



BREADTALK GROUP LIMITED

Financial Statements and Dividend Announcement
For The Fourth Quarter and Year Ended 31 December 2019

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PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**1(a)(i) 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 fourth quarter and year ended 31 December 2019. The figures presented below have not been audited.

	Group			Group		
	4Q 2019	4Q 2018	Change	12M 2019	12M 2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	170,371	154,773	10.1	664,930	609,796	9.0
Cost of sales	(132,163)	(67,124)	96.9	(295,427)	(266,650)	10.8
Gross profit	38,208	87,649	(56.4)	369,503	343,146	7.7
Other income	18,103	6,561	175.9	44,118	31,185	41.5
Interest income	401	639	(37.2)	1,723	3,158	(45.4)
Distribution and selling expenses	(27,811)	(59,843)	(53.5)	(280,197)	(243,264)	15.2
Administrative expenses	(30,352)	(20,680)	46.8	(105,248)	(92,077)	14.3
Interest expense						
<i>borrowings</i>	(2,406)	(2,318)	3.8	(8,782)	(9,206)	(4.6)
<i>leases (Note 1)</i>	(1,689)	-	N.M.	(13,288)	-	N.M.
Profit before tax and share of results						
of associate and joint ventures	(5,546)	12,008	N.M.	7,829	32,942	(76.2)
Share of results of associates	(135)	(418)	(67.7)	14	(1,165)	N.M.
Share of results of joint ventures	(506)	(533)	(5.1)	(727)	(634)	14.7
(Loss)/profit before tax	(6,187)	11,057	N.M.	7,116	31,143	(77.2)
Taxation	(2,933)	(3,244)	(9.6)	(10,981)	(11,425)	(3.9)
(Loss)/profit after tax	(9,120)	7,813	N.M.	(3,865)	19,718	N.M.
Attributable to:						
Shareholders of the Company	(8,098)	8,880	N.M.	(5,245)	15,191	N.M.
Non-controlling interests	(1,022)	(1,067)	(4.2)	1,380	4,527	(69.5)
	(9,120)	7,813	N.M.	(3,865)	19,718	N.M.
Other comprehensive income:						
Net gain on revaluation of leasehold land and property	44,140	-	N.M.	44,140	-	
Net gain on investment securities	-	(9)	N.M.	-	(15)	N.M.
Foreign currency translation	(195)	405	N.M.	(1,336)	196	N.M.
Other comprehensive (loss) income for the period, net of tax	43,945	396	N.M.	42,804	181	N.M.
Total comprehensive income for the period	34,825	8,209	324.2	38,939	19,899	95.7
Attributable to:						
Shareholders of the Company	35,847	9,276	286.5	37,559	15,372	144.3
Non-controlling interests	(1,022)	(1,067)	(4.2)	1,380	4,527	(69.5)
	34,825	8,209	324.2	38,939	19,899	95.7

N.M. – Not meaningful

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

	Group			Group		
	4Q 2019	4Q 2018	Change	12M 2019	12M 2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation						
- property, plant and equipment	11,698	12,263	(4.6)	39,714	41,182	(3.6)
- right-of-use assets (Note 1)	42,943	-	N.M.	140,987	-	N.M.
Foreign exchange (gain)/loss, net	87	(713)	N.M.	(761)	(389)	95.6
Loss/(gain) on disposal of property, plant and equipment	32	(18)	N.M.	88	(67)	N.M.
(Gain)/loss on divestment of investment securities	-	213	N.M.	(8)	1,683	N.M.
Government grant	(90)	(30)	200.0	(1,452)	(1,156)	25.6
Fair value gain on investment securities	(6,445)	(1,597)	303.6	(6,445)	(1,918)	236.0
Impairment/(Write back) of loan and receivables						
- trade receivables	897	33	N.M.	889	(178)	N.M.
- other receivables	(67)	(55)	21.8	-	138	N.M.
Operating lease expenses	15,949	21,942	(27.3)	27,493	137,949	(80.1)
Personnel expenses	56,198	51,508	9.1	213,538	191,778	11.3
Property, plant and equipment written off (Note 2)	4,048	(501)	N.M.	4,566	1,536	197.3

*N.M. – Not meaningful***Notes:**

- (1) With effect from the financial year beginning 1 January 2019, the Group has adopted the new SFRS(I) 16 *Leases*. The detailed impact from the adoption is detailed in paragraph 5, page 12 of this financial statement.
- (2) The property, plant and equipment were written off as a result of closure, relocation or upgrading of outlets.

