persistently making losses.

	Group 2015	Group 2014	Company 2015	Company 2014
	$'000	$'000	$'000	$'000
Current				
Amounts due from:				
Subsidiaries (non-trade)	–	–	32,999	26,412
Associate (non-trade)	7	4	–	–
Joint ventures (trade)	222	143	–	–
Joint ventures (non-trade)	817	1,738	–	–
	1,046	1,885	32,999	26,412
Amounts due to:				
Subsidiaries (non-trade)	–	–	32,084	32,103
Associate (non-trade)	1,947	2,101	–	–
Joint ventures (trade)	2,338	2,707	–	–
Joint ventures (non-trade)	237	354	–	–
	4,522	5,162	32,084	32,103

The amounts due from/to related corporations (current) are to be settled in cash, unsecured, non-interest bearing and generally on 30 to 60 days term except for:

(i) loans to subsidiaries of $24,529,000 (2014: $15,777,000) which are repayable on demand;

(ii) loan to a joint venture of $Nil (2014: $697,000) which is repayable on demand;

(ii) loan from a subsidiary of $Nil (2014: $10,091,000) which bears an effective interest rate of 0.85% (2014: 0.85%) per annum and is repayable on demand;

(iii) loan from a subsidiary of $29,325,000 (2014: $20,325,000) which bears an effective interest rate of 1.5% (2014: 1.5%) per annum and is repayable on demand.

19. Due from/to related corporations (cont'd)

Receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2015	**2014**
	$'000	$'000
Amount due from joint venture (non-trade) – nominal amounts	–	659
Less: Allowance for impairment	–	(659)
	–	–
Movement in allowance accounts:		
At 1 January	659	607
Charge during the year	–	52
Written off during the year	(659)	–
At 31 December	–	659

Receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables that are past due but not impaired

	Group	
	2015	**2014**
	$'000	$'000
Amounts due from joint ventures (trade)		
61 to 90 days	37	37
Total as at 31 December	37	37
Amounts due from joint ventures (non-trade)		
Lesser than 30 days	25	8
30 to 60 days	7	7
61 to 90 days	8	8
91 to 120 days	7	7
More than 120 days	43	43
Total as at 31 December	90	73

19. Due from/to related corporations (cont'd)

	Company	
	2015	**2014**
	$'000	$'000
Amounts due from subsidiaries (non-trade)		
Lesser than 30 days	2,336	1,099
30 to 60 days	23	1,279
61 to 90 days	2,627	1,048
91 to 120 days	2	1,300
More than 120 days	5,059	2,156
Total as at 31 December	10,047	6,882

20. Cash and cash equivalents, and fixed deposit

(a) ***Cash and cash equivalents***

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Fixed deposits (current)	6	11,089	–	–
Cash on hand and at bank	94,890	84,363	2,516	3,047
	94,896	95,452	2,516	3,047

Fixed deposits of the Group have a maturity period of 1 month (2014: between 1 to 9 months) with effective interest rates of 0.05% (2014: 0.05% to 4.46%) per annum.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
United States Dollar	125	271	–	–

21. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Financial liabilities				
Trade payables	19,524	24,985	–	–
Other payables				
- Other creditors	14,433	16,141	102	141
- Payable for purchase of property, plant and equipment	6,775	9,334	–	–
- Sales collection on behalf of tenants	21,667	19,365	–	–
Deposits	25,718	24,671	1,073	1,052
Dividend payable	3,444	984	–	–
	91,561	95,480	1,175	1,193
Non-financial liabilities				
GST payable	2,562	2,195	378	237
	94,123	97,675	1,553	1,430

The deposits refer to deposits from food court tenants and franchisees and stored value card deposits. Dividend is payable to non-controlling shareholders of a subsidiary.

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 0 to 60 days terms (2014: 0 to 60 days terms) while other payables have an average term of 0 to 90 days terms (2014: 0 to 90 days terms), except for retention sums which have repayment terms of up to 1 year.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2015	**2014**
	$'000	$'000
United States Dollar	131	127

22. Other liabilities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Financial liabilities, current				
Accrued operating expenses	28,407	33,580	1,466	1,478
Accrued property, plant and equipment	122	1,421	–	1,226
Financial guarantees	–	–	576	576
	28,529	35,001	2,042	3,280
Non-financial liabilities, current				
Deferred revenue	26,458	28,196	–	–
Deferred rent	2,557	2,029	–	–
	29,015	30,225	–	–
Non-financial liabilities, non- current				
Deferred rent	12,282	12,626	–	–
	41,297	42,851	–	–
	69,826	77,852	2,042	3,280
Current	57,544	65,226	2,042	3,280
Non-current	12,282	12,626	–	–
	69,826	77,852	2,042	3,280

23. Provision for reinstatement costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
At 1 January	11,681	10,223	22	22
Additions	3,558	2,169	3	–
Utilisation	(366)	(792)	–	–
Provision no longer required	(35)	(92)	–	–
Exchange differences	164	173	–	–
Total as at 31 December	15,002	11,681	25	22

Provision for reinstatement costs is recognised when the Group enters into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements. During the year, the Group incurred reinstatement costs for certain closed outlets and an excess provision of $35,000 (2014: $92,000) was reversed.

24. Due from/(to) non-controlling shareholders of subsidiaries

The amounts due from and loan from non-controlling shareholders of subsidiaries are to be settled in cash, unsecured, non-interest bearing and repayable on demand.

25. Short-term loans

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Bank loans				
- Singapore Dollar	28,000	11,640	10,000	–
- Chinese Yuan	–	10,780	–	–
- Malaysia Ringgit	–	265	–	–
- New Taiwan Dollar	5,277	4,962	–	–
- Thailand Baht	5,044	4,720	–	–
	38,321	32,367	10,000	–

The effective interests on these short-term loans range from 2.1% to 6.88% (2014: 1.63% to 4.79%) per annum. The interest rates of these floating rate loans are repriced from time to time at the discretion of the respective banks.

