

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Year Ended 31 March 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 year ended 31 March 2018. The figures presented below have not been audited.

| | Group | | |
|--|--------------|----------------------|-------------------------|
| | 1Q 2018 | 1Q 2017 | |
| | \$'000 | (Restated) \$'000 | Increase/ (Decrease) |
| Revenue | 148,534 | 147,741 | 0.5% |
| Cost of sales | (65,377) | (66,675) | -1.9% |
| Gross profit | 83,157 | 81,066 | 2.6% |
| Other income | 7,096 | 15,204 | -53.3% |
| Interest income | 831 | 417 | 99.3% |
| Distribution and selling expenses | (60,452) | (59,787) | 1.1% |
| Administrative expenses | (22,173) | (20,790) | 6.7% |
| Interest expense | (2,490) | (1,371) | 81.6% |
| Profit before tax and share of results of joint ventures | 5,969 | 14,739 | -59.5% |
| Share of results of associates | (259) | 190 | N.M |
| Share of results of joint ventures | 275 | 189 | 45.5% |
| Profit before tax | 5,985 | 15,118 | -60.4% |
| Taxation | (2,401) | (2,570) | -6.6% |
| Profit after tax | 3,584 | 12,548 | -71.4% |
| Attributable to: | | | |
| Shareholders of the Company | 1,180 | 10,805 | -89.1% |
| Non-controlling interests | 2,404 | 1,743 | 37.9% |
| | 3,584 | 12,548 | -71.4% |
| Other comprehensive income: | | | |
| Net gain on available-for-sale financial assets | (4) | 11 | N.M |
| Foreign currency translation | (84) | (997) | -91.6% |
| Other comprehensive (loss) income for the period, net of tax | (88) | (986) | -91.1% |
| Total comprehensive income for the period | 3,496 | 11,562 | -69.8% |
| Attributable to: | | | |
| Shareholders of the Company | 1,092 | 9,819 | -88.9% |
| Non-controlling interests | 2,404 | 1,743 | 37.9% |
| | 3,496 | 11,562 | -69.8% |

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

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

| | Group | | |
|--|---------|----------------------|-------------------------|
| | 1Q 2018 | 1Q 2017 | |
| | \$'000 | (Restated) \$'000 | Increase/ (Decrease) |
| Depreciation and amortisation | 8,693 | 10,641 | -18.3% |
| Foreign exchange (gain)/loss, net | (130) | 636 | N.M. |
| (Gain)/loss on disposal of property, plant and equipment | 8 | (1,771) | N.M. |
| Gain on divestment of investment securities | - | (8,601) | N.M. |
| Government grant | (929) | (838) | 10.9% |
| Fair value gain on investment securities | (321) | - | N.M. |
| Impairment/(Write back) of loan and receivables | | | |
| - trade receivables | - | 41 | N.M. |
| - other receivables | 87 | 86 | 1.2% |
| Operating lease expenses | 34,769 | 35,263 | -1.4% |
| Personnel expenses | 46,132 | 47,205 | -2.3% |
| Property, plant and equipment written off (Note 1) | 706 | 294 | 140.1% |

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 | |
|-------------------------------|----------------|----------------------|----------------------|----------------|----------------|
| | 31.3.2018 | 31.12.2017 | 1.1.2017 | 31.3.2018 | 31.12.2017 |
| | \$'000 | (Restated) \$'000 | (Restated) \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 165,206 | 169,097 | 180,663 | 73,527 | 73,228 |
| Investment property | 39,840 | 39,463 | 22,984 | - | - |
| Intangible assets | 6,020 | 6,089 | 6,433 | - | - |
| Investment securities | 123,984 | 72,068 | 72,878 | - | - |
| Investment in subsidiaries | - | - | - | 24,456 | 24,418 |
| Investment in associates | 26,460 | 26,682 | 27,033 | - | - |
| Investment in joint ventures | 10,537 | 10,040 | 8,234 | - | - |
| Other receivables | 1,108 | 1,107 | 1,413 | - | - |
| Due from related corporations | - | - | - | 30,692 | 30,692 |
| Deferred tax assets | 2,618 | 2,559 | 2,749 | - | - |
| | <u>375,773</u> | <u>327,105</u> | <u>322,387</u> | <u>128,675</u> | <u>128,338</u> |

