

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Second Quarter and Half Year Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of BreadTalk Group Limited is pleased to announce the consolidated results of the Group for the second quarter and half year ended 30 June 2018. The figures presented below have not been audited.

	Group			Group		
	2Q 2018	2Q 2017 (Restated)	Increase/ (Decrease)	1H 2018	1H 2017 (Restated)	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Revenue	148,832	147,660	0.8%	297,366	295,401	0.7%
Cost of sales	(65,626)	(65,005)	1.0%	(131,003)	(131,680)	-0.5%
Gross profit	83,206	82,655	0.7%	166,363	163,721	1.6%
Other income	6,684	5,676	17.8%	13,780	20,880	-34.0%
Interest income	1,179	297	297.0%	2,010	714	181.5%
Distribution and selling expenses	(60,918)	(60,305)	1.0%	(121,370)	(120,092)	1.1%
Administrative expenses	(20,161)	(20,067)	0.5%	(42,334)	(40,857)	3.6%
Interest expense	(2,422)	(1,144)	111.7%	(4,912)	(2,515)	95.3%
Profit before tax and share of results of joint ventures	7,568	7,112	6.4%	13,537	21,851	-38.0%
Share of results of associates	(371)	(583)	-36.4%	(630)	(393)	60.3%
Share of results of joint ventures	(170)	375	N.M	105	564	-81.4%
Profit before tax	7,027	6,904	1.8%	13,012	22,022	-40.9%
Taxation	(2,618)	(2,810)	-6.8%	(5,019)	(5,380)	-6.7%
Profit after tax	4,409	4,094	7.7%	7,993	16,642	-52.0%
Attributable to:						
Shareholders of the Company	2,435	2,204	10.5%	3,615	13,009	-72.2%
Non-controlling interests	1,974	1,890	4.4%	4,378	3,633	20.5%
	4,409	4,094	7.7%	7,993	16,642	-52.0%
Other comprehensive income:						
Net gain on available-for-sale financial assets	(2)	6	N.M	(6)	17	N.M
Foreign currency translation	431	(275)	N.M	347	(1,272)	N.M
Other comprehensive (loss) income for the period, net of tax	429	(269)	N.M	341	(1,255)	N.M
Total comprehensive income for the period	4,838	3,825	26.5%	8,334	15,387	-45.8%
Attributable to:						
Shareholders of the Company	2,864	1,935	48.0%	3,956	11,754	-66.3%
Non-controlling interests	1,974	1,890	4.4%	4,378	3,633	20.5%
	4,838	3,825	26.5%	8,334	15,387	-45.8%

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

(A) Profit before tax is arrived at after charging/(crediting) the following:

	Group			Group		
	2Q 2018	2Q 2017		1H 2018	1H 2017	
	\$'000	(Restated) \$'000	Increase/ (Decrease)	\$'000	(Restated) \$'000	Increase/ (Decrease)
Depreciation and amortisation	9,263	10,470	-11.5%	17,956	21,111	-14.9%
Foreign exchange loss/(gain), net	308	(51)	N.M.	178	585	-69.6%
Loss/(gain) on disposal of property, plant and equipment	(62)	4	N.M.	(54)	(1,767)	-96.9%
Loss/(gain) on divestment of investment securities	1,885	-	N.M.	1,885	(8,601)	N.M.
Government grant	(11)	(423)	-97.4%	(940)	(1,261)	-25.5%
Fair value gain on investment securities	-	-	N.M.	(321)	-	N.M.
Impairment/(Write back) of loan and receivables						
- trade receivables	(178)	-	N.M.	(178)	41	N.M.
- other receivables	254	2	N.M.	341	88	287.5%
Operating lease expenses	34,286	34,328	-0.1%	69,055	69,591	-0.8%
Personnel expenses	45,184	45,083	0.2%	91,316	92,288	-1.1%
Property, plant and equipment written off (Note 1)	757	1,291	-41.4%	1,463	1,585	-7.7%

N.M. - Not meaningful

Notes:

(1) The property, plant and equipment were written off as a result of closure, relocation or upgrading of outlets.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group			Company	
	30.6.2018	31.12.2017	1.1.2017	30.6.2018	31.12.2017
	\$'000	(Restated) \$'000	(Restated) \$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	163,111	169,097	180,663	75,570	73,228
Investment property	39,507	39,463	22,984	-	-
Intangible assets	5,911	6,089	6,433	-	-
Investment securities	126,225	72,068	72,878	-	-
Investment in subsidiaries	-	-	-	24,479	24,418
Investment in associates	26,086	26,682	27,033	-	-
Investment in joint ventures	10,284	10,040	8,234	-	-
Other receivables	1,123	1,107	1,413	-	-
Due from related corporations	-	-	-	30,692	30,692
Deferred tax assets	2,686	2,559	2,749	-	-
	<u>374,933</u>	<u>327,105</u>	<u>322,387</u>	<u>130,741</u>	<u>128,338</u>