The bank loans are revolving term loans of 1 to 12 months (2014: 1 to 12 months).

Short term loan of $Nil (2014: $10,780,000) is secured by a charge over the subsidiary's investment property and continuing guarantee by the Company (Note 11).

26. Long-term loans

		Group		Company	
Term loans	**Maturity**	**2015**	**2014**	**2015**	**2014**
		$'000	$'000	$'000	$'000
Singapore Dollar	2016 - 2019	38,165	42,118	–	–
Singapore Dollar	2028 (Note 1)	45,084	47,614	45,084	47,614
Singapore Dollar	2020 (Note 2)	2,958	3,576	2,958	3,576
Singapore Dollar	2019 (Note 3)	4,786	3,334	–	–
Singapore Dollar	2019 (Note 4)	13,068	13,068	–	–
Singapore Dollar	2016 - 2019 (Note 5)	54,938	43,778	–	–
Hong Kong Dollar	2017	1,480	1,014	–	–
Chinese Yuan	2016 – 2017	830	1,769	–	–
Malaysia Ringgit	2016 – 2017	805	1,309	–	–
New Taiwan Dollar	2016	468	3,758	–	–
Thailand Baht	2016 – 2018	782	4,114	–	–
		163,364	165,452	48,042	51,190
Current portion		43,679	43,965	4,122	4,032
Non-current portion		119,685	121,487	43,920	47,158
		163,364	165,452	48,042	51,190

26. Long-term loans (cont'd)

Note 1 – the term loans are secured by a charge over the Company's leasehold land and property. The loans mature in 2028. They include the following financial covenants which require the Group to maintain:

- a gearing ratio not exceeding 4.0 times

Note 2 – the term loan is secured by a charge over the Company's leasehold land and property. The loans mature in 2020. They include the following financial covenants which require the Group to maintain:

- a gearing ratio not exceeding 4.0 times

Note 3 – the term loans are secured by a charge over a subsidiary's machineries and equipment. The loans mature in 2019.

Note 4 – the term loan is secured by a charge over the Company's leasehold land and property and continuing guarantee by the Company. It includes the following financial covenants which require the Group to maintain:

- a net worth exceeding the loan covenants granted; and
- a gearing ratio not exceeding 4.0 times.

Note 5 – the term loan is secured by certain investment securities by a subsidiary. It includes the following financial covenant which require the Group to maintain:

- a net worth exceeding the loan covenants granted
- a gearing ratio not exceeding 4.0 times; and
- EBITDA exceeding the loan covenants granted

All other term loans are secured by continuing guarantees by the Company.

All the loans are floating rate loans with effective interest rates ranging from 2.1% to 6.3% (2014: 1.5% to 6.88%) per annum. The interest rates of these floating rate loans are repriced from time to time at the discretion of the respective banks.

27. Share capital and treasury shares

(a) ***Share capital***

	Group and Company			
	2015		**2014**	
	Number of shares	$'000	**Number of shares**	$'000
Issued and fully paid ordinary shares				
At beginning and end of the year	281,893,238	33,303	281,893,238	33,303

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

27. Share capital and treasury shares (cont'd)

(b) ***Treasury shares***

	Group and Company			
	2015		2014	
	Number of shares	$'000	**Number of shares**	$'000
At beginning of the year	3,090	(3)	381,624	(187)
Acquired during the financial year	534,400	(651)	483,000	(569)
Treasury shares transferred on vesting of restricted share grant	(199,920)	276	(861,534)[1]	753
At end of the year	337,570	(378)	3,090	(3)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 534,400 (2014: 483,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $651,000 (2014: $569,000) and this was presented as a component within shareholders' equity.

The Company reissued 199,920 (2014: 861,534) treasury shares pursuant to its restricted share grant at a weighted average share price of approximately $1.38 (2014: $0.87) each.

[1] Includes 488,764 treasury shares released to Mr. Oh Eng Lock, the Group Chief Executive Officer, as an award of service equity.

28. Accumulated profits and other reserves

Accumulated profits

Included in the Group's accumulated profits is an amount of $1,432,000 (2014: $1,432,000) which is not distributable by way of dividends. The amount arose from the waiver of inter-company debt in the subsidiary, Beijing BreadTalk Restaurant Management Co., Ltd, which was recognised as capital reserve in accordance with local accounting convention.

Other reserves

		Group		Company	
	Note	**2015**	**2014**	**2015**	**2014**
		$'000	$'000	$'000	$'000
Statutory reserve fund	(a)	2,954	2,864	–	–
Translation reserve	(b)	3,889	2,309	–	–
Share-based compensation reserve		260	356	260	356
Capital reserve	(c)	177	307	177	307
Premium on acquisition of non-controlling interests	(d)	(1,552)	(1,149)	–	–
		5,728	4,687	437	663

28. Accumulated profits and other reserves (cont'd)

(a) ***Statutory reserve fund***

In accordance with the Foreign Enterprise Law applicable to subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to the approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(b) ***Translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) ***Capital reserve***

Capital reserve mainly arises from the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(d) ***Premium on acquisition of non-controlling interests***

	Group	
	2015	**2014**
	$'000	$'000
At 1 January	1,149	657
Decrease in equity attributable to non-controlling interests (Note 14)	403	492
At 31 December	1,552	1,149

29. Commitments and contingencies

(a) ***Commitments***

Expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Commitment in respect of property, plant and equipment	342	369	–	–
Commitment in respect of investment securities	–	500	–	–

29. Commitments and contingencies (cont'd)

(b) ***Operating lease commitments – as lessee***

The Group has various operating lease agreements for equipment, office, central kitchen, food court and retail outlet premises. These non-cancellable leases have remaining non-cancellable lease terms of between less than 1 year and 9 years. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Not later than one year	128,410	125,833
Later than one year but not later than five years	242,148	261,606
Later than five years	62,912	35,111
	433,470	422,550

(c) ***Operating lease commitments – as lessor***

The Group has entered into non-cancellable operating leases to sublease its food court and retail outlet premises. The Company has non-cancellable operating leases for its leasehold property. Future sublease rental receivable as at 31 December is as follows:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Not later than one year	57,005	72,107	4,009	5,868
Later than one year but not later than five years	32,865	43,005	1,976	5,288
Over five years	–	–	–	–
	89,870	115,112	5,985	11,156

(d) ***Corporate guarantees***

As at 31 December 2015, the Company has given corporate guarantees to financial institutions in connection with banking facilities provided to its subsidiaries of which $156,273,000 (2014: $148,305,000) of the banking facilities have been utilised as at year end.

