

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Third Quarter and Period Ended 30 September 2017

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 third quarter and period ended 30 September 2017. The figures presented below have not been audited.

	Group			Group		
	3Q 2017	3Q 2016	Increase/ (Decrease)	9M 2017	9M 2016	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Revenue	154,256	157,344	-2.0%	449,451	461,674	-2.6%
Cost of sales	(69,162)	(68,806)	0.5%	(200,842)	(209,692)	-4.2%
Gross profit	85,094	88,538	-3.9%	248,609	251,982	-1.3%
Other income	5,255	5,682	-7.5%	26,135	24,791	5.4%
Interest income	423	339	24.8%	1,137	741	53.4%
Distribution and selling expenses	(59,249)	(63,786)	-7.1%	(179,341)	(186,977)	-4.1%
Administrative expenses	(21,363)	(21,503)	-0.7%	(62,220)	(66,991)	-7.1%
Interest expense	(1,119)	(1,509)	-25.8%	(3,634)	(4,577)	-20.6%
Profit before tax and share of results of joint ventures	9,041	7,761	16.5%	30,686	18,969	61.8%
Share of results of associates	(278)	131	N.M	(671)	(573)	17.1%
Share of results of joint ventures	256	429	-40.3%	820	770	6.5%
Profit before tax	9,019	8,321	8.4%	30,835	19,166	60.9%
Taxation	(2,853)	(2,967)	-3.8%	(8,233)	(7,435)	10.7%
Profit after tax	6,166	5,354	15.2%	22,602	11,731	92.7%
Attributable to:						
Shareholders of the Company	3,978	3,256	22.2%	16,781	7,006	139.5%
Non-controlling interests	2,188	2,098	4.3%	5,821	4,725	23.2%
	6,166	5,354	15.2%	22,602	11,731	92.7%
Other comprehensive income:						
Net gain on available-for-sale financial assets	-	(39)	N.M	17	-	N.M
Foreign currency translation	(134)	607	N.M	(1,406)	(1,786)	-21.3%
Other comprehensive (loss) income for the period, net of tax	(134)	568	N.M	(1,389)	(1,786)	-22.2%
Total comprehensive income for the period	6,032	5,922	1.9%	21,213	9,945	113.3%
Attributable to:						
Shareholders of the Company	3,844	3,824	0.5%	15,392	5,220	194.9%
Non-controlling interests	2,188	2,098	4.3%	5,821	4,725	23.2%
	6,032	5,922	1.9%	21,213	9,945	113.3%

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		
	3Q 2017	3Q 2016	Increase/ (Decrease)	9M 2017	9M 2016	Increase/ (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Depreciation and amortisation	10,556	12,120	-12.9%	31,667	36,616	-13.5%
Foreign exchange (gain)/loss, net	15	(106)	N.M.	600	1,190	-49.6%
(Gain)/loss on disposal of property, plant and equipment	(409)	1,676	N.M.	(2,176)	1,762	N.M.
Gain on divestment of investment securities	(37)	-	N.M.	(8,638)	(8,841)	-2.3%
Government grant	(200)	(1,976)	-89.9%	(1,461)	(3,749)	-61.0%
Impairment on investment securities	-	92	-100.0%	-	167	-100.0%
Impairment/(Write back) of loan and receivables						
- trade receivables	-	-	N.M.	41	(181)	N.M.
- other receivables	(3)	103	N.M.	85	362	-76.5%
Intangible assets written off	-	-	N.M.	-	133	N.M.
Operating lease expenses	32,034	36,930	-13.3%	101,625	111,109	-8.5%
Personnel expenses	46,687	46,281	0.9%	138,975	139,930	-0.7%
Property, plant and equipment written off (Note 1)	1,060	2,570	-58.8%	2,645	6,354	-58.4%

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	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	163,443	180,663	70,999	71,252
Investment property	22,520	22,984	-	-
Intangible assets	6,195	6,433	-	-
Investment securities	72,627	72,878	557	825
Investment in subsidiaries	-	-	24,380	24,296
Investment in associates	28,631	27,033	-	-
Investment in joint ventures	9,656	8,234	-	-
Other receivables	3,358	1,413	-	-
Due from related corporations	-	-	33,192	26,768
Deferred tax assets	2,423	2,749	-	-
	<u>308,853</u>	<u>322,387</u>	<u>129,128</u>	<u>123,141</u>