	Group			Company	
	30.6.2018	31.12.2017 (Restated)	1.1.2017 (Restated)	30.6.2018	31.12.2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets					
Investment securities	7,617	12,886	17,222	-	-
Inventories	11,199	9,721	9,806	-	-
Trade and other receivables	57,367	51,953	52,049	6,346	2,417
Prepayments	7,327	6,771	4,824	362	92
Tax recoverable	54	280	-	-	-
Due from related corporations	344	1,128	1,094	120,548	105,149
Amount due from minority shareholders of subsidiaries (non-trade)	527	525	509	-	-
Cash and cash equivalents	206,592	141,245	120,589	4,127	1,278
	<u>291,027</u>	<u>224,509</u>	<u>206,093</u>	<u>131,383</u>	<u>108,936</u>
Current liabilities					
Trade and other payables	86,965	90,326	86,404	1,710	2,175
Other liabilities	72,577	78,710	69,612	6,864	7,588
Provision for reinstatement cost	15,771	15,846	14,417	27	27
Due to related corporations	2,582	3,881	3,903	7,565	57,787
Loan from a minority shareholder of a subsidiary	619	200	200	-	-
Short term loans	15,851	19,237	7,215	10,000	10,000
Notes payables	75,000	-	-	75,000	-
Current portion of long-term loans	35,448	37,864	24,238	3,348	4,122
Tax payable	10,995	10,660	9,854	906	565
	<u>315,808</u>	<u>256,724</u>	<u>215,843</u>	<u>105,420</u>	<u>82,264</u>
Net current (liabilities)/assets	(24,781)	(32,215)	(9,750)	25,963	26,672
Non-current liabilities					
Long-term loans	30,124	50,533	74,857	17,694	35,676
Notes payables	100,000	75,000	75,000	100,000	75,000
Loan from a minority shareholder of a subsidiary	518	508	549	-	-
Other liabilities	8,688	9,392	11,385	-	-
Deferred tax liabilities	4,280	4,576	4,324	2,391	2,391
	<u>143,610</u>	<u>140,009</u>	<u>166,115</u>	<u>120,085</u>	<u>113,067</u>
Net assets	<u>206,542</u>	<u>154,881</u>	<u>146,522</u>	<u>36,619</u>	<u>41,943</u>
Share capital and reserves					
Share capital	33,303	33,303	33,303	33,303	33,303
Treasury shares	(247)	(460)	(587)	(247)	(460)
Accumulated profits	139,524	93,343	88,543	2,849	8,332
Other reserves	4,557	3,216	5,328	714	768
	<u>177,137</u>	<u>129,402</u>	<u>126,587</u>	<u>36,619</u>	<u>41,943</u>
Non-controlling interests	29,405	25,479	19,935	-	-
Total equity	<u>206,542</u>	<u>154,881</u>	<u>146,522</u>	<u>36,619</u>	<u>41,943</u>

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

Amount repayable in one year or less, or on demand

As at 30.6.2018		
Secured		Unsecured
\$'000		\$'000
40,022		86,896

As at 31.12.2017		
Secured		Unsecured
\$'000		\$'000
36,502		20,799

Amount repayable after one year

As at 30.6.2018		
Secured		Unsecured
\$'000		\$'000
30,124		100,518

As at 31.12.2017		
Secured		Unsecured
\$'000		\$'000
49,740		76,301

Details of any collateral

- (1) As at 30 June 2018, a total amount of \$187.4 million of the Group's bank borrowings are unsecured.
- (2) The remaining bank loans are secured by the following:
 - a closed legal mortgage in favour of the bank over the property at Private Lot A0135906 at Plot 1A, Tai Seng Street in Paya Lebar Industrial Estate;
 - certain investment securities.
 - certain machineries and equipment