(e) ***Undertakings***

3% SGD junior bonds

In conjunction with the investment in junior bonds by the subsidiary, Imagine Properties Pte Ltd ("IPPL") (Note 13), the Company, together with the other investors of the junior bonds, had executed a Sponsors' Undertaking on 30 January 2012 whereby IPPL undertakes to pay all cost overruns in connection to the additions' and alterations' works to be undertaken on Chijmes. As at 31 December 2015, there were no contingent liabilities resulting from the aforesaid undertaking.

30. Related party disclosures

(a) *Sale and purchase of goods and services*

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year on terms agreed between the parties:

	Group	
	2015	**2014**
	$'000	$'000
Income		
Management fee income from a joint venture	189	782
Franchise fee income from a joint venture	–	125
Rental and miscellaneous income from a joint venture	13	125
Rental and miscellaneous income from a party related to a director of the Company	452	230
Sales of goods to a joint venture and an associate	301	688
Purchase of goods from a joint venture	11,980	11,641
Expenses		
Rental expense to a joint venture	86	93
Royalty fees to non-controlling shareholders	3,575	3,346
Design fee paid/payable to non-controlling shareholders of subsidiaries	317	47
Repair and maintenance fees to an associate	405	367
Miscellaneous expense	108	–
Others		
Franchise fee to non-controlling interests	1	52
Purchase of furniture and fittings from a company related to a director of the Company	564	492
Purchase of furniture and fittings from non-controlling shareholders of subsidiaries	122	232
Purchase of plant and equipment from an associate	5,126	10,885
Sale of plant and equipment to a joint venture	–	2,268

30. Related party disclosures (cont'd)

(a) ***Sale and purchase of goods and services (cont'd)***

	Company	
	2015	**2014**
	$'000	$'000
Income		
Management fee income from a subsidiary	11,553	13,407
Dividend income from subsidiaries	–	13,711
Training fee income from subsidiaries	223	269
Rental income from subsidiaries	6,271	4,707
Expense		
Purchase of goods from subsidiaries	140	–
Interest expense payable to a subsidiaries	616	367
Miscellaneous expense payable to a subsidiary	–	113
Miscellaneous expense payable to an associate	–	7
Others		
Purchase of plant and equipment from an associate	–	19

(b) ***Compensation of key management personnel***

	Group	
	2015	**2014**
	$'000	$'000
Salaries and bonus	6,090	6,061
Central Provident Fund contributions and other pension contributions	349	338
Share-based payment (RSG Plan)	77	500
Directors' fees	170	168
Other personnel expenses	1,023	1,225
Total compensation paid to key management personnel	7,709	8,292
Comprise amounts paid to:		
Directors of the Company	1,095	1,166
Directors of a subsidiary	863	784
Other key management personnel	5,751	6,342
	7,709	8,292

31. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The Group's and Company's principal financial instruments comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's and Company's operations. The Group and Company has various other financial assets and liabilities such as trade and other receivables, trade and other payables and related company balances, which arise directly from its operations.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rates risk arises primarily from its investment portfolio in fixed deposits and its debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

	Group Effect on profit before tax	
	100 basis points increase	**100 basis points decrease**
	$'000	$'000
2015		
- Singapore dollar interest rates	(1,870)	1,870
- Chinese Yuan interest rates	(8)	8
- Hong Kong dollar interest rates	(15)	15
- New Taiwan dollar interest rates	(57)	57
- Malaysia Ringgit interest rates	(8)	8
- Thai Baht interest rates	(58)	58

31. Financial risk management objectives and policies (cont'd)

(a) ***Interest rate risk (cont'd)***

	Group Effect on profit before tax 100 basis points increase $'000	 100 basis points decrease $'000
2014		
- Singapore dollar interest rates	(1,651)	1,651
- Chinese Yuan interest rates	(19)	19
- Hong Kong dollar interest rates	(10)	10
- New Taiwan dollar interest rates	(87)	87
- Malaysia Ringgit interest rates	(16)	16
- Thai Baht interest rates	(88)	88

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Chinese Yuan (CNY) and Hong Kong Dollar (HKD). The foreign currencies in which these transactions are denominated are mainly United States dollars (USD), HKD, CNY and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, in Malaysia, the PRC, Hong Kong and Thailand. The Group's net investments in these countries are not hedged as currency positions in Malaysia Ringgit, CNY, HKD and Thai Baht are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, HKD, CNY and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

31. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk (cont'd)***

	Group Effect on profit before tax 100 basis points increase $'000	Group Effect on profit before tax 100 basis points decrease $'000
Against SGD:		
USD - strengthened 6% (2014: 6%)	160	130
- weakened 6% (2014: 6%)	(160)	(130)
CNY - strengthened 5% (2014: 5%)	432	440
- weakened 5% (2014: 5%)	(432)	(440)
Against CNY:		
SGD - strengthened 5% (2014: 5%)	51	(38)
- weakened 5% (2014: 5%)	(51)	38
HKD - strengthened 5% (2014: 5%)	51	(46)
- weakened 5% (2014: 5%)	(51)	46
Against HKD		
SGD - strengthened 5% (2014: 5%)	(223)	(203)
- weakened 5% (2014: 5%)	223	203
Against Thailand Baht		
SGD - strengthened 5% (2014: 5%)	181	78
- weakened 5% (2014: 5%)	(181)	(78)
Against New Taiwan Dollar		
SGD - strengthened 5% (2014: 5%)	96	83
- weakened 5% (2014: 5%)	(96)	(83)