	Group		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Current assets				
Other investments	7,315	-	-	-
Investment securities	-	17,222	-	-
Inventories	10,461	9,806	-	-
Trade and other receivables	54,197	57,472	2,246	4,269
Prepayments	8,642	4,824	204	123
Due from related corporations	1,399	1,094	93,108	61,885
Amount due from minority shareholders of subsidiaries (non-trade)	520	509	-	-
Cash and cash equivalents	124,764	120,589	1,861	8,486
	<u>207,298</u>	<u>211,516</u>	<u>97,419</u>	<u>74,763</u>
Current liabilities				
Trade and other payables	83,296	86,404	1,741	1,955
Other liabilities	72,665	69,612	6,633	3,971
Provision for reinstatement cost	15,686	14,417	27	27
Due to related corporations	3,854	3,903	62,772	30,674
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	6,866	7,215	-	-
Current portion of long-term loans	38,371	24,238	4,122	4,122
Tax payable	8,493	9,854	856	551
	<u>229,431</u>	<u>215,843</u>	<u>76,151</u>	<u>41,300</u>
Net current (liabilities)/assets	(22,133)	(4,327)	21,268	33,463
Non-current liabilities				
Long-term loans	38,979	74,857	36,707	39,798
Notes payables	75,000	75,000	75,000	75,000
Loan from a minority shareholder of a subsidiary	516	549	-	-
Other liabilities	8,406	11,385	-	-
Deferred tax liabilities	4,251	4,324	1,791	1,791
	<u>127,152</u>	<u>166,115</u>	<u>113,498</u>	<u>116,589</u>
Net assets	<u>159,568</u>	<u>151,945</u>	<u>36,898</u>	<u>40,015</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(460)	(587)	(460)	(587)
Accumulated profits	96,680	93,966	3,386	6,779
Other reserves	3,370	5,328	669	520
	<u>132,893</u>	<u>132,010</u>	<u>36,898</u>	<u>40,015</u>
Non-controlling interests	26,675	19,935	-	-
Total equity	<u>159,568</u>	<u>151,945</u>	<u>36,898</u>	<u>40,015</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 30.09.2017		
Secured		Unsecured
\$'000		\$'000
35,288		10,149

As at 31.12.2016		
Secured		Unsecured
\$'000		\$'000
19,456		12,197

Amount repayable after one year

As at 30.09.2017		
Secured		Unsecured
\$'000		\$'000
37,522		76,973

As at 31.12.2016		
Secured		Unsecured
\$'000		\$'000
71,350		79,056

Details of any collateral

- (1) As at 30 September 2017, a total amount of \$87.1 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	
	3Q 2017	3Q 2016	9M 2017	9M 2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	9,019	8,321	30,835	19,166
Adjustments for:				
Amortisation of intangible assets	102	124	329	368
Depreciation of property, plant and equipment	10,454	11,996	31,338	36,248
Gain on divestment of investment securities	(37)	-	(8,638)	(8,841)
(Gain)/loss on disposal of property, plant and equipment	(372)	1,676	(2,139)	1,762
(Write back)/impairment loss on property, plant and equipment	(329)	-	(561)	-
Impairment loss on investment securities	-	92	-	167
Intangible assets written off	-	-	-	133
Interest expense	1,119	1,509	3,634	4,577
Interest income	(423)	(339)	(1,137)	(741)
Inventories written off	2	25	7	(11)
Property, plant and equipment written off	1,060	2,570	2,645	6,354
Share based payment expenses	100	40	276	162
Share of results of associates	278	(131)	671	573
Share of results of joint ventures	(256)	(429)	(820)	(770)
(Write back)/impairment loss on trade receivables	-	-	41	(181)
(Write back)/impairment loss on other receivables	(3)	103	85	362
Write back of provision for reinstatement cost	(24)	(14)	(66)	(51)
Exchange differences	(198)	(12)	1,783	4,468
Operating cash flow before working capital changes	20,492	25,531	58,283	63,745