| | 31.3.2018 | Group 31.12.2017 (Restated) | 1.1.2017 (Restated) | Company 31.3.2018 | 31.12.2017 |
|--|----------------|-----------------------------------|------------------------|----------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Current assets | | | | | |
| Investment securities | 18,221 | 12,886 | 17,222 | - | - |
| Inventories | 10,589 | 9,721 | 9,806 | - | - |
| Trade and other receivables | 50,848 | 51,953 | 52,049 | 4,003 | 2,417 |
| Prepayments | 6,256 | 6,771 | 4,824 | 118 | 92 |
| Tax recoverable | 204 | 280 | - | - | - |
| Due from related corporations | 569 | 1,128 | 1,094 | 112,484 | 105,149 |
| Amount due from minority shareholders of subsidiaries (non-trade) | 535 | 525 | 509 | - | - |
| Cash and cash equivalents | 210,642 | 141,245 | 120,589 | 19,999 | 1,278 |
| | <u>297,864</u> | <u>224,509</u> | <u>206,093</u> | <u>136,604</u> | <u>108,936</u> |
| Current liabilities | | | | | |
| Trade and other payables | 87,511 | 90,326 | 86,404 | 2,198 | 2,175 |
| Other liabilities | 71,189 | 78,710 | 69,612 | 7,367 | 7,588 |
| Provision for reinstatement cost | 15,781 | 15,846 | 14,417 | 27 | 27 |
| Due to related corporations | 3,028 | 3,881 | 3,903 | 7,377 | 57,787 |
| Loan from a minority shareholder of a subsidiary | 200 | 200 | 200 | - | - |
| Short term loans | 18,291 | 19,237 | 7,215 | 10,000 | 10,000 |
| Current portion of long-term loans | 34,713 | 37,864 | 24,238 | 3,348 | 4,122 |
| Tax payable | 12,566 | 10,660 | 9,854 | 916 | 565 |
| | <u>243,279</u> | <u>256,724</u> | <u>215,843</u> | <u>31,233</u> | <u>82,264</u> |
| Net current (liabilities)/assets | 54,585 | (32,215) | (9,750) | 105,371 | 26,672 |
| Non-current liabilities | | | | | |
| Long-term loans | 32,151 | 50,533 | 74,857 | 18,531 | 35,676 |
| Notes payables | 175,000 | 75,000 | 75,000 | 175,000 | 75,000 |
| Loan from a minority shareholder of a subsidiary | 498 | 508 | 549 | - | - |
| Other liabilities | 8,640 | 9,392 | 11,385 | - | - |
| Deferred tax liabilities | 4,579 | 4,576 | 4,324 | 2,391 | 2,391 |
| | <u>220,868</u> | <u>140,009</u> | <u>166,115</u> | <u>195,922</u> | <u>113,067</u> |
| Net assets | <u>209,490</u> | <u>154,881</u> | <u>146,522</u> | <u>38,124</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 | 145,537 | 93,343 | 88,543 | 4,414 | 8,332 |
| Other reserves | 3,014 | 3,216 | 5,328 | 654 | 768 |
| | <u>181,607</u> | <u>129,402</u> | <u>126,587</u> | <u>38,124</u> | <u>41,943</u> |
| Non-controlling interests | 27,883 | 25,479 | 19,935 | - | - |
| Total equity | <u>209,490</u> | <u>154,881</u> | <u>146,522</u> | <u>38,124</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 31.3.2018 | | |
|-----------------|--|-----------|
| Secured | | Unsecured |
| \$'000 | | \$'000 |
| 35,498 | | 17,706 |

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

Amount repayable after one year

| As at 31.3.2018 | | |
|-----------------|--|-----------|
| Secured | | Unsecured |
| \$'000 | | \$'000 |
| 32,151 | | 175,498 |