(c) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

31. Financial risk management objectives and policies (cont'd)

(c) ***Credit risk (cont'd)***

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets; and

– an amount of $156,273,000 (2014: $148,305,000) relating to corporate guarantees provided by the Company to financial institutions on its subsidiaries' borrowings and other banking facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables, other receivables and deposits on an on-going basis. The credit risk concentration profile of the Group's trade receivables, other receivables and deposits at the balance sheet date is as follows:

	Group			
	2015		2014	
	$'000	% of total	$'000	% of total
By country:				
Singapore	22,224	36%	22,320	39%
People's Republic of China	23,020	38%	22,686	39%
Hong Kong	7,571	13%	7,230	13%
Malaysia	545	1%	619	1%
Indonesia	1,449	2%	533	1%
The Philippines	1,382	2%	492	1%
Thailand	1,358	2%	1,341	2%
Taiwan	2,182	4%	2,022	3%
Others	943	2%	298	1%
	60,674	100%	57,541	100%

Excessive risk concentration

Concentration arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

31. Financial risk management objectives and policies (cont'd)

(c) ***Credit risk (cont'd)***

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18 and 19 above.

(d) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group.

Short-term funding may be obtained from short-term loans where necessary.

31. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted payments:

	2015				2014			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Financial assets :								
Investment securities	7,224	90,309	–	97,533	–	80,945	–	80,945
Trade and other receivables	60,039	546	–	60,585	54,494	2,420	–	56,914
Amounts due from related corporations	1,046	–	–	1,046	1,885	–	–	1,885
Amounts due from non-controlling shareholders of subsidiaries	506	–	–	506	518	–	–	518
Cash and cash equivalents	94,896	–	–	94,896	95,452	–	–	95,452
Total undiscounted financial assets	163,711	90,855	–	254,566	152,349	83,365	–	235,714
Financial liabilities :								
Trade and other payables	91,561	–	–	91,561	95,480	–	–	95,480
Other liabilities	28,529	–	–	28,529	35,001	–	–	35,001
Amounts due to related corporations	4,522	–	–	4,522	5,162	–	–	5,162
Loans and borrowings	44,831	109,526	27,754	182,111	45,895	135,660	30,839	212,394
Total undiscounted financial liabilities	169,443	109,526	27,754	306,723	181,538	135,660	30,839	348,037
Total net undiscounted financial liabilities	(5,732)	(18,671)	(27,754)	(52,157)	(29,189)	(52,295)	(30,839)	(112,323)

31. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted payments:

	2015				2014			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Financial assets :								
Other receivables	336	–	–	336	1,854	–	–	1,854
Amounts due from related corporations	32,999	–	–	32,999	26,412	–	–	26,412
Cash and cash equivalents	2,516	–	–	2,516	3,047	–	–	3,047
Total net undiscounted financial assets	35,851	–	–	35,851	31,313	–	–	31,313
Financial liabilities :								
Other payables	1,175	–	–	1,175	1,193	–	–	1,193
Other liabilities	2,042	–	–	2,042	3,280	–	–	3,280
Amounts due to related corporations	32,084	–	–	32,084	32,494	–	–	32,494
Loans and borrowings	4,231	23,774	27,754	55,759	4,094	21,727	30,361	56,182
Total net undiscounted financial liabilities	39,532	23,774	27,754	91,060	41,061	21,727	30,361	93,149
Total net undiscounted financial liabilities	(3,681)	(23,774)	(27,754)	(55,209)	(9,748)	(21,727)	(30,361)	(61,836)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2015			2014		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Financial guarantees	93,577	62,696	156,273	87,044	61,261	148,305

31. Financial risk management objectives and policies (cont'd)

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instrument. This instrument is quoted on the SGX-ST in Singapore and is classified as available-for-sale financial asset. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the balance sheet date, if the share price had been 15% (2014: 15%) higher/lower with all other variables held constant, the effect on the Group's profit before tax would be $183,000 (2014: $36,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

32. Financial instruments

The carrying amount by category of financial assets and liabilities are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Loans and receivables				
Trade and other receivables (Note 18)	60,585	56,844	336	1,854
Amounts due from related corporations (Note 19)	1,046	1,885	32,999	26,412
Amounts due from non-controlling shareholders of subsidiaries (non-trade)	506	518	–	–
Cash and cash equivalents (Note 20)	94,896	95,452	2,516	3,047
Total	157,033	154,699	35,851	31,313
Available-for-sale financial assets				
Investment securities (Note 13)	51,676	39,821	1,000	–
Held-to-maturity investments				
Investment securities (Note 13)	45,857	37,361	–	–
Financial liabilities carried at amortised cost				
Trade and other payables (Note 21)	91,561	95,480	1,175	1,193
Other liabilities (Note 22)	28,529	35,001	2,042	3,280
Amounts due to related corporations	4,522	5,162	32,084	32,103
Short term loans (Note 25)	38,321	32,367	10,000	–
Long term loans (Note 26)	163,364	165,452	48,042	51,190
Loan from a non-controlling shareholder of a subsidiary	738	676	–	–
Total	327,035	334,138	93,343	87,766

33. Fair value of assets and liabilities

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

Fair value measurements at the end of the reporting period using:	**Group Quoted prices in active markets for identical instruments** (Level 1)	
	2015	**2014**
	$'000	$'000
Financial assets:		
Available-for-sale financial assets (Note 13)		
- Equity instruments (quoted)	1,218	239
Financial assets as at 31 December	1,218	239

	Group Significant unobservable inputs (Level 3)	
	2015	**2014**
	$'000	$'000
		(Restated)
Non-financial assets:		
Investment property (Note 11)	24,053	23,198
Non-financial assets as at 31 December	24,053	23,198