	Group		Group	
	3Q 2017	3Q 2016	9M 2017	9M 2016
	\$'000	\$'000	\$'000	\$'000
(Increase)/decrease in:				
Amount due from associate (trade)	-	-	(3)	-
Amount due from joint ventures (trade)	(91)	(234)	121	(100)
Inventories	(984)	(130)	(663)	53
Prepayments	(2,300)	623	(3,818)	1,457
Trade and other receivables	(2,144)	2,912	1,146	4,323
Increase/(decrease) in:				
Amount due to a joint venture (trade)	155	(152)	(36)	(124)
Other liabilities	2,842	11,563	546	8,275
Trade and other payables	3,640	(2,513)	3,312	(8,648)
Cash generated from operations	21,610	37,600	58,888	68,981
Tax paid	(4,450)	(3,573)	(9,778)	(6,693)
Net cash flow from operating activities	17,160	34,027	49,110	62,288
Cash flows from investing activities				
Additions to intangible assets	-	(4)	(23)	(55)
Amount due from joint ventures (non-trade)	(301)	270	(421)	462
Amount due to joint ventures (non-trade)	29	(37)	(54)	(14)
Amount due to associates (non-trade)	(403)	11	41	(783)
Cash paid for reinstatement expenses	(387)	(997)	(619)	(1,916)
Dividends received from a joint venture	348	363	348	363
Dividends received from an associate	-	-	-	98
Interest income received	423	339	1,137	874
Investment in an associate	(809)	(1,364)	(2,233)	(2,769)
Investment in a joint venture	-	-	(1,005)	-
Proceeds from disposal of property, plant and equipment	785	3	3,087	56
Proceeds from divestment of investment securities	305	-	26,805	16,334
Purchase of property, plant and equipment	(7,499)	(12,900)	(23,436)	(30,640)
Other investments	(7,315)	-	(7,315)	-
Net cash flow (used in)/from investing activities	(14,824)	(14,316)	(3,688)	(17,990)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	(1,703)	-	(1,703)
Dividends paid to shareholders of the company	(2,814)	(5,203)	(14,067)	(8,015)
Interest paid	(1,119)	(1,509)	(3,634)	(4,577)
Proceeds from long-term loans	-	3,593	-	3,593
Proceeds from short-term loans	3,358	64	18,337	5,338
Proceeds from term notes	-	-	-	75,000
Purchase of treasury shares	-	(334)	-	(697)
Repayment of loan due to minority shareholder	(8)	6	(34)	(19)
Repayment of long-term loans	(2,309)	(13,254)	(21,679)	(59,510)
Repayment of short-term loans	(2,771)	(886)	(18,692)	(34,374)
Net cash flow (used in) financing activities	(5,663)	(19,226)	(39,769)	(24,964)
Net (decrease)/increase in cash and cash equivalents	(3,327)	485	5,653	19,334
Effect of exchange rate changes on cash and cash equivalents	(140)	41	(1,478)	(1,733)
Cash and cash equivalents at beginning of financial period	128,231	111,971	120,589	94,896
Cash and cash equivalents at end of financial period	124,764	112,497	124,764	112,497

Note A: Cash and cash equivalents comprise:

	Group	
	30.09.2017	30.09.2016
	\$'000	\$'000
Cash on hand and at bank	124,758	112,491
Short term FD	6	6
	124,764	112,497

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

Group	Attributable to Shareholders of the Company						Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000			
Balance at 1 January 2017	33,303	(587)	93,966	5,328	132,010	19,935		151,945
Profit for the period	-	-	12,803	-	12,803	3,633		16,436
<u>Other comprehensive income</u>								
Net gain on fair value changes of available-for-sale financial assets	-	-	-	17	17	-		17
Foreign currency translation	-	-	-	(1,272)	(1,272)	-		(1,272)
Total other comprehensive income, net of tax	-	-	-	(1,255)	(1,255)	-		(1,255)
Total comprehensive income for the period	-	-	12,803	(1,255)	11,548	3,633		15,181
<u>Contributions by and distributions to owners</u>								
Transfer to statutory reserve	-	-	-	-	-	-		-
Share-based payments	-	-	-	176	176	-		176
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)	49	(11,077)	-		(11,077)
<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)	95,516	3,403	131,762	24,287		156,049
Profit for the period	-	-	3,978	-	3,978	2,188		6,166
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	-		-
Foreign currency translation	-	-	-	(133)	(133)	-		(133)
Total other comprehensive income, net of tax	-	-	-	(133)	(133)	-		(133)
Total comprehensive income for the period	-	-	3,978	(133)	3,845	2,188		6,033
<u>Contributions by and distributions to owners</u>								
Transfer to statutory reserve	-	-	-	-	-	-		-
Share-based payments	-	-	-	100	100	-		100
Dividends paid	-	-	(2,814)	-	(2,814)	-		(2,814)
Purchase of treasury shares	-	-	-	-	-	-		-
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-	-		-
Total contributions by and distributions to owners	-	-	(2,814)	100	(2,714)	-		(2,714)
<u>Changes in ownership interests in a subsidiary</u>								
Issuance of new shares to non-controlling interest	-	-	-	-	-	200		200
Total changes in ownership interests in a subsidiary	-	-	-	-	-	200		200
Balance at 30 September 2017	33,303	(460)	96,680	3,370	132,893	26,675		159,568