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

Details of any collateral

- (1) As at 31 March 2018, a total amount of \$193.2 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

| | 1Q 2018 | Group 1Q 2017 (Restated) |
|---|---------|--------------------------------|
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Profit before tax | 5,985 | 15,118 |
| Adjustments for: | | |
| Amortisation of intangible assets | 99 | 95 |
| Allowance for inventory obsolescence | - | - |
| Bad debts written off | 16 | - |
| Depreciation of property, plant and equipment | 8,594 | 10,546 |
| Gain on divestment of investment securities | - | (8,601) |
| (Gain)/loss on disposal of property, plant and equipment | 8 | (1,771) |
| (Write back)/impairment loss on property, plant and equipment | (23) | - |
| Fair value gain on investment securities | (321) | - |
| Interest expense | 2,490 | 1,371 |
| Interest income | (831) | (417) |
| Property, plant and equipment written off | 706 | 294 |
| Share based payment expenses | 99 | 30 |
| Share of results of associates | 259 | (190) |
| Share of results of joint ventures | (275) | (189) |
| (Write back)/impairment loss on trade receivables | - | 41 |
| (Write back)/impairment loss on other receivables | 87 | 86 |
| Exchange differences | (778) | 2,764 |
| Operating cash flow before working capital changes | 16,115 | 19,177 |

| | Group | |
|--|-----------------|-----------------------|
| | 1Q 2018 | 1Q 2017 (Restated) |
| | \$'000 | \$'000 |
| (Increase)/decrease in: | | |
| Amount due from associate (trade) | (2) | (3) |
| Amount due from joint ventures (trade) | (55) | 102 |
| Inventories | (868) | (175) |
| Prepayments | 515 | (754) |
| Trade and other receivables | 695 | 4,198 |
| Increase/(decrease) in: | | |
| Amount due to a joint venture (trade) | (190) | (544) |
| Other liabilities | (8,149) | (1,098) |
| Trade and other payables | (1,407) | (3,290) |
| Cash generated from operations | 6,654 | 17,613 |
| Tax paid | (476) | (1,177) |
| Net cash flow from operating activities | 6,178 | 16,436 |
| Cash flows from investing activities | | |
| Additions to intangible assets | (27) | (1) |
| Amount due from joint ventures (non-trade) | 560 | (159) |
| Amount due to joint ventures (non-trade) | (31) | (43) |
| Amount due to associates (non-trade) | (575) | (39) |
| Cash paid for reinstatement expenses | (215) | (68) |
| Interest income received | 831 | 417 |
| Investment in an associate | - | (1,424) |
| Proceeds from disposal of property, plant and equipment | 9 | 2,302 |
| Proceeds from divestment of investment securities | - | 1,326 |
| Purchase of property, plant and equipment | (6,446) | (12,189) |
| Purchase of investment securities | (6,012) | - |
| Net cash flow used in investing activities | (11,906) | (9,878) |
| Cash flows from financing activities | | |
| Interest paid | (2,490) | (1,371) |
| Proceeds from long-term loans | 365 | - |
| Proceeds from short-term loans | 25,293 | 9,144 |
| Proceeds from medium term notes | 100,000 | - |
| Repayment of loan due to minority shareholder | (10) | (18) |
| Repayment of long-term loans | (21,893) | (16,713) |
| Repayment of short-term loans | (26,316) | (7,797) |
| Net cash flow from/(used in) financing activities | 74,949 | (16,755) |
| Net increase in cash and cash equivalents | 69,221 | (10,197) |
| Effect of exchange rate changes on cash and cash equivalents | 176 | (1,122) |
| Cash and cash equivalents at beginning of financial period | 141,245 | 120,589 |
| Cash and cash equivalents at end of financial period | 210,642 | 109,270 |

Note A: Cash and cash equivalents comprise:

| | Group | |
|--------------------------|----------------|----------------|
| | 31.3.2018 | 31.12.2017 |
| | \$'000 | \$'000 |
| Cash on hand and at bank | 210,636 | 141,239 |
| Short term FD | 6 | 6 |
| | 210,642 | 141,245 |