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	2Q 2018	2Q 2017 (Restated)	1H 2018	1H 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	7,027	6,904	13,012	22,022
Adjustments for:				
Amortisation of intangible assets	109	132	208	227
Bad debts written off	(15)	-	1	-
Depreciation of property, plant and equipment	9,154	10,338	17,748	20,884
Loss/(gain) on divestment of investment securities	1,885	-	1,885	(8,601)
(Gain)/loss on disposal of property, plant and equipment	(62)	4	(54)	(1,767)
(Write back)/impairment loss on property, plant and equipment	(24)	(232)	(47)	(232)
Fair value gain on investment securities	-	-	(321)	-
Interest expense	2,422	1,144	4,912	2,515
Interest income	(1,179)	(297)	(2,010)	(714)
Inventories written off	1	5	1	5
Property, plant and equipment written off	757	1,291	1,463	1,585
Share based payment expenses	60	146	159	176
Share of results of associates	371	583	630	393
Share of results of joint ventures	170	(375)	(105)	(564)
(Write back)/impairment loss on trade receivables	(178)	-	(178)	41
(Write back)/impairment loss on other receivables	254	2	341	88
(Write back)/write down of inventories	(170)	-	(170)	-
Write back of provision for reinstatement cost	(83)	(42)	(83)	(42)
Exchange differences	352	(783)	(426)	1,981
Operating cash flow before working capital changes	20,851	18,820	36,966	37,997

	Group		Group	
	2Q 2018	2Q 2017 (Restated)	1H 2018	1H 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
(Increase)/decrease in:				
Amount due from associate (trade)	11	-	9	(3)
Amount due from joint ventures (trade)	-	110	(55)	212
Inventories	(441)	496	(1,309)	321
Prepayments	(1,070)	(764)	(555)	(1,518)
Trade and other receivables	(5,577)	(1,214)	(4,882)	2,984
Increase/(decrease) in:				
Amount due to a joint venture (trade)	(285)	353	(475)	(191)
Other liabilities	1,462	(1,198)	(6,687)	(2,296)
Trade and other payables	(516)	2,962	(1,923)	(328)
Cash generated from operations	14,435	19,565	21,089	37,178
Tax paid	(4,353)	(4,151)	(4,829)	(5,328)
Net cash flow from operating activities	10,082	15,414	16,260	31,850
Cash flows from investing activities				
Additions to intangible assets	(1)	(22)	(28)	(23)
Amount due from joint ventures (non-trade)	215	39	775	(120)
Amount due to joint ventures (non-trade)	(4)	(40)	(35)	(83)
Amount due to associates (non-trade)	(157)	483	(732)	444
Cash paid for reinstatement expenses	(229)	(164)	(444)	(232)
Dividends received from an associate	60	-	60	-
Interest income received	1,179	297	2,010	714
Investment in an associate	-	-	-	(1,424)
Investment in a joint venture	-	(1,005)	-	(1,005)
Proceeds from disposal of property, plant and equipment	94	-	103	2,302
Proceeds from divestment of investment securities	17,118	25,174	17,118	26,500
Purchase of property, plant and equipment	(7,937)	(3,748)	(14,383)	(15,937)
Purchase of investment securities	(10,241)	-	(16,253)	-
Net cash flow from/(used in) investing activities	97	21,014	(11,809)	11,136
Cash flows from financing activities				
Acquisition of non-controlling interests	(419)	-	(419)	-
Dividends paid to shareholders of the company	(8,448)	(11,253)	(8,448)	(11,253)
Interest paid	(2,422)	(1,144)	(4,912)	(2,515)
Proceeds from long-term loans	2	-	367	-
Proceeds from short-term loans	1,240	5,835	26,533	14,979
Proceeds from medium term notes	-	-	100,000	-
Repayment of loan due to minority shareholder	439	(8)	429	(26)
Repayment of long-term loans	(1,302)	(2,657)	(23,195)	(19,370)
Repayment of short-term loans	(3,596)	(8,124)	(29,912)	(15,921)
Net cash flow (used in)/from financing activities	(14,506)	(17,351)	60,443	(34,106)
Net increase in cash and cash equivalents	(4,327)	19,077	64,894	8,880
Effect of exchange rate changes on cash and cash equivalents	277	(216)	453	(1,338)
Cash and cash equivalents at beginning of financial period	210,642	109,270	141,245	120,589
Cash and cash equivalents at end of financial period	206,592	128,131	206,592	128,131

Note A: Cash and cash equivalents comprise:

	Group	
	30.6.2018	31.12.2017
	\$'000	\$'000
Cash on hand and at bank	206,586	141,239
Short term FD	6	6
	<u>206,592</u>	<u>141,245</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Attributable to Shareholders of the Company