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 2016	33,303	(378)	90,545	5,728	129,198	17,226	146,424
Profit for the period	-	-	3,750	-	3,750	2,627	6,377
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	39	39	-	39
Foreign currency translation	-	-	-	(2,393)	(2,393)	-	(2,393)
Total other comprehensive income, net of tax	-	-	-	(2,354)	(2,354)	-	(2,354)
Total comprehensive income for the period	-	-	3,750	(2,354)	1,396	2,627	4,023
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	121	121	-	121
Dividends paid	-	-	(2,812)	-	(2,812)	-	(2,812)
Purchase of treasury shares	-	(363)	-	-	(363)	-	(363)
Treasury shares transferred on vesting of restricted share grant	-	80	-	(80)	-	-	-
Total contributions by and distributions to owners	-	(283)	(2,812)	41	(3,054)	-	(3,054)
Balance at 30 June 2016	33,303	(661)	91,483	3,415	127,540	19,853	147,393
Profit for the period	-	-	3,256	-	3,256	2,098	5,354
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(39)	(39)	-	(39)
Foreign currency translation	-	-	-	607	607	-	607
Total other comprehensive income, net of tax	-	-	-	568	568	-	568
Total comprehensive income for the period	-	-	3,256	568	3,824	2,098	5,922
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	40	40	-	40
Dividends paid	-	-	(5,203)	-	(5,203)	-	(5,203)
Purchase of treasury shares	-	(333)	-	-	(333)	-	(333)
Treasury shares transferred on vesting of restricted share grant	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	(333)	(5,203)	40	(5,496)	-	(5,496)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	111	111	(1,812)	(1,701)
Total changes in ownership interests in a subsidiary	-	-	-	111	111	(1,812)	(1,701)
Balance at 30 September 2016	33,303	(994)	89,536	4,134	125,979	20,139	146,118

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
As at 1 January 2017	33,303	(587)	6,779	520	40,015
Profit for the period	-	-	11,597	-	11,597
Total comprehensive income for the period	-	-	11,597	-	11,597
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	176	176
Dividend paid	-	-	(11,253)	-	(11,253)
Treasury shares transferred on vesting of restricted share grant	-	127	-	(127)	-
Total contributions by and distributions to owners	-	127	(11,253)	49	(11,077)
Balance at 30 June 2017	33,303	(460)	7,123	569	40,535
Profit for the period	-	-	(923)	-	(923)
Total comprehensive income for the period	-	-	(923)	-	(923)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	100	100
Dividend paid	-	-	(2,814)	-	(2,814)
Total contributions by and distributions to owners	-	-	(2,814)	100	(2,714)
Balance at 30 September 2017	33,303	(460)	3,386	669	36,898

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Other reserves (Note B) \$'000	Total \$'000
As at 1 January 2016	33,303	(378)	5,375	437	38,737
Profit for the period	-	-	816	-	816
Total comprehensive income for the period	-	-	816	-	816
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	121	121
Dividends paid	-	-	(2,812)	-	(2,812)
Purchase of treasury shares	-	(363)	-	-	(363)
Treasury shares transferred on vesting of restricted share grant	-	80	-	(80)	-
Total contributions by and distributions to owners	-	(283)	(2,812)	41	(3,054)
Balance at 30 June 2016	33,303	(661)	3,379	478	36,499
Profit for the period	-	-	5,745	-	5,745
Total comprehensive income for the period	-	-	5,745	-	5,745
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	40	40
Dividends paid	-	-	(5,203)	-	(5,203)
Purchase of treasury shares	-	(333)	-	-	(333)
Total contributions by and distributions to owners	-	(333)	(5,203)	40	(5,496)
Balance at 30 September 2016	33,303	(994)	3,921	518	36,748

Note B: Other reserves

	Group		Company	
	30.09.2017 \$000	30.09.2016 \$000	30.09.2017 \$000	30.09.2016 \$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	1,891	2,104	-	-
Fair value adjustment reserve	17	-	-	-
Capital reserve	178	178	178	178
Share based compensation reserve	491	340	491	340
Premium on acquisition of non-controlling interests	(2,161)	(1,442)	-	-
	3,370	4,134	669	518

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

There were no changes in the share capital of the Company in 3Q 2017. There were a total of 457,954 treasury shares held as at 30 September 2017 (30 September 2016: 1,079,060). The Company did not have any subsidiary holdings or other convertibles as at 30 September 2017.