33. Fair value of assets and liabilities (cont'd)

Level 1 fair value

Equity securities (quoted) (Note 13): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurement using significant unobservable inputs (Level 3)

Description	**Fair value as at 31 December 2015**	**Valuation Techniques**	**Unobservable inputs**	**Range (weighted average)**
	$'000			
Investment property	24,053	Direct comparison approach	Current land usage, site condition, improvements time, size and legal title	-4% to 7%

(ii) *Movements in Level 3 assets measured at fair value*

	Group Fair value measurements using significant unobservable inputs (Level 3)	
	2015	**2014**
	$'000	$'000
Investment properties:		
Opening balance	23,198	–
Purchases	–	23,153
Total gains or losses for the period		
- Included in other income under net gain from fair value adjustment of investment properties	628	45
Exchange differences	227	–
Financial assets as at 31 December	24,053	23,198

(iii) *Valuation policies and procedures*

The Group's Chief Financial Officer (CFO), who is assisted by the Head of Treasury and senior controller (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

33. Fair value of assets and liabilities (cont'd)

(iii) *Valuation policies and procedures (cont'd)*

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit Committee on a quarterly basis. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

(b) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2015 but for which fair value is disclosed:

	Group 2015 $'000	
	Fair value measurements at the end of the reporting period	
	Significant unobservable inputs (Level 3)	**Carrying amount**
Assets		
Investment in junior bonds (Note 13)	48,514	45,857
Other receivables (current)	559	546
Liabilities		
Loan from a non-controlling shareholder of a subsidiary	508	538

33. Fair value of assets and liabilities (cont'd)

(b) ***Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)***

	Group 2014 $'000 Fair value measurements at the end of the reporting period	
	Significant unobservable inputs (Level 3)	**Carrying amount**
Assets		
Investment in junior bonds (Note 13)	38,520	37,361
Other receivables (non-current)	2,186	2,350
Liabilities		
Loan from a non-controlling shareholder of a subsidiary	444	476

Determination of fair value

Current investment in junior bonds, other receivables (non-current), and current loan from non-controlling shareholder of a subsidiary

Fair value is estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the balance sheet date.

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Carrying amount		Fair value	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Group				
Financial assets:				
Equity instruments (unquoted), at cost	50,458	39,582	*	*
Investment in junior bonds (Note 13)	38,633	37,361	48,514	38,520
Other receivables	546	2,350	559	2,186
Financial liabilities:				
Non-current loan from a non-controlling shareholder of a subsidiary	538	476	508	444

33. Fair value of assets and liabilities (cont'd)

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)***

* Investment in equity instruments (unquoted) at cost

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market. The Group does not intend to dispose of these investments in the foreseeable future.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2015 and 2014.

As disclosed in Note 28, subsidiaries of the Group operating in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the respective subsidiaries for the financial year ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 80%. The Group includes within net debt, loans and borrowings, trade and other payables, amounts due to related corporations, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve and restricted statutory reserve fund.

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Loans and borrowings [1]	202,423	198,495
Trade and other payables	94,123	97,675
Amounts due to related corporations	4,522	5,162
Less: Cash and cash equivalents	(94,896)	(95,452)
Net debt	206,172	205,880
Equity attributable to the owners of the Company	129,198	125,248
Less: - Statutory reserve fund	(2,954)	(2,864)
Total capital	126,244	122,384
Capital and net debt	332,416	328,264
Gearing ratio	62%	63%

(1) including bank loans and loans from non-controlling shareholders of subsidiaries

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(a) The bakery segment is in the business of manufacturing and retailing of all kinds of food, bakery and confectionary products including franchising.

(b) The food court segment is involved in the management and operation of food courts and food and drinks outlets.

(c) The restaurant segment is in the business of operating food and drinks outlets, eating houses and restaurants.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transactions between operating segments are generally based on terms determined on commercial basis.

35. Segment information (cont'd)

2015	Bakery operations [1]	Restaurant operations	Food court operations	Investment	Others [2]	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue							
External sales	307,902	143,150	173,097	–	–	–	624,149
Inter-segment sales (Note A)	529	–	3,156	–	–	(3,685)	–
Total revenue	308,431	143,150	176,253	–	–	(3,685)	624,149
Results							
Profit from operations	5,148	25,815	(2,884)	(15)	(135)	69	27,998
Interest income	176	613	419	3,211	618	(1,032)	4,005
Interest expense	(452)	(467)	(750)	(1,793)	(2,906)	1,046	(5,322)
Share of associates' results	–	–	–	(29)	(1,904)	–	(1,933)
Share of joint ventures' results	434	–	194	–	–	–	628
Segment profit/(loss)	5,306	25,961	(3,021)	1,374	(4,327)	83	25,376
Tax expense							(10,768)
Profit for the year							14,608
Assets and liabilities							
Segment assets (Note A)	185,310	96,076	117,267	124,753	127,271	(109,980)	540,697
Deferred tax assets							4,444
Total assets							545,141
Segment liabilities (Note A)	136,455	33,726	119,448	98,075	143,812	(145,620)	385,896
Tax payable							8,879
Deferred tax liabilities							3,942
Total liabilities							398,717
Other information							
Investment in associates	–	–	–	22,685	3,637	–	26,322
Investment in joint ventures	7,119	–	434	–	–	–	7,553
Additions to non-current assets (Note B)	16,585	5,052	15,546	–	879	–	38,062
Depreciation and amortisation	17,214	8,086	20,759	–	3,455	–	49,514
Other non-cash (income)/ expenses (Note C)	1,446	734	2,344	–	1,069	–	5,593