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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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	712,464	173,413	129,249	77,597
Investment property	39,196	39,748	-	-
Intangible assets	94,490	6,071	-	-
Investment securities	73,610	83,149	-	-
Investment in subsidiaries	-	-	24,663	24,509
Investment in associates	25,764	26,226	-	-
Investment in joint ventures	6,107	8,684	-	-
Other receivables	1,770	838	-	-
Due from related corporations	-	-	-	30,773
Deferred tax assets	1,969	2,340	-	-
	<u>955,370</u>	<u>340,469</u>	<u>153,912</u>	<u>132,879</u>
Current assets				
Investment securities	36,166	4,797	-	-
Inventories	15,118	11,304	-	-
Trade and other receivables	79,621	57,947	7,775	5,534
Prepayments	8,564	5,942	402	489
Tax recoverable	884	315	-	-
Due from related corporations	2,507	1,124	289,219	169,231
Amount due from minority shareholders of subsidiaries	1,408	1,986	-	-
Cash and cash equivalents	157,587	184,975	11,850	15,729
	<u>301,855</u>	<u>268,390</u>	<u>309,246</u>	<u>190,983</u>
Current liabilities				
Trade and other payables	105,659	97,524	2,260	3,369
Other liabilities	80,773	78,657	4,887	7,609
Provision for reinstatement cost	21,319	15,768	27	27
Due to related corporations	2,206	3,024	82,725	65,964
Loan from a minority shareholder of a subsidiary	200	200	-	-
Short term loans	137,910	5,944	78,000	-
Notes payables	99,601	75,000	99,601	75,000
Current portion of long-term loans	109,409	16,631	86,588	3,348
Tax payable	14,515	12,186	2,405	1,032
Lease liabilities	151,570	-	-	-
	<u>723,162</u>	<u>304,934</u>	<u>356,493</u>	<u>156,349</u>
Net current (liabilities)/assets	(421,307)	(36,544)	(47,247)	34,634

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	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Long-term loans	-	28,849	-	16,020
Notes payables	-	99,511	-	99,511
Loan from a minority shareholder of a subsidiary	111	535	-	-
Other liabilities	16	7,641	-	-
Deferred tax liabilities	14,274	4,653	11,558	3,116
Lease liabilities	336,685	-	-	-
	<u>351,086</u>	<u>141,189</u>	<u>11,558</u>	<u>118,647</u>
Net assets	<u>182,977</u>	<u>162,736</u>	<u>95,107</u>	<u>48,866</u>
Share capital and reserves				
Share capital	33,303	33,303	33,303	33,303
Treasury shares	(415)	(247)	(415)	(247)
Accumulated profits	67,820	96,128	17,161	15,017
Other reserves	46,649	4,476	45,058	793
	<u>147,357</u>	<u>133,660</u>	<u>95,107</u>	<u>48,866</u>
Non-controlling interests	35,620	29,076	-	-
Total equity	<u>182,977</u>	<u>162,736</u>	<u>95,107</u>	<u>48,866</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 31.12.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
117,609	229,622	16,360	81,657

Amount repayable after one year

As at 31.12.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
0	0	27,985	100,668

Details of any collateral

- (1) As at 31 December 2019, a total amount of \$229.6 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;
 - a first legal mortgage in favour of the bank over the property at 22/22A Lorong Mambong Singapore 277681;
 - charge over all the shares of a subsidiary.

Reclassification of Long-term loans and Notes payable

- (1) As at 31 December 2019, a total amount of \$76.5 million in Long-term loans and \$99.6 million in Notes payable has been reclassified from non-current liabilities to current liabilities.
- (2) The reclassification arises as a result of a technical breach of financial covenants in the \$100 million, 4.00%, fixed rate notes due 2023 issued under the \$250 million multicurrency medium term note programme of the Company, as well as technical breach of similar financial covenants on certain bilateral bank loans whose financial covenants mirror that of the medium term note programme
- (3) Please refer to the Announcement "TECHNICAL BREACH OF FINANCIAL COVENANTS IN THE S\$100 MILLION 4.00% FIXED RATE NOTES DUE 2023 (THE "NOTES") ISSUED UNDER THE S\$250,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME (THE "PROGRAMME") OF THE COMPANY", that was released to the SGX for details.