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 | | | | 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 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> | | | | | | | |
| 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 |

| 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 |

| 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 | - | - | (3,018) | - | (3,018) |
| Total comprehensive income for the period | - | - | (3,018) | - | (3,018) |
| <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) | 5,314 | 654 | 39,024 |

| 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 |

Note B: Other reserves

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31.3.2018 \$000 | 31.3.2017 \$000 | 31.3.2018 \$000 | 31.3.2017 \$000 |
| Statutory reserve fund | 2,954 | 2,954 | - | - |
| Translation reserve | 1,555 | 1,639 | - | - |
| Fair value adjustment reserve | 11 | 15 | - | - |
| Capital reserve | 177 | 177 | 177 | 177 |
| Share based compensation reserve | 477 | 591 | 477 | 591 |
| Premium on acquisition of non-controlling interests | (2,160) | (2,160) | - | - |

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 1Q 2018. There were a total of 254,688 treasury shares held as at 31 March 2018 (31 March 2017: 579,060). The Company did not have any subsidiary holdings or other convertibles as at 31 March 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 31 March 2018, the Company's issued and paid up capital, excluding 254,688 (31 December 2017: 457,954) treasury shares held, comprises 281,638,550 (31 December 2017: 281,435,284) 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 | |
|--|----------------------------------|----------------|
| | 1Q 2018 | 1Q 2017 |
| Balance at beginning of financial period | 457,954 | 579,060 |
| Treasury shares transferred on vesting of restricted share grant | (203,266) | - |
| Balance at end of financial period | <u>254,688</u> | <u>579,060</u> |

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: | | |
|------------------------|---------|---------------------------|------------|--------------------|
| | 3M 2017 | SFRS(I) 9 | SFRS(I) 15 | 3M 2017 (Restated) |
| Profit and Loss | | | | |
| Revenue | 147,626 | - | 115 | 147,741 |
| | | | | |

| 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 | |
|--|-------------|-----------------------|
| | 1Q 2018 | 1Q 2017 (Restated) |
| Earnings per ordinary share for the period: | | |
| (a) Based on weighted average number of ordinary shares in issue | 0.42 cent | 3.84 cents |
| Weighted average number of ordinary shares | 281,503,039 | 281,314,178 |
| (b) On a fully diluted basis | 0.42 cent | 3.84 cents |
| Adjusted weighted average number of ordinary shares | 281,660,431 | 281,425,718 |

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 | |
|--|------------|--------------------------|------------|------------|
| | 31.3.2018 | 31.12.2017 (Restated) | 31.3.2018 | 31.12.2017 |
| Net asset value per ordinary share based on issued share capital as at the end of period | 74.4 cents | 57.0 cents | 13.5 cents | 14.9 cents |

Note: The net asset value per ordinary share of the Group and the Company as at 31 March 2018 is computed based on the total number of issued shares (excluding 254,688 treasury shares) of 281,638,550 (31 December 2017: 281,435,284).

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 1Q FY2018 rose 0.5% Y/Y from \$147.7 million to \$148.5 million, in line with our plan to cautiously restart our outlet expansion following two years of business consolidation. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group declined 38% Y/Y to \$16.3 million with EBITDA margin at 11.0% (1Q FY2017: 17.8%).

Profit After Tax and Minority Interests ("PATMI") for 1Q FY2018 declined 89.1% from \$10.8 million to \$1.2 million, as 1Q FY2017 saw the recognition of \$9.3 million in capital gain from the divestment of the Group's investment in TripleOne Somerset. During the quarter, the Group brought forward the early closure of 8 Bakery outlets in China and 1 Food Atrium outlet in Hangzhou.

Excluding effects of the capital gain and the assets write off, core Food & Beverage (F&B) business net profit for 1Q FY2018 saw an increase of 89.4% from \$1.6 million to \$2.9 million, despite weaker profitability at the Bakery Division and initial start-up losses at the 4orth Division.