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 September 2017, the Company's issued and paid up capital, excluding 457,954 (31 December 2016: 579,060) treasury shares held, comprises 281,435,284 (31 December 2016: 281,314,178) ordinary shares.

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			
	3Q 2017	3Q 2016	9M 2017	9M 2016
Balance at beginning of financial period	457,954	612,060	579,060	337,570
Purchase of treasury shares	-	467,000	-	816,400
Treasury shares transferred on vesting of restricted share grant	-	-	(121,106)	(74,910)
Balance at end of financial period	457,954	1,079,060	457,954	1,079,060

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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2016, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2017.

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

The Group and the Company have adopted the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2017. The adoption of the new and revised FRS did not result in any material impact on the Group's and the Company's financial statements.

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		Group	
	3Q 2017	3Q 2016	9M 2017	9M 2016
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	1.41 cents	1.16 cents	5.96 cents	2.49 cents
Weighted average number of ordinary shares	281,435,284	281,125,511	281,381,459	281,295,729
(b) On a fully diluted basis	1.41 cents	1.16 cents	5.96 cents	2.49 cents
Adjusted weighted average number of ordinary shares	281,992,676	281,237,051	281,790,234	281,407,049

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		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Net asset value per ordinary share based on issued share capital as at the end of period	56.7 cents	54.0 cents	13.1 cents	14.2 cents

Note: The net asset value per ordinary share of the Group and the Company as at 30 September 2017 is computed based on the total number of issued shares (excluding 457,954 treasury shares) of 281,435,284 (31 December 2016: 281,314,178).

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 9M FY2017 declined 2.6% Y/Y from \$461.7 million to \$449.5 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group rose 9.1% Y/Y to \$64.9 million with EBITDA margin improving to 14.4% (9M FY2016: 12.9%). Profit After Tax and Minority Interests ("PATMI") for 9M FY2017 improved 139.5% from \$7.0 million to \$16.8 million. PATMI margin rose to 3.7% (9M FY2016: 1.5%).

1Q FY2017 saw the recognition of \$9.3 million in net capital gain from the divestment of the Group's investment in TripleOne Somerset, while 1Q FY2016 saw the recognition of \$8.8 million in net capital gain from the divestment of 112 Katong Mall. Excluding one-off items, core Food & Beverage (F&B) business net profit for 9M FY2017 would have been \$12.1 million, an improvement from a net profit of \$2.4 million in 9M FY2016.

Bakery Division revenue declined 2.7% Y/Y to \$223.1 million during 9M FY2017, attributed to lower revenue from direct operated stores at Shanghai and Beijing. Direct operated stores remained relatively unchanged at 255 while franchise outlets saw a net increase of 15 Y/Y to 604. EBITDA for the Division declined 13.3% to \$18.7 million, with EBITDA margin at 8.4% (9M FY2016: 9.4%) on higher raw materials cost and lower profitability from direct operated stores in Singapore and Shanghai. During 9M 2017, we terminated the franchise agreements of some underperforming franchisees in China which also contributed to lower China franchise profitability during the period. At the end of September, the Division also entered into a sale and purchase agreement whereby all the assets of our Malaysia Bakery business under our subsidiary,

ML Breadworks Sdn Bhd were sold to a joint venture company (JV Co). Upon the completion of the deal, the Group, via its wholly-owned subsidiary, BreadTalk International Pte Ltd would hold 25% share in the JV Co, with the JV partner being a subsidiary of United Malayan Land Bhd (UMLand) – one of the top 10 developers in Malaysia. The Group recognised a gain on disposal of \$0.3 million and will transit from consolidation to equity accounting for this business commencing 4Q FY2017.

For Food Atrium Division, revenue declined 6.9% Y/Y to \$112.4 million as number of outlets decreased by 3 Y/Y. The same store sales recovery momentum in our China food atrium portfolio has sustained. EBITDA improved 127.0% Y/Y to \$17.7 million with EBITDA margin improving from 6.4% to 15.7%.