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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	
	4Q 2019	4Q 2018	12M 2019	12M 2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/profit before tax	(6,187)	11,057	7,116	31,143
Adjustments for:				
Amortisation of intangible assets	195	112	687	414
Allowance for inventory obsolescence	(580)	12	315	12
Bad debts written off	110	856	113	841
Depreciation of property, plant and equipment	11,502	12,151	39,027	40,768
Depreciation of right-of-use assets	42,943	-	140,987	-
Fair value gain on investment property	(20)	(1,081)	(20)	(1,081)
Loss/(gain) on divestment of investment securities	-	213	(8)	1,683
(Gain)/loss on disposal of property, plant and equipment	32	(18)	88	(67)
Impairment loss on goodwill	3,855	-	3,855	-
Derecognition of investment in joint venture	(2,124)	-	(2,124)	-
(Write back)/impairment loss on property, plant and equipment	(125)	(83)	(327)	(153)
Impairment loss on investment in associates	76	-	474	-
Fair value gain on investment securities	(6,445)	(1,597)	(6,445)	(1,918)
Intangible assets written off	4	-	4	77
Interest expense from borrowings	2,406	1,898	8,782	9,206
Interest expense from lease liabilities	1,689	-	13,288	-
Interest income	(401)	(639)	(1,723)	(3,158)
Inventories written off	784	1	790	2
Property, plant and equipment written off	4,048	(501)	4,566	1,536
Share based payment expenses	118	39	379	238
Share of results of associates	135	418	(14)	1,165
Share of results of joint ventures	506	533	727	634
(Write back)/impairment loss on trade receivables	897	33	889	(178)
(Write back)/impairment loss on other receivables	(67)	(55)	-	138
(Write back)/writedown of inventories	-	(9)	-	-
Write back of provision for reinstatement cost	47	(16)	47	(99)
Exchange differences	(600)	1,110	(903)	864
Operating cash flow before working capital changes	52,798	24,434	210,570	82,067
(Increase)/decrease in:				
Amount due from associate (trade)	(1,015)	-	(1,015)	9
Amount due from joint ventures (trade)	(1)	47	3	(8)
Inventories	1,533	(327)	(4,749)	(1,597)
Prepayments	(441)	1,785	(1,784)	829
Trade and other receivables	10,023	(1,450)	(8,402)	(5,357)
(Decrease)/increase in:				
Amount due to a joint venture (trade)	(2)	88	(812)	(440)
Other liabilities	18,574	2,060	5,994	(1,665)
Trade and other payables	(9,562)	4,460	(20,320)	1,367
Cash generated from operations	71,907	31,097	179,485	75,205
Tax paid	267	(257)	(8,674)	(9,575)
Net cash flow from operating activities	72,174	30,840	170,811	65,630