Group	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2018, as previously reported	33,303	(460)	98,933	3,216	134,992	25,479	160,471
Impact of adopting SFRS(I) 9	-	-	51,014	-	51,014	-	51,014
Impact of adopting SFRS(I) 15	-	-	(5,590)	-	(5,590)	-	(5,590)
Balance at 1 January 2018 (Restated)	33,303	(460)	144,357	3,216	180,416	25,479	205,895
Profit for the period	-	-	1,180	-	1,180	2,404	3,584
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(4)	(4)	-	(4)
Foreign currency translation	-	-	-	(84)	(84)	-	(84)
Total other comprehensive income, net of tax	-	-	-	(88)	(88)	-	(88)
Total comprehensive income for the period	-	-	1,180	(88)	1,092	2,404	3,496
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	-	-	-	-	-
Share-based payments	-	-	-	99	99	-	99
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-	-	-
Total contributions by and distributions to owners	-	213	-	(114)	99	-	99
Balance at 31 March 2018	33,303	(247)	145,537	3,014	181,607	27,883	209,490
Profit for the period	-	-	2,435	-	2,435	1,974	4,409
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(2)	(2)	-	(2)
Foreign currency translation	-	-	-	431	431	-	431
Total other comprehensive income, net of tax	-	-	-	429	429	-	429
Total comprehensive income for the period	-	-	2,435	429	2,864	1,974	4,838
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	60	60	-	60
Dividends paid	-	-	(8,448)	-	(8,448)	-	(8,448)
Total contributions by and distributions to owners	-	-	(8,448)	60	(8,388)	-	(8,388)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	1,054	1,054	(1,472)	(418)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	1,020	1,020
Total changes in ownership interests in a subsidiary	-	-	-	1,054	1,054	(452)	602
Balance at 30 June 2018	33,303	(247)	139,524	4,557	177,137	29,405	206,542

Group	Attributable to Shareholders of the Company				Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000			
Balance at 1 January 2017, as previously reported	33,303	(587)	93,966	5,328	132,010	19,935	151,945
Impact of adopting SFRS(I) 15	-	-	(5,423)	-	(5,423)	-	(5,423)
Balance at 1 January 2017 (Restated)	33,303	(587)	88,543	5,328	126,587	19,935	146,522
Profit for the period (Restated)	-	-	10,805	-	10,805	1,743	12,548
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	11	11	-	11
Foreign currency translation	-	-	-	(997)	(997)	-	(997)
Total other comprehensive income, net of tax	-	-	-	(986)	(986)	-	(986)
Total comprehensive income for the period	-	-	10,805	(986)	9,819	1,743	11,562
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	30	30	-	30
Total contributions by and distributions to owners	-	-	-	30	30	-	30
Balance at 31 March 2017	33,303	(587)	99,348	4,372	136,436	21,678	158,114
Profit for the period (Restated)	-	-	2,204	-	2,204	1,890	4,094
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	6	6	-	6
Foreign currency translation	-	-	-	(275)	(275)	-	(275)
Total other comprehensive income, net of tax	-	-	-	(269)	(269)	-	(269)
Total comprehensive income for the period	-	-	2,204	(269)	1,935	1,890	3,825
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserves	-	-	-	-	-	-	-
Share-based payments	-	-	-	146	146	-	146
Dividends paid	-	-	(11,253)	-	(11,253)	-	(11,253)
Purchase of treasury shares	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-	-	-
Total contributions by and distributions to owners	-	127	(11,253)	19	(11,107)	-	(11,107)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(719)	(719)	719	-
Total changes in ownership interests in a subsidiary	-	-	-	(719)	(719)	719	-
Balance at 30 June 2017	33,303	(460)	90,299	3,403	126,545	24,287	150,832

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
Balance at 1 January 2018, as previously reported	33,303	(460)	8,332	768	41,943
Profit for the period	-	-	(3,918)	-	(3,918)
Total comprehensive income for the period	-	-	(3,918)	-	(3,918)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	99	99
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-
Total contributions by and distributions to owners	-	213	-	(114)	99
Balance at 31 March 2018	33,303	(247)	4,414	654	38,124
Profit for the period	-	-	6,883	-	6,883
Total comprehensive income for the period	-	-	6,883	-	6,883
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	60	60
Dividend paid	-	-	(8,448)	-	(8,448)
Purchase of treasury shares	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(8,448)	60	(8,388)
Balance at 30 June 2018	33,303	(247)	2,849	714	36,619

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
Balance at 1 January 2017, as previously reported	33,303	(587)	6,779	520	40,015
Profit for the period	-	-	899	-	899
Total comprehensive income for the period	-	-	899	-	899
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	30	30
Total contributions by and distributions to owners	-	-	-	30	30
Balance at 31 March 2017	33,303	(587)	7,678	550	40,944
Profit for the period	-	-	10,698	-	10,698
Total comprehensive income for the period	-	-	10,698	-	10,698
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	146	146
Dividends paid	-	-	(11,253)	-	(11,253)
Purchase of treasury shares	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-
Total contributions by and distributions to owners	-	127	(11,253)	19	(11,107)
Balance at 30 June 2017	33,303	(460)	7,123	569	40,535