Bakery Division revenue declined 4.5% Y/Y to \$70.4 million during 1Q FY2018, attributed to lower revenue from direct operated stores at Shanghai, Beijing and Hong Kong, as well as lower franchise revenue from China. As at the end of 1Q FY2018, there were 254 China franchise outlets across 28 cities compared with 278 outlets across 36 cities as at the end of 1Q FY2017. EBITDA for the Division declined 31.0% Y/Y to \$3.8 million, with EBITDA margin at 5.4% (1Q FY2017: 7.4%).

Food Atrium Division revenue grew 3.3% Y/Y to \$37.5 million, despite having 4 less outlets than a year ago, driven by strong same store sales growth momentum across the entire portfolio. EBITDA declined 3.7% to \$5.3 million with EBITDA margin slightly lower at 14.1% (1Q FY2017: 15.1%), dragged down by the Hangzhou outlet closure but mitigated by higher revenue.

Restaurant Division revenue rose 6.2% Y/Y to \$36.9 million with the addition of 3 more outlets – 1 in Singapore and 2 in Thailand, compared to 1Q FY2017. EBITDA improved 24.4% to \$8.7 million despite higher staff cost as well as administrative expenses 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 improved from 20.1% to 23.5%.

4orth Division turned in a revenue of \$2.7 million for 1Q FY2018. The business division currently comprises 5 outlets of So Ramen in Singapore and 1 outlet of Song Fa Bak Kut Teh ("Song Fa") in Shanghai, China. The Y/Y comparison is therefore not meaningful as the results for 1Q FY2017 were related to the now defunct RamenPlay brand. The Division reports an EBITDA loss of \$0.1 million primarily attributed to pre-opening expenses at Song Fa.

Overall interest expense for the Group increased 81.6% Y/Y to \$2.5 million, with interest income rising 99.3% to 0.8 million. We have commenced the accrual of interest expense related to the \$100 million of 5-year, 4.00% Medium Term Note issued in January 2018, which will be primarily deployed to the capital expenditure that we have planned for the financial year.

Earnings per share (EPS) on a fully diluted basis for 1Q FY2018 was 0.42 cent compared to 3.84 cents for 1Q FY2017.

Net asset value (NAV) per share was 74.4 cents as at 31 March 2018 compared to 57.0 cents as at 31 December 2017.

Number of outlets including franchise under the Group:

| | 31.3.2018 | 31.12.2017 | Net increase / (decrease) | 31.3.2017 | Net increase / (decrease) |
|--------------------------|-----------|------------|------------------------------|-----------|------------------------------|
| Bakery | 857 | 871 | -1.6% | 855 | 0.2% |
| - Direct operated stores | 231 | 240 | -3.8% | 261 | -11.5% |
| - Franchise | 626 | 631 | -0.8% | 594 | 5.4% |
| Food Atrium | 53 | 53 | 0.0% | 57 | -7.0% |
| Restaurant | 27 | 25 | 8.0% | 24 | 12.5% |
| 4orh | 6 | 5 | 20.0% | 6 | 0.0% |
| Total | 943 | 954 | -1.2% | 942 | 0.1% |

(B) Balance Sheet

As at 31 March 2018,

Non-current assets increased by \$48.7 million or 14.9% from \$327.1 million to \$375.8 million mainly due to increase in investment securities by \$51.9 million and offset by a decrease in property, plant and equipment by \$3.9 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 \$73.4 million or 32.7% from \$224.5 million to \$297.9 million mainly due to increase in:

- (i) cash and cash equivalents by \$69.4 million; and
- (ii) investment securities by \$5.3 million;

offset by a decrease in prepayments by \$0.5 million.

Current liabilities decreased by \$13.4 million or 5.2% from \$256.7 million to \$243.3 million mainly due to increase in:

- (i) current portion of long term loans by \$3.2 million; and
- (ii) other liabilities by \$7.5 million; and
- (iii) trade and other payables by \$2.8 million.