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	Group		Group	
	4Q 2019	4Q 2018	12M 2019	12M 2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Additions to intangible assets	(1,438)	(472)	(1,931)	(500)
Amount due from non-controlling interests (non-trade)	-	(1,466)	795	(1,466)
Amount due from joint ventures (non-trade)	(30)	(841)	39	(47)
Amount due to joint ventures (non-trade)	(29)	1	(30)	(37)
Amount due to associates (non-trade)	(613)	797	(386)	(380)
Amount due from associates (non-trade)	-	(210)	-	(210)
Cash paid for reinstatement expenses	(589)	(386)	(1,050)	(1,001)
Amount paid for acquisition of subsidiaries	(85,637)	-	(85,637)	-
Dividends received from a joint venture	-	825	-	825
Dividends received from an associate	-	-	-	60
Interest income received	(75)	639	1,247	3,158
Investment in an associate	-	(477)	-	(477)
Investment in a joint venture	(963)	477	(2,414)	-
Proceeds from disposal of property, plant and equipment	2	18	2	128
Proceeds from divestment of investment securities	-	(323)	4,947	19,832
Purchase of fixed assets	(8,522)	(23,132)	(46,688)	(47,949)
Purchase of investment securities	-	(3,649)	(20,324)	(23,439)
Net cash flow used in investing activities	(97,894)	(28,199)	(151,430)	(51,503)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	(150)	(419)
Capital contribution from non-controlling interests	-	840	4,558	7,103
Dividends paid to shareholders of the company	(2,816)	-	(11,272)	(11,264)
Interest from borrowings paid	(2,406)	(1,898)	(8,782)	(9,206)
Interest expense from lease liabilities paid	(1,689)	-	(13,288)	-
Proceeds from long-term loans	10,000	403	97,000	879
Proceeds from short-term loans	108,143	306	153,528	42,863
(Repayment)/proceeds from medium term notes	-	-	(75,000)	100,000
Purchase of treasury shares	(111)	-	(422)	-
Repayment of lease obligations	(43,409)	-	(137,615)	-
Repayment of loan due to minority shareholder	(44)	(404)	(424)	27
Repayment of long-term loans	(7,439)	(1,192)	(33,100)	(43,800)
Repayment of short-term loans	(1,493)	(26,226)	(21,786)	(56,159)
Net cash flow from/(used in) financing activities	58,736	(28,171)	(46,753)	30,024
Net increase/(decrease) in cash and cash equivalents	33,016	(25,530)	(27,372)	44,151
Effect of exchange rate changes on cash and cash equivalents	344	(167)	(16)	(421)
Cash and cash equivalents at beginning of financial period	124,227	210,672	184,975	141,245
Cash and cash equivalents at end of financial period	157,587	184,975	157,587	184,975

Note A: Cash and cash equivalents comprise:

	Group	
	31.12.2019	31.12.2018
	\$'000	\$'000
Cash on hand and at bank	156,594	184,968
Short term FD	993	7
	<u>157,587</u>	<u>184,975</u>

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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 equity \$'000
	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)	Total	Non-controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2019, as previously reported	33,303	(247)	96,128	4,476	133,660	29,076	162,736
Impact of adopting SFRS(I) 16	-	-	(11,791)	-	(11,791)	-	(11,791)
Balance at 1 January 2019 (Restated)	33,303	(247)	84,337	4,476	121,869	29,076	150,945
Profit for the period	-	-	2,853	-	2,853	2,402	5,255
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	(1,141)	(1,141)	-	(1,141)
Total other comprehensive income, net of tax	-	-	-	(1,141)	(1,141)	-	(1,141)
Total comprehensive income for the period	-	-	2,853	(1,141)	1,712	2,402	4,114
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	261	261	-	261
Dividends paid	-	-	(8,457)	-	(8,457)	-	(8,457)
Purchase of treasury shares	-	(311)	-	-	(311)	-	(311)
Treasury shares transferred on vesting of restricted share grant	-	254	-	(254)	-	-	-
Total contributions by and distributions to owners	-	(57)	(8,457)	7	(8,507)	-	(8,507)
<u>Changes in ownership interests in a subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	4,558	4,558
Acquisition of non-controlling interests without a change in control	-	-	-	(620)	(620)	470	(150)
Total changes in ownership interests in a subsidiary	-	-	-	(620)	(620)	5,028	4,408
Balance at 30 September 2019	33,303	(304)	78,733	2,722	114,454	36,506	150,960
Balance at 1 October 2019	33,303	(304)	78,733	2,722	114,454	36,506	150,960
Loss for the period	-	-	(8,098)	-	(8,098)	(1,022)	(9,120)
<u>Other comprehensive income</u>							
Gain on revaluation of leasehold land and property	-	-	-	44,140	44,140	-	44,140
Foreign currency translation	-	-	-	(195)	(195)	-	(195)
Total other comprehensive income, net of tax	-	-	-	43,945	43,945	-	43,945
Total comprehensive income for the period	-	-	(8,098)	43,945	35,847	(1,022)	34,825
<u>Contributions by and distributions to owners</u>							
Share-based payments	-	-	-	118	118	-	118
Dividends paid	-	-	(2,815)	-	(2,815)	-	(2,815)
Purchase of treasury shares	-	(111)	-	-	(111)	-	(111)
Total contributions by and distributions to owners	-	(111)	(2,815)	118	(2,808)	-	(2,808)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(136)	(136)	136	-
Total changes in ownership interests in a subsidiary	-	-	-	(136)	(136)	136	-
Balance at 31 December 2019	33,303	(415)	67,820	46,649	147,357	35,620	182,977