Restaurant Division revenue rose 2.5% Y/Y to \$104.8 million. There was no change in the number of outlets during the period. EBITDA rose 7.0% Y/Y to \$22.3 million on the back of better cost management, with EBITDA margin at 21.2% (9M FY2016: 20.4%).

4orth Division is a new business division incorporated with the objective of incubating new Food & Beverage (F&B) business concepts, as well as enter into joint ventures or other forms of collaboration with good potential F&B partners, with whom we would take these F&B businesses to the regional level. Currently led by the Group CEO himself, 4orth Division's inaugural project was the rebranding of the now defunct RamenPlay brand to Sō. Since the successful conversion of the first Sō outlet at Nex Serangoon, 4orth Division has already completed the brand conversion for all 5 outlets by September 2017. In July 2017, the Division entered into a 90-10 joint venture with Song Fa Holdings to bring the popular Bak Kut Teh brand of restaurants to China and Thailand. For 9M FY2017, the Division came in with a revenue of \$5.7 million with EBITDA of \$0.3 million. The Y/Y comparative figures are not meaningful. However, the 5 Sō outlets have, on average, generated strong double digit percentages improvement in revenue compared to the RamenPlay outlets that were formerly operating on the same premises (Nex Serangoon, Bedok Mall, Novena Square, Resort World Sentosa and BreadTalk IHQ).

Number of outlets including franchise under the Group:

	30.09.2017	31.12.2016	Net increase / (decrease)	31.09.2016	Net increase / (decrease)
Bakery	859	862	-0.3%	847	1.4%
- Direct operated stores	255	260	-1.9%	258	-1.2%
- Franchise	604	602	0.3%	589	2.5%
Food Atrium	54	57	-5.3%	57	-5.3%
Restaurant	24	24	0.0%	24	0.0%
4orth	5	6	-16.7%	6	-16.7%

(B) Balance Sheet

As at 30 September 2017,

Non-current assets declined by \$13.5 million or 4.2% from \$322.4 million to \$308.9 million mainly due to decrease in property, plant and equipment by \$17.2 million, due to depreciation;

offset by an increase in:

- (i) other receivables by \$1.9 million; and
- (ii) investment in associates by \$1.6 million.

Current assets decreased by \$4.2 million or 2.0% from \$211.5 million to \$207.3 million mainly due to decrease in:

- (i) investment securities by \$17.2 million following the divestment of TripleOne Somerset; and
- (ii) trade and other receivables by \$3.3 million with improved collection;

offset by an increase in:

- (i) other investments by \$7.3 million; and
- (ii) cash and cash equivalents by \$4.2 million; and
- (iii) prepayments by \$3.8 million.

Current liabilities increased by \$13.6 million or 6.3% from \$215.8 million to \$229.4 million mainly due to increase in:

- (i) current portion of long term loans by \$14.1 million; and
- (ii) other liabilities by \$3.1 million;

offset by a decrease in trade and other payables by \$3.1 million.

Non-current liabilities decreased by \$38.9 million or 23.4% from \$166.1 million to \$127.2 million mainly due to decrease in:

- (i) long term loans by \$35.9 million; and
- (ii) other liabilities by \$3.0 million.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$49.1 million in 9M FY2017, once again a testimony to the underlying strength of the core business.

Net cash flow used in investing activities was \$3.7 million in 9M FY2017. Net cash flow was used primarily in the purchase of property, plant and equipment amounting to \$23.4 million and other investments amounting to \$7.3 million.

The Group continues its effort to pare down its debt. In 9M FY2017, there was a net repayment of \$22.1 million of borrowings compared to the net repayment of \$10.0 million in 9M FY2016. During the period, the Group also paid out \$14.1 million in dividends. As a result, net cash flow used in financing activities in 9M FY2017 was \$39.8 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$5.7 million in 9M FY2017, ending the period with a cash and cash equivalents of \$124.8 million.