Non-current liabilities increased by \$80.9 million or 57.8% from \$140.0 million to \$220.9 million mainly due to increase in notes payable by \$100.0 million and offset by a decrease in long term loans \$18.4 million.

(C) Cash Flow Statement

The Group generated net cash flow from operating activities of \$6.2 million in 1Q FY2018, demonstrating the underlying strength of the core business to generate positive cash flow.

Net cash flow used in investing activities was \$11.9 million in 1Q FY2018. Net cash flow was used primarily in the purchase of property, plant and equipment amounting to \$6.4 million and purchase of investment securities amounting to \$6.0 million.

In 1Q FY2018, aside from the proceeds of \$100.0 million from the issuance of the Medium Term Note, there was a net repayment of loans amounting to \$22.6 million compared to the net repayment of \$15.4 million in 1Q FY2017. The Group continues its effort to pare down borrowings. As a result, net cash flow generated in financing activities in 1Q FY2018 was \$74.9 million.

Overall, the Group generated a net increase in cash and cash equivalents of \$69.2 million in 1Q FY2018, ending the period with a cash and cash equivalents of \$210.6 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

The Group had a busy 1Q FY2018. In January 2018, we announced the award of our BreadTalk franchise right in Delhi and National Capital Region, India, to Bakekneads LLP, a member of the Som Datt Group. The same month also saw the official opening of our first Song Fa Bak Ku Teh outlet in Shanghai Jing An Kerry Centre, following 6 full months of intensive preparations since the signing of the joint venture (JV) agreement with Song Fa Holdings Pte Ltd in July 2017.

In March 2018, we entered into a JV agreement 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. During the same month, we also marked the entry of our Toast Box brand into Indonesia following our JV agreement with PT. Pura Indah Berkas.

The Group will stay focused on deepening the penetration of our existing markets and leverage our regional platform to bring more new food concepts and brands into our portfolio to drive our growth. We also expect to see better procurement cost outcomes as our BTG-Shinmei Venture commences its procurement operations soon.

The management team continues to reiterate our commitment to build a strong foundation for the next leg of growth for the Company so that it will be sustainable in the long term. We 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.

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 |
|--|-----------------------------|--------------------|-------------------|-------------------------|-------------------------------|-----------------------------|--------------------|---------------|
| 3M 2018 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | |
| External sales | 70,366 | 37,485 | 36,895 | 2,691 | - | 1,097 | - | 148,534 |
| Inter-segment sales | 331 | 807 | - | - | - | - | (1,138) | - |
| Total revenue | 70,697 | 38,292 | 36,895 | 2,691 | - | 1,097 | (1,138) | 148,534 |
| Results | | | | | | | | |
| Profit from operations | 991 | 2,055 | 7,092 | (319) | 747 | (2,893) | (45) | 7,628 |
| Interest income | 60 | 34 | 333 | 2 | 447 | 614 | (659) | 831 |
| Interest expense | (212) | (86) | (13) | (13) | (1,296) | (1,529) | 659 | (2,490) |
| Share of associates' results | (65) | - | - | - | - | (194) | - | (259) |
| Share of joint ventures' | 182 | 93 | - | - | - | - | - | 275 |
| Segment profit | 956 | 2,096 | 7,412 | (330) | (102) | (4,002) | (45) | 5,985 |
| Tax expense | | | | | | | | (2,401) |
| Profit after tax | | | | | | | | 3,584 |
| Segment assets | 157,875 | 124,990 | 120,133 | 24,578 | 140,985 | 189,118 | (86,864) | 670,815 |
| Tax recoverable | | | | | | | | 204 |
| Deferred tax assets | | | | | | | | 2,618 |
| Total Assets | | | | | | | | 673,637 |
| Segment liabilities | 122,651 | 122,925 | 23,987 | 26,262 | 25,672 | 215,780 | (90,275) | 447,002 |
| Tax payable | | | | | | | | 12,566 |
| Deferred tax liabilities | | | | | | | | 4,579 |
| Total liabilities | | | | | | | | 464,147 |
| Investment in associate | - | - | - | - | - | 26,460 | - | 26,460 |
| Investment in joint ventures | 9,512 | 1,025 | - | - | - | - | - | 10,537 |
| Additions to non-current assets ⁽³⁾ | 368 | 1,879 | 1,663 | 79 | - | 1,103 | - | 5,092 |
| Depreciation & Amortisation | 2,778 | 3,235 | 1,588 | 213 | 501 | 378 | - | 8,693 |
| Other non-cash expenses | 127 | 681 | 99 | - | - | - | - | 907 |