35. Segment information (cont'd)

2014 (Restated)	Bakery operations [1] $'000	Restaurant operations $'000	Food court operations $'000	Investment $'000	Others [2] $'000	Elimination $'000	Group $'000
Revenue							
External sales	294,128	130,735	164,781	–	–	–	589,644
Inter-segment sales (Note A)	406	4	3,428	–	–	(3,838)	–
Total revenue	294,534	130,739	168,209	–	–	(3,838)	589,644
Results							
Profit from operations	7,225	12,718	5,527	338	(840)	–	24,968
Interest income	798	346	521	1,133	12	(752)	2,058
Interest expense	(911)	(168)	(844)	(1,285)	(1,256)	736	(3,728)
Share of associates' results	–	–	–	9,943	(1,085)	–	8,858
Share of joint ventures' results	442	–	203	–	–	–	645
Segment profit/(loss)	7,554	12,896	5,407	10,129	(3,169)	(16)	32,801
Tax expense							(6,771)
Profit for the year							26,030
Assets and liabilities							
Segment assets (Note A)	196,148	81,300	127,036	124,968	107,990	(103,610)	533,832
Tax recoverable							8
Deferred tax assets							4,970
Total assets							538,810
Segment liabilities (Note A)	160,014	61,304	116,122	77,857	79,226	(103,658)	390,865
Tax payable							6,825
Deferred tax liabilities							2,630
Total liabilities							400,320
Other information							
Investment in associates	–	–	–	22,712	3,033	–	25,745
Investment in joint ventures	7,188	–	820	–	227	–	8,235
Additions to non-current assets (Note B)	19,619	6,942	12,725	23,153	4,680	–	67,119
Depreciation and amortisation	15,747	8,321	18,626	–	3,243	–	45,937
Other non-cash (income)/ expenses (Note C)	(89)	1,434	926	–	954	–	3,225

35. Segment information (cont'd)

Notes:

(A) Inter-segment sales, assets and liabilities are eliminated on consolidation.

(B) Additions to non-current assets consist of additions to property, plant and equipment, investment property and intangible assets.

(C) Other non-cash (income)/expenses consist of:

- impairment/(write-back of impairment) of property, plant and equipment, intangible assets, investment in associate, receivables, amount due from associates and joint ventures, and provision for reinstatement cost;
- write off of property, plant and equipment, bad debts and inventories;
- (gain)/loss on disposals of property, plant and equipment and intangible assets;
- share based payment expenses; and
- unrealised foreign exchange (gain)/loss.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	External sales		Non-current assets [3]	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
				(Restated)
Singapore	329,983	296,212	138,108	144,438
Mainland China	192,077	186,201	72,313	76,427
Hong Kong	74,155	67,130	14,243	13,878
Rest of the world	27,934	40,101	11,988	16,816
Total	624,149	589,644	236,652	251,559

[1] Bakery operations comprise operation of bakery retail outlets as well as that operated through franchising.

[2] The business segment "Others" comprises the corporate services, treasury functions, investment holding activities and dormant associated company.

[3] Non-current assets information presented above consist of property, plant and equipment, investment property and intangible assets.

36. Dividends

	Group and Company	
	2015	**2014**
	$'000	$'000
Dividends paid during the year:		
Dividends on ordinary shares		
• Final exempt (one-tier) ordinary dividend for 2014 of 1.0 cents per share (2014: dividend for 2013 of 1.3 cent per share)	2,819	3,662
• Interim exempt (one-tier) dividend for 2015 of 0.5 cent per share (2014: 0.5 cent per share)	1,409	1,409
	4,228	5,071
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
• Final exempt (one-tier) ordinary dividend for 2015 of 1.0 cent per share (2014: 1.0 cent per share)	2,815	2,800
	2,815	2,800

37. Events subsequent to the balance sheet date

Divestment in retail property trust in Singapore

On 17 January 2016, the subsidiary, Imagine Properties Pte Ltd, concluded a sale and purchase agreement to sell $7,224,000 in principal amount of junior bonds and redeemable preference shares of Pre 1 Investments Pte Ltd in relation to the investment in a retail property trust in Singapore for a total consideration of $16,015,000.

Issuance of bonds with principal sum of $75,000,000 under the multicurrency medium term note programme

On 21 March 2016, the Group had announced the intention for bonds issuance of $75,000,000 in principal amount under the multicurrency medium term note programme. The Notes are expected to be issued on 1 April 2016 and listed on the Singapore Exchange Securities Trading Limited on the market day after such issue. The net proceeds arising from the issue will be used by the Group for general corporate purposes and general working capital.

38. Changes in accounting policy

As disclosed in Note 2.2 (b) the Group changed its accounting policy for investment property from cost model to fair value model. The impact of this change is as follows:

	Group			
	Investment property (Note 11)	Investment in associates (Note 15)	Deferred tax liabilities (Note 8)	Retained earnings (Note 28)
	$'000	$'000	$'000	$'000
Balance sheet				
Balance as previously reported on 1 January 2014	–	4,568	2,554	57,499
Effect of change in accounting policy	–	12,769	–	12,769
Restated balance at 1 January 2014	–	17,337	2,554	70,268
Balance as previously reported at 31 December 2014	23,153	3,033	2,619	64,515
Effect of change in accounting policy	45	22,712	11	22,746
Restated balance at 31 December 2014	23,198	25,745	2,630	87,261

	Group		
	Other operating income (Note 4)	Share of results of associates	Income tax expense (Note 8)
	$'000	$'000	$'000
Statement of comprehensive income			
Amount as previously reported for financial year 2014	18,300	(1,085)	6,760
Effect of change in accounting policy	45	9,943	11
Restated amount for financial year 2014	18,345	8,858	6,771

39. Authorisation of financial statements

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 30 March 2016.