(D) Segment Information

	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
9M 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	223,070	112,445	104,811	5,705	-	3,420	-	449,451
Inter-segment sales	1,094	1,657	-	-	-	-	(2,751)	-
Total revenue	224,164	114,102	104,811	5,705	-	3,420	(2,751)	449,451
Results								
Profit from operations	7,035	5,486	18,046	(391)	11,473	(8,338)	(128)	33,183
Interest income	37	312	877	2	776	1,319	(2,220)	1,103
Interest expense	(604)	(408)	-	(9)	(3,575)	(1,284)	2,246	(3,634)
Share of associates' results	-	-	-	-	-	(635)	-	(635)
Share of joint ventures'	634	184	-	-	-	-	-	818
Segment profit	7,102	5,574	18,923	(398)	8,674	(8,938)	(102)	30,835
Tax expense								(8,233)
Profit after tax								22,602
Segment assets	171,813	127,002	119,820	18,577	89,660	137,241	(150,385)	513,728
Tax recoverable								-
Deferred tax assets								2,423
Total Assets								516,151
Segment liabilities	131,873	127,507	26,012	21,717	25,017	171,238	(159,525)	343,839
Tax payable								8,493
Deferred tax liabilities								4,251
Total liabilities								356,583
Investment in associate	-	-	-	-	-	28,631	-	28,631
Investment in joint ventures	8,813	843	-	-	-	-	-	9,656
Additions to non-current assets ⁽³⁾	6,552	5,133	3,712	1	-	2,471	-	17,869
Depreciation & Amortisation	11,659	12,196	4,213	645	1,469	1,485	-	31,667
Other non-cash expenses	1,527	910	13	321	-	278	-	3,049

	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2016								
Revenue								
External sales	229,240	120,784	102,227	5,947	-	3,476	-	461,674
Inter-segment sales	371	2,274	-	-	-	-	(2,645)	-
Total revenue	229,611	123,058	102,227	5,947	-	3,476	(2,645)	461,674
Results								
Profit from operations	10,111	(9,312)	16,299	(282)	11,172	(4,055)	(1,128)	22,805
Interest income	126	116	642	2	414	1,008	(1,567)	741
Interest expense	(550)	(593)	(6)	(9)	(3,640)	(844)	1,065	(4,577)
Share of associates' results	-	-	-	-	-	(573)	-	(573)
Share of joint ventures'	567	203	-	-	-	-	-	770
Segment profit	10,254	(9,586)	16,935	(289)	7,946	(4,464)	(1,630)	19,166
Tax expense								(7,435)
Profit after tax								11,731
Segment assets	156,789	140,546	99,265	12,122	184,422	92,767	(161,297)	524,614
Tax recoverable								38
Deferred tax assets								3,322
Total Assets								527,974
Segment liabilities	112,679	135,528	21,904	15,794	154,587	126,418	(197,588)	369,322
Tax payable								8,523
Deferred tax liabilities								4,011
Total liabilities								381,856
Investment in associate	-	-	-	-	-	28,420	-	28,420
Investment in joint ventures	7,094	635	-	-	-	-	-	7,729
Additions to non-current assets ⁽³⁾	11,958	9,092	4,478	30	-	2,077	-	27,635
Depreciation & Amortisation	11,447	17,101	4,512	430	1,354	1,772	-	36,616
Other non-cash expenses	1,215	6,992	20	-	-	354	-	8,581

Geographical Information

	External Sales		Non-current Assets ⁽³⁾	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Singapore	254,473	251,027	121,085	131,096
Mainland China	123,603	130,931	55,048	61,413
Hong Kong	40,594	52,093	9,356	13,834
Rest of the world	30,781	27,623	6,669	8,504
	<u>449,451</u>	<u>461,674</u>	<u>192,158</u>	<u>214,847</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 dormant associated company.

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

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

Despite a competitive operating environment, the Group's efforts in consolidating underperforming outlets, streamlining our franchise portfolio, minimising food atrium stall vacancies and optimising our operating cost structures have translated to better profitability. Our new growth engines in the form of Din Tai Fung in the United Kingdom (UK) and Song Fa JV are expected to create new revenue streams for the Group. Our first Song Fa Bak Kut Teh outlet in Shanghai and our first Din Tai Fung outlet in the UK are expected to open in 2018. Coupled with improved operating procedures and stronger capital expenditure discipline, the Group remains optimistic of our outlook over the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share	1.0 Singapore cent (tax exempt one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

The interim dividend will be paid on 21 December 2017.

(d) Books closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 8 December 2017 ("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 8 December 2017 will be registered before entitlements to the dividend are determined.

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

Not applicable.

13. 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	181	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	304	

14. Negative confirmation by the board pursuant to Rule 705(5)

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 third quarter and period ended 30 September 2017 of the Group and the Company to be false or misleading in any material aspect.

15. 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
6 November 2017