Note B: Other reserves

	Group		Company	
	30.6.2018 \$000	30.6.2017 \$000	30.6.2018 \$000	30.6.2017 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	1,990	2,023	-	-
Fair value adjustment reserve	9	17	-	-
Capital reserve	177	177	177	177
Share based compensation reserve	536	392	537	392
Premium on acquisition of non-controlling interests	(1,109)	(2,160)	-	-
	4,557	3,403	714	569

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Share Capital - Ordinary Shares	Number of Ordinary Shares	Issued and Paid-up Share Capital S\$000
At 1 January 2018	281,638,550	33,303
Shares arising from share split ¹	281,638,550	-
At 30 June 2018	<u>563,277,100</u>	<u>33,303</u>

Note: ¹ On 17 May 2018, the Company completed the share split of every one (1) ordinary share in the capital of the company into two (2) ordinary shares. The Company now has an issued and paid-up share capital of approximately \$33,302,915, comprising 563,786,476 shares (30 June 2017: 563,786,476), including 509,376 treasury shares (30 June 2017: 915,908) as at 30 June 2018. The Company did not have any subsidiary holdings or other convertibles as at 30 June 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 June 2018, the Company's issued and paid up capital, excluding 509,376 (31 December 2017: 915,908) treasury shares held, comprises 563,277,100 (31 December 2017: 562,870,568) ordinary shares as adjusted for the share split.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon

	Number of Treasury Shares			
	2Q 2018	2Q 2017	1H 2018	1H 2017
Balance at beginning of financial period as adjusted for share split	509,376	1,158,120	915,908	1,158,120
Treasury shares transferred on vesting of restricted share grant as adjusted for share split	-	(242,212)	(406,532)	(242,212)
Balance at end of financial period as adjusted for share split	<u>509,376</u>	<u>915,908</u>	<u>509,376</u>	<u>915,908</u>

Note: The treasury shares for the current and prior financial periods have been adjusted for the increase in the number of treasury shares resulting from the share split.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group and Company has adopted the new financial reporting framework on 1 January 2018 and adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective on 1 January 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Other than the adoption of SFRS(I) which are effective for its financial year beginning 1 January 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact to the Group's and the Company's financial statements in the year of initial application. The impact of adopting the following SFRS(I) which are effective for financial year beginning 1 January 2018, are detailed as follows:

SFRS(I) 1 – First-time adoption of Singapore Financial Reporting Standards (International)

On transition to SFRS(I), the Group restated comparative periods financial statements to retrospectively apply SFRS(I) where applicable, except where SFRS(I) 1 specifically prohibited such retrospective applications and where optional exemptions from retrospective applications were elected.

SFRS(I) 9 – Financial Instruments

The Group and Company adopted SFRS(I) 9 and elected to apply the standard prospectively from effective date and recognized the difference between the previous carrying amount and the carrying amount at the beginning of the year in the opening retained earnings.

SFRS(I) 15 – Revenue from Contracts with Customers

The Group and Company adopted SFRS(I) 15 using the full retrospective approach and applied all practical expedients available.

Summary of Impact

Group \$'000		Adjustments arising from:		
	1 January 2017	SFRS(I) 9	SFRS(I) 15	1 January 2017 (Restated)
Current Assets				
Trade and Other Receivables	57,472	-	(5,423)	52,049
Equity				
Accumulated Profits	93,966	-	(5,423)	88,543
Group \$'000		Adjustments arising from:		
	31 December 2017	SFRS(I) 9	SFRS(I) 15	31 December 2017 (Restated)
Current Assets				
Trade and Other Receivables	57,543	-	(5,590)	51,953
Equity				
Accumulated Profits	98,933	-	(5,590)	93,343
Group \$'000		Adjustments arising from:		
	6M 2017	SFRS(I) 9	SFRS(I) 15	6M 2017 (Restated)
Profit and Loss				
Revenue	295,195	-	206	295,401

Group \$'000		Adjustments arising from:		
	1 January 2018	SFRS(I) 9	SFRS(I) 15	1 January 2018 (Restated)
Current Assets				
Trade and Other Receivables	57,542	(307)	(5,590)	51,645
Investment Securities	12,886	(383)	-	12,503
Non Current Assets				
Investment Securities	72,068	51,704	-	123,772
Equity				
Accumulated Profits	98,933	51,014	(5,590)	144,357

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group 2Q 2018	Group 2Q 2017 (Restated)	Group 1H 2018	Group 1H 2017 (Restated)
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.43 cent	0.39 cent	0.86 cent	3.08 cents
Weighted average number of ordinary shares as adjusted for share split	563,277,100	562,789,831	422,390,070	422,052,004
(b) On a fully diluted basis	0.43 cent	0.39 cent	0.86 cent	3.08 cents
Adjusted weighted average number of ordinary shares	563,591,884	563,104,615	422,626,158	422,265,166

Note: For better comparison of the Group's financial performance, the weighted average number of ordinary shares for the current and prior financial periods has been adjusted for the increase in the number of ordinary shares resulting from the share split.