STATISTICS OF SHAREHOLDINGS AS AT 23 MARCH 2016

Issued and fully Paid-up Capital	:	33,303,000
Number of Ordinary Shares in Issue (excluding treasury share)	:	281,505,468
Number of Treasury Shares held	:	387,770
Class of Shares	:	Ordinary
Voting Right	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	8	0.40	221	0.00
100 - 1,000	318	16.06	234,714	0.08
1,001 - 10,000	1,197	60.45	5,972,777	2.12
10,001 - 1,000,000	439	22.17	24,332,936	8.64
1,000,001 and above	18	0.91	250,964,820	89.15
Total	**1,980**	**100.00**	**281,505,468**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	33,235,014	11.81
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	33,075,077	11.75
3.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	31,031,300	11.02
4.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	28,000,000	9.95
5.	KATHERINE LEE LIH LENG	24,542,245	8.72
6.	RAFFLES NOMINEES (PTE) LIMITED	21,260,900	7.55
7.	HONG LEONG FINANCE NOMINEES PTE LTD	18,250,400	6.48
8.	SBS NOMINEES PRIVATE LIMITED	12,000,000	4.26
9.	HL BANK NOMINEES (SINGAPORE) PTE LTD	9,180,000	3.26
10.	UOB KAY HIAN PRIVATE LIMITED	8,989,200	3.19
11.	PHILLIP SECURITIES PTE LTD	7,177,200	2.55
12.	DBS NOMINEES (PRIVATE) LIMITED	5,674,566	2.02
13.	LEE PINEAPPLE COMPANY PTE LTD	5,000,000	1.78
14.	GEORGE QUEK MENG TONG	4,634,885	1.65
15.	DBSN SERVICES PTE LTD	3,333,783	1.18
16.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	2,881,700	1.02
17.	LIOW SIEW PIENG	1,399,200	0.50
18.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,299,350	0.46
19.	BANK OF SINGAPORE NOMINEES PTE LTD	933,300	0.33
20.	ANDRE FRANCIS MANIAM	850,000	0.30
Total		**252,748,120**	**89.78**

Based on information available to the Company as at 23 March 2016 approximately 26.97% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with the Rule 723 of the Listing Mannual of SGX-ST.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 23 March 2016)

Substantial Shareholders	**Direct Interest Shares**	**%**	**Deemed Interest Shares**	**%**
Dr George Quek Meng Tong [(1)]	95,687,660	33.99%	52,415,020	18.62%
Katherine Lee Lih Leng [(1)]	52,415,020	18.62%	95,687,660	33.99%
Primary Investment Limited	36,626,800	13.01%	–	–
Paradice Investment Management LLC	–	–	17,034,224	6.05%

(1) Katherine Lee Lih Leng is the spouse of George Quek Meng Tong. Saved as disclosed above, there are no family relationship among our Directors and Substantial Shareholders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of BreadTalk Group Limited (the "Company") will be held at 30 Tai Seng Street, #09-01 BreadTalk IHQ Singapore 534013, on Wednesday, 20 April 2016 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of 1.0 cent per share tax exempt (one-tier) for the financial year ended 31 December 2015. (2014: 1.0 cent)

   (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 104 and Article 108 of the Articles of Association of the Company:

Mr Chan Soo Sen	(Retiring under Article 104)	**(Resolution 3)**
Dr George Quek Meng Tong	(Retiring under Article 104)	**(Resolution 4)**
Mr Paul Charles Kenny	(Retiring under Article 108)	**(Resolution 5)**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$172,950 for the financial year ended 31 December 2015. (2014: S$172,950)

   (Resolution 6)

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 7)

6. To transact any other ordinary business which may properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolution, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company (**"shares"**) whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 8)

8. **Authority to issue shares under the BreadTalk Group Limited Employees' Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing BreadTalk Group Limited Employees' Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme, the BreadTalk Group Restricted Share Grant Plan and any other share based schemes (if applicable) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 9)

9. **Authority to issue shares under the BreadTalk Group Limited Restricted Share Grant Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the BreadTalk Group Limited Restricted Share Grant Plan ("the Plan") and to allot and/or issue from time to time such number of fully-paid shares as may be required to be allotted and/or issued pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of new ordinary shares to be allotted and/or issued pursuant to the Plan, the Scheme and any other share based schemes (if applicable), which the Company may have in place, shall not exceed fifteen per centum (15%) of the total issued shares excluding treasury shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 10)

10. **Authority to grant awards to Participants pursuant to the Rules of, and issue shares under, the Plan**

That, contingent upon the passing of Resolution 9, in order to reward, retain and motivate employees who had met specific performance objectives set by the Company, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Plan to the following participants of the Plan ("the Participants") and to issue shares in the Company to the Participants of awards granted by the Company under the Plan, provided always that the aggregate number of shares available to Controlling Shareholders and their associates under the Plan shall not exceed twenty five per centum (25%) of all the shares available under the Plan and that the number of shares available to each Controlling Shareholder or his associate shall not exceed ten per centum (10%) of all the shares available under the Plan. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Name of Participant	**No. of shares to be awarded**
Associate of Controlling Shareholders	
Mr Frankie Quek Swee Heng	41,000

[See Explanatory Note (v)] **(Resolution 11)**

11. **Renewal of Share Purchase Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of AGM of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 3.4 of the Appendix to the Annual Report to Shareholder dated 5 April 2016, in accordance with the terms of the Share Purchase Mandate set out in the Appendix, and this mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vi)]

(Resolution 12)

By Order of the Board

Chew Kok Liang

Shirley Tan Sey Liy

Company Secretaries

Singapore, 5 April 2016

Explanatory Notes:

(i) Mr Chan Soo Sen will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time, and the aggregate number of ordinary shares which may be issued pursuant to the Scheme, the Plan and any other share based schemes (if applicable) is limited to 15% of the total issued share capital of the Company excluding treasury shares from time to time. Resolution 9 is independent from Resolution 10 and the passing of Resolution 9 is not contingent on the passing of Resolution 10.

(iv) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next AGM, to offer and grant awards under the Plan in accordance with the provisions of the Plan and to issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Plan subject to the maximum number of shares prescribed under the terms and conditions of the Plan. The aggregate number of ordinary shares which may be issued pursuant to the Scheme, the Plan and any other share based schemes (if applicable) is limited to 15% of the total issued share capital of the Company excluding treasury shares from time to time. Resolution 9 is independent from Resolution 9 and the passing of Resolution 10 is not contingent on the passing of Resolution 9.