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

| 3M 2017 (Restated) | Bakery⁽¹⁾ | Food Atrium | Restaurant | 4orth | Real Estate Investment | Others⁽²⁾ | Elimination | Group |
|---|-----------------------------|--------------------|-------------------|--------------|-----------------------------------|-----------------------------|--------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | |
| External sales | 73,680 | 36,305 | 34,732 | 1,900 | - | 1,124 | - | 147,741 |
| Inter-segment sales | 338 | 475 | - | - | - | - | (813) | - |
| Total revenue | 74,018 | 36,780 | 34,732 | 1,900 | - | 1,124 | (813) | 147,741 |
| Results | | | | | | | | |
| Profit from operations | 1,914 | 873 | 5,658 | (49) | 10,493 | (3,196) | - | 15,693 |
| Interest income | 32 | 108 | 234 | 1 | 303 | 398 | (659) | 417 |
| Interest expense | (197) | (145) | - | (3) | (1,191) | (480) | 645 | (1,371) |
| Share of associates' results | - | - | - | - | - | 190 | - | 190 |
| Share of joint ventures' | 135 | 54 | - | - | - | - | - | 189 |
| Segment profit | 1,884 | 890 | 5,892 | (51) | 9,605 | (3,088) | (14) | 15,118 |
| Tax expense | | | | | | | | (2,570) |
| Profit after tax | | | | | | | | 12,548 |
| Segment assets | 158,929 | 122,541 | 107,310 | 13,728 | 190,780 | 90,741 | (171,345) | 512,684 |
| Deferred tax assets | | | | | | | | 2,719 |
| Total Assets | | | | | | | | 515,403 |
| Segment liabilities | 124,357 | 124,646 | 22,143 | 17,234 | 152,573 | 83,927 | (183,169) | 341,711 |
| Tax payable | | | | | | | | 11,345 |
| Deferred tax liabilities | | | | | | | | 4,235 |
| Total liabilities | | | | | | | | 357,291 |
| Investment in associate | - | - | - | - | - | 28,647 | - | 28,647 |
| Investment in joint ventures | 7,636 | 700 | - | - | - | - | - | 8,336 |
| Additions to non-current assets ⁽³⁾ | 2,503 | 3,490 | 380 | - | - | 294 | - | 6,667 |
| Depreciation & Amortisation | 3,545 | 4,620 | 1,319 | 138 | 495 | 524 | - | 10,641 |
| Other non-cash expenses | 331 | (1,682) | - | - | - | 30 | - | (1,321) |

(b) By Geographical Segments

| | External Sales | | Non-current Assets ⁽³⁾ | |
|-------------------|----------------|--------------------|-----------------------------------|----------------|
| | 2018 | 2017 (Restated) | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Singapore | 85,777 | 77,096 | 141,409 | 124,715 |
| Mainland China | 40,288 | 41,342 | 54,568 | 59,863 |
| Hong Kong | 12,066 | 13,563 | 8,071 | 11,302 |
| Rest of the world | 10,403 | 15,740 | 7,018 | 6,772 |
| | <u>148,534</u> | <u>147,741</u> | <u>211,066</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**

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

| Name of dividend | Special |
|------------------------------------|--|
| Dividend type | Cash |
| Dividend amount per ordinary share | 2.0 Singapore cents (tax exempt one-tier) |

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable

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 | 289 | Not applicable - the Group does not have a shareholders' mandate under Rule 920 |
| (2) Kung Fu Kitchen - Food court rental income/miscellaneous charges | 89 | |

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 first quarter ended 31 March 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
3 May 2018