7. Net asset value (for the issuer and the group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group 30.6.2018	Group 31.12.2017 (Restated)	Company 30.6.2018	Company 31.12.2017
Net asset value per ordinary share based on issued share capital as at the end of period	36.7 cents	27.5 cents	6.5 cents	7.5 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 June 2018 is computed based on the total number of issued shares (excluding 509,376 treasury shares) of 563,277,100 (31 December 2017: 562,870,568) as adjusted for the share split.

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

Overview

(A) Statement of Comprehensive Income

Group revenue for 1H FY2018 rose 0.7% Y/Y from \$295.4 million to \$297.4 million, led by growth from the Food Atrium and Restaurant Divisions as well as contribution by the 4orh Division, offset by decline at the Bakery Division. Profit After Tax and Minority Interests ("PATMI") for 1H FY2018 declined 72.2% from \$13.0 million to \$3.6 million, as 1Q FY2017 saw the recognition of \$9.3 million in net capital gain from the divestment of the Group's investment in TripleOne Somerset.

Bakery Division revenue declined 4.9% Y/Y to \$139.0 million during 1H FY2018, attributed to lower revenue from direct operated stores in Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from China. This was mitigated by stronger revenue from direct operated stores in Singapore and higher international franchise revenue. Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Division declined 36.0% Y/Y to \$7.9 million, with EBITDA margin at 5.7% (1H FY2017: 8.5%), primarily attributed to weaknesses in profitability at the Shanghai operations.

Food Atrium Division revenue grew 3.6% Y/Y to \$76.3 million, despite having 3 less outlets than a year ago, driven by strong same store sales growth momentum across the entire portfolio, especially in China. EBITDA improved 20.0% to \$13.0 million with EBITDA margin better at 17.0% (1H FY2017: 14.7%), helped mainly by higher revenue.

Restaurant Division revenue rose 6.7% Y/Y to \$74.1 million with the addition of 3 more outlets – 1 in Singapore and 2 in Thailand, compared to 1H FY2017. EBITDA rose 10.8% to \$15.8 million primarily due to higher revenue offset by higher administrative expenses incurred for the upcoming United Kingdom operations in the lead up to the opening of our first Din Tai Fung outlet in the United Kingdom in the fourth quarter of this year. EBITDA margin increased slightly from 20.4% to 21.2%.

4orh Division turned in a revenue of \$5.7 million for 1H FY2018. The business division currently comprises 5 outlets of So Ramen in Singapore, 2 outlets of Song Fa Bak Kut Teh ("Song Fa") and 1 outlet of Una-Yu in Shanghai, China. The Division reported an EBITDA loss of \$0.2 million primarily attributed to pre-opening expenses at the new outlets. Profit margin at the outlet level for Song Fa has surpassed our expectations so far.

Overall interest expense for 1H FY2018 increased 95.3% Y/Y to \$4.9 million, against a rising interest rate environment and the interest expense attributed to the \$100 million of 5-year, 4.00% Medium Term Note issued in January 2018, whose proceeds will be primarily deployed to the capital expenditure that we have planned for the financial year. However, through prudent treasury management, interest income also rose 181.5% to \$2.0 million which partially helped to mitigate the impact of higher interest cost.

Share of results of associates and joint ventures were weaker in 1H FY2018, contributing a combined loss of \$0.5 million compared to a profit of \$0.2 million in 1H FY2017, with the bulk of the drag arising in 2Q FY2018. These came from weaker performance attributed to Jumbo China, Carl's Jr Shanghai and BreadTalk-Minor Thailand associates and joint ventures.

Earnings per share (EPS) on a fully diluted basis for 1H FY2018 was 0.86 cent compared to 3.08 cents for 1H FY2017.

Net asset value (NAV) per share was 36.7 cents as at 30 June 2018 compared to 27.5 cents as at 31 December 2017.