(v) The Ordinary Resolution 11 in item 10 above, if passed, will empower the Directors of the Company to issue shares in the Company to the associate of Controlling Shareholders, granted by the Company under the Plan. Resolution 11 is contingent on the passing of Resolution 10. Shareholders who are eligible to participate in the Plan shall abstain from voting on Resolution 11.

As at the Latest Practicable Date prior to the printing of this Notice of AGM (i.e. 23 March 2016), the number of shares granted in respect of the Plan since its commencement date are as follows:

Name	Aggregate Number of Restricted Share Granted	Aggregate Number of Restricted Shares Vested
Dr George Quek Meng Tong	179,200	179,200
Katherine Lee Lih Leng	154,000	154,000
Frankie Quek Swee Heng	166,000	121,700
Other Participants*	3,745,630	3,162,760
Total	**4,244,830**	**3,617,660**

* None of the Other Participants is either a controlling shareholder of the Company or an associate of a controlling shareholder of the Company.

The Directors confirm that, as at the Latest Practicable Date (i.e. 23 March 2016):

(a) the aggregate number of shares issued under the Plan do not exceed 15% of the total issued shares (excluding treasury shares) in the capital of the Company;

(b) the aggregate number of shares granted to controlling shareholders and their associates does not exceed 25% of the shares available under the Plan; and

(c) number of shares granted to each controlling shareholder or his or her associate respectively does not exceed 10% of the shares available under the Plan.

The rationale for Resolution 11

Mr Frankie Quek Swee Heng (**Frankie Quek**), CEO, Asean Region, holds an aggregate of 0.02% of the Company's shareholding (direct and deemed interests). He is involved in the formulation and implementation of the expansion plans of the Group in the Asean Region. With his business acumen and extensive knowledge of the local food and beverage industry, he is assisting the Chairman, Dr George Quek Meng Tong, in overseeing the growth and expansion as well as daily operations of the Group, focusing on the Group's expansion into the Asean Region. Frankie Quek was based in Shanghai from 2005 to 2012 where he has been overseeing the growing bakery and food court operations in Shanghai and Beijing. His expertise has further led to the successful expansion of the BreadTalk brand name to many Asean Cities through a franchise model system managed by the in house franchise team. The Company therefore believes that he has the potential and ability to contribute to the further success of the Group.

By allowing him to participate in the Plan, the Company will have an additional tool to craft a more balanced and innovative remuneration package that will link his total remuneration to the performance of the Group. Frankie Quek will also be able to share in any future appreciation of the Company's share price that is commensurate with the Company's future growth through an increase in his shareholdings to a more significant level.

The Directors are of the view that the remuneration package of Frankie Quek is fair given his contributions to the Group. The extension of the Plan to Frankie Quek is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company.

As the Plan serves as recognition of the past contributions of those eligible to participate in the Plan, as well as to secure future contributions for the Company and the Group from them, the Directors consider it important that Frankie Quek should be included in the Plan. The Directors consider it crucial for the Company to provide sufficient incentives which will instill a sense of commitment to the Group.

The participation of and grant of Awards to Frankie Quek under the Plan has been approved in principle by shareholders when they approved the Plan at the Extraordinary General Meeting held on 28 April 2008. Resolution 11 seeks for the above stated reasons, shareholders' approval for the Directors decision to grant 41,000 shares to Frankie Quek in accordance with the Plan.

(vi) The Ordinary Resolution 12 proposed in item 11 above, if passed, will empower the Directors of the Company effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in Paragraph 3.4 to the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2015 are set out in greater detail in the Appendix.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.).

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 30 Tai Seng Street, #09-01 BreadTalk IHQ, Singapore 534013 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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BREADTALK GROUP LIMITED
(Company Registration No. 200302045G)
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors, who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We ______________________________ (Name) ____________________ (NRIC / Passport No.)
of ____ (Address)
being a member/members of **BREADTALK GROUP LIMITED** (the "**Company"**), hereby appoint:

Name	Address	Proportion of Shareholdings	
		No. of Shares	%

And/or (delete as appropriate)

Name	Address	Proportion of Shareholdings	
		No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on Wednesday, 20 April 2016 at 9.30 a.m. at 30 Tai Seng Street, #09-01 BreadTalk IHQ Singapore 534013 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of Votes 'For'*	No. of Votes 'Against'*
1	Audited Financial Statements for the financial year ended 31 December 2015		
2	Payment of proposed final dividend		
3	Re-election of Mr Chan Soo Sen as a Director		
4	Re-election of Dr George Quek Meng Tong as a Director		
5	Re-election of Mr Paul Charles Kenny as a Director		
6	Approval of Directors' fees amounting to S$172,950 for the financial year ended 31 December 2015		
7	Re-appointment of Messrs Ernst & Young LLP as Auditors and authority to Directors to fix remuneration		
8	Authority to issue new shares		
9	Authority to issue shares under the BreadTalk Group Limited Employees' Share Option Scheme		
10	Authority to issue shares under the BreadTalk Group Limited Restricted Share Grant Plan (the "Plan")		
11	Share award under the Plan to Mr Frankie Quek Swee Heng		
12	Renewal of Share Purchase Mandate		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder
*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this Flap for sealing

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. If no proportion or number of shares is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Tai Seng Street, #09-01 BreadTalk IHQ, Singapore 534013 not less than forty-eight (48) hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised or in such manner as appropriate under applicable laws. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the Registered Office, not less than 48 hours before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.

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8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2016.

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SINGAPORE

The Company Secretary
BreadTalk Group Limited
30 Tai Seng Street
#09-01 Breadtalk IHQ
Singapore 534013

Members of BreadTalk Group Ltd

BreadTalk IHQ

30 Tai Seng Street

#09-01

Singapore 534013

www.breadtalk.com

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