Number of outlets including franchise under the Group:

	30.6.2018	31.12.2017	Net increase / (decrease)	30.6.2017	Net increase / (decrease)
Bakery	842	871	-3.3%	856	-1.6%
- <i>Direct operated stores</i>	224	240	-6.7%	259	-13.5%
- <i>Franchise</i>	618	631	-2.1%	597	3.5%
Food Atrium	53	53	0.0%	56	-5.4%
Restaurant	27	25	8.0%	24	12.5%
4orh	8	5	60.0%	4	100.0%
Total	930	954	-2.5%	940	-1.1%

(B) Balance Sheet

As at 30 June 2018,

Non-current assets increased by \$47.8 million or 14.6% from \$327.1 million to \$374.9 million mainly due to increase in investment securities by \$54.2 million and offset by a decrease in property, plant and equipment by \$6.0 million due to depreciation. The large increase in investment securities arose due to the restatement effect upon adoption of the SFRS(I) 9 on 1 January 2018.

Current assets increased by \$66.5 million or 29.6% from \$224.5 million to \$291.0 million mainly due to increase in:

- (i) cash and cash equivalents by \$65.3 million; and
- (ii) inventories by \$1.5 million;

Current liabilities increased by \$59.1 million or 23.0% from \$256.7 million to \$315.8 million mainly due to notes payable of \$75.0 million which is due on 1 April 2019;

offset by decrease in:

- (i) current portion of long term loans by \$2.4 million;
- (ii) short term loans by \$3.4 million;
- (iii) other liabilities by \$6.1 million; and
- (iv) trade and other payables by \$3.4 million.

Non-current liabilities increased by \$3.6 million or 2.6% from \$140.0 million to \$143.6 million mainly due to addition of notes payable of \$100.0 million;

offset by a decrease in:

- (i) long term loans by \$20.4 million;
- (ii) other liabilities by \$0.7 million; and
- (iii) notes payable of \$75.0 million which is due on 1 April 2019.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$16.3 million in 1H FY2018, demonstrating the underlying strength of the core business to generate positive cash flow.

Net cash flow used in investing activities was \$11.8 million in 1H FY2018: largely attributed to the purchase of property, plant and equipment as part of capital expenditure, as well as the subscription of shares in Perennial HC Holdings Pte. Ltd.

In 1H FY2018, following the successful issuance of the \$100 million Medium Term Note, the Group repaid \$53.1 million of long and short term loans. During the period, the Group also paid out \$8.4 million in dividends. As a result, net cash flow generated in financing activities in 1H FY2018 was \$60.4 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$64.9 million in 1H FY2018, ending the period with a cash and cash equivalents of \$206.6 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Year-to-date, the Group saw strong momentum in adding new growth frontiers to our core food and beverage (F&B) businesses, with a series of joint ventures and partnerships summarized as follows.

18 January: Award of BreadTalk franchise right in Delhi and National Capital Region, India, to Bakekneads LLP, a member of the Som Datt Group.

26 January: Official opening of our first Song Fa Bak Kut Teh outlet in Shanghai Jing An Kerry Centre.

12 March: 80-20 joint venture with renowned Taiwanese bakery brand, Wu Pao Chun Bakery to bring their products into 4 major China cities – Beijing, Shanghai, Shenzhen and Guangzhou, with future plans to extend the JV into Singapore and Hong Kong

23 March: 70-30 joint venture with PT. Pura Indah Berkas to bring Toast Box brand into Indonesia

25 April: Launch of Una-Yu, an unagi don brand under 4orh Division as an outlet within our Shanghai Tower Food Atrium

21 May: 90-10 joint venture with Shenzhen Pindao (“Pindao”) Food & Beverage Management Co Ltd to bring their popular Nayuki and Tai Gai brands into Singapore and Thailand, with first right of refusal to operate in Malaysia, Indonesia and the Philippines

8 June: Opening of our second Song Fa Bak Kut Teh outlet in Shanghai iAPM mall

27 June: 30-70 joint venture with our current Tibet Autonomous Region BreadTalk franchisee, Ge Ying, to re-enter the Chongqing market

2 July: Added Pindao as a partner to our pre-existing joint venture with Song Fa Bak Kut Teh for Shenzhen and Guangzhou via a 90-10 joint venture between BTG-Pindao Venture Pte. Ltd. and Song Fa Holdings Pte. Ltd. to accelerate outlet expansion for Song Fa in South China

These new joint ventures and partnerships reiterate the Group’s focus and commitment to growing our core F&B businesses and adding new profit drivers to the portfolio that are expected to be margin accretive in the medium to long term. Our BTG-Shinmei procurement JV which has already commenced operations will serve as an important engine in ensuring the competitiveness of our cost of sales.

The management team continues to reiterate our commitment to build a strong foundation for the next leg of growth for the Group so that it will be sustainable in the long term. We may expect short term earnings volatility as certain capital and operating expenditures will need to be incurred and invested to realise our medium to long term goals. We are also mindful of the potential impact that volatility in some key currencies may add to our financial performance.

11. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) By Business Segments

	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
1H 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	138,981	76,333	74,146	5,710	-	2,196	-	297,366
Inter-segment sales	722	1,589	-	-	-	-	(2,311)	-
Total revenue	139,703	77,922	74,146	5,710	-	2,196	(2,311)	297,366
Results								
Profit from operations	2,713	5,739	12,591	(519)	1,685	(5,666)	(104)	16,439
Interest income	216	79	565	5	936	1,395	(1,186)	2,010
Interest expense	(387)	(158)	(56)	(27)	(2,591)	(2,877)	1,184	(4,912)
Share of associates' results	(40)	-	-	-	-	(590)	-	(630)
Share of joint ventures'	(43)	148	-	-	-	-	-	105
Segment profit	2,459	5,808	13,100	(541)	30	(7,738)	(106)	13,012
Tax expense								(5,019)
Profit after tax								7,993
Segment assets	157,717	128,448	121,097	27,087	236,121	167,589	(174,839)	663,220
Tax recoverable								54
Deferred tax assets								2,686
Total Assets								665,960
Segment liabilities	122,887	122,810	22,097	29,050	119,620	213,090	(185,411)	444,143
Tax payable								10,995
Deferred tax liabilities								4,280
Total liabilities								459,418
Investment in associate	-	-	-	-	-	26,086	-	26,086
Investment in joint ventures	9,126	1,158	-	-	-	-	-	10,284
Additions to non-current assets ⁽³⁾	4,037	2,812	1,910	405	145	3,918	-	13,227
Depreciation & Amortisation	5,190	7,254	3,159	303	984	1,066	-	17,956
Other non-cash expenses	378	977	-	-	-	2,132	-	3,487

(a) **By Business Segments (cont'd)**

	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
1H 2017 (Restated)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	146,074	73,662	69,518	3,873	-	2,274	-	295,401
Inter-segment sales	674	1,083	-	-	-	-	(1,757)	-
Total revenue	146,748	74,745	69,518	3,873	-	2,274	(1,757)	295,401
Results								
Profit from operations	4,557	2,769	11,333	(274)	10,888	(5,569)	(52)	23,652
Interest income	107	208	540	1	475	829	(1,446)	714
Interest expense	(811)	(283)	-	(6)	(2,381)	(476)	1,442	(2,515)
Share of associates' results	-	-	-	-	-	(393)	-	(393)
Share of joint ventures'	456	108	-	-	-	-	-	564
Segment profit	4,309	2,802	11,873	(279)	8,982	(5,609)	(56)	22,022
Tax expense								(5,380)
Profit after tax								16,642
Segment assets	153,890	126,386	112,703	14,583	164,691	107,427	(177,716)	501,964
Tax recoverable								
Deferred tax assets								2,732
Total Assets								504,696
Segment liabilities	118,589	128,317	23,729	19,898	95,386	143,019	(189,302)	339,636
Tax payable								10,025
Deferred tax liabilities								4,203
Total liabilities								353,864
Investment in associate	-	-	-	-	-	28,082	-	28,082
Investment in joint ventures	8,977	765	-	-	-	-	-	9,742
Additions to non-current assets ⁽³⁾	5,177	4,108	1,175	230	-	378	-	11,068
Depreciation & Amortisation	7,790	8,061	2,875	278	981	1,126	-	21,111
Other non-cash expenses	580	892	-	247	-	176	-	1,895

(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2018	2017 (Restated)	2018	2017
	\$'000	\$'000	\$'000	\$'000
Singapore	172,941	163,672	141,053	124,715
Mainland China	78,897	81,167	52,983	59,863
Hong Kong	24,232	27,044	8,045	11,302
Rest of the world	21,296	23,518	6,448	6,772
	<u>297,366</u>	<u>295,401</u>	<u>208,529</u>	<u>202,652</u>

(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 associated companies.

(3) Non-current assets information presented above consist of property, plant and equipment, investment property and intangible assets.

12.) Dividend

(a) Current Financial Period Reported On

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share	0.5 Singapore cent (tax exempt one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share as adjusted for share split	0.5 Singapore cent (tax exempt one-tier)

(c) Date payable

Interim dividend will be paid on 21 August 2018.

(d) Books closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 10 August 2018 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, up to 5.00 p.m. on 10 August 2018 will be registered before entitlements to the dividend are determined.

13. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

14. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

Name of Interested Person	Aggregate value (\$'000) of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
(1) Sky One Art Investment Pte Ltd - Purchase of artwork	314	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	168	

15. Negative confirmation by the board pursuant to Rule 705(5) of the SGX Listing Manual

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the financial results for the second quarter and first half ended 30 June 2018 of the Group and the Company to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Ms. Shirley Tan Sey Liy
Company Secretary
1 Aug 2018