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Group	Attributable to Shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	(1,141)	-	(1,141)	-	(1,141)	
Impact of adopting SFRS(I) 15	-	-	(5,591)	-	(5,591)	-	(5,591)	
Balance at 1 January 2018 (Restated)	33,303	(460)	92,201	3,216	128,260	25,479	153,739	
Profit for the period (Restated)	-	-	6,311	-	6,311	5,594	11,905	
<u>Other comprehensive income</u>								
Net gain on fair value changes of investment securities	-	-	-	(6)	(6)	-	(6)	
Foreign currency translation	-	-	-	(209)	(209)	-	(209)	
Total other comprehensive income, net of tax	-	-	-	(215)	(215)	-	(215)	
Total comprehensive income for the period	-	-	6,311	(215)	6,096	5,594	11,690	
<u>Contributions by and distributions to owners</u>								
Share-based payments	-	-	-	198	198	-	198	
Dividends paid	-	-	(11,264)	-	(11,264)	-	(11,264)	
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-	-	-	
Total contributions by and distributions to owners	-	213	(11,264)	(15)	(11,066)	-	(11,066)	
<u>Changes in ownership interests in a subsidiary</u>								
Issuance of new shares to non-controlling interest	-	-	-	-	-	6,880	6,880	
Acquisition of non-controlling interests without a change in control	-	-	-	1,054	1,054	(1,473)	(419)	
Total changes in ownership interests in a subsidiary	-	-	-	1,054	1,054	5,407	6,461	
Balance at 30 September 2018	33,303	(247)	87,248	4,040	124,344	36,480	160,824	
Balance at 1 October 2018	33,303	(247)	87,248	4,040	124,344	36,480	160,824	
Profit for the period (Restated)	-	-	8,880	-	8,880	(1,067)	7,813	
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(9)	(9)	-	(9)	
Foreign currency translation	-	-	-	405	405	-	405	
Total other comprehensive income, net of tax	-	-	-	396	396	-	396	
Total comprehensive income for the period	-	-	8,880	396	9,276	(1,067)	8,209	
<u>Contributions by and distributions to owners</u>								
Share-based payments	-	-	-	40	40	-	40	
Dividends paid	-	-	-	-	-	(6,560)	(6,560)	
Total contributions by and distributions to owners	-	-	-	40	40	(6,560)	(6,520)	
<u>Changes in ownership interests in a subsidiary</u>								
Issuance of new shares to non-controlling interest	-	-	-	-	-	223	223	
Total changes in ownership interests in a subsidiary	-	-	-	-	-	223	223	
Balance at 31 December 2018	33,303	(247)	96,128	4,476	133,660	29,076	162,736	

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Company	Share capital	Treasury shares	Accumulated profits	Other reserves (Note B)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	33,303	(247)	15,017	793	48,866
Profit for the period	-	-	9,485	-	9,485
Total comprehensive income for the period	-	-	9,485	-	9,485
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	261	261
Dividend paid	-	-	(8,457)	-	(8,457)
Purchase of treasury shares	-	(311)	-	-	(311)
Treasury shares transferred on vesting of restricted share grant	-	254	-	(254)	-
Total contributions by and distributions to owners	-	(57)	(8,457)	7	(8,507)
Balance at 30 September 2019	33,303	(304)	16,045	800	49,844
As at 1 October 2019	33,303	(304)	16,045	800	49,844
Profit for the period	-	-	3,931	-	3,931
Total comprehensive income for the period	-	-	3,931	-	3,931
<u>Other comprehensive income</u>					
Gain on revaluation of leasehold land and property	-	-	-	44,140	44,140
Total comprehensive income for the period	-	-	-	44,140	44,140
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	118	118
Dividend paid	-	-	(2,815)	-	(2,815)
Purchase of treasury shares	-	(111)	-	-	(111)
Total contributions by and distributions to owners	-	(111)	(2,815)	118	(2,808)
Balance at 31 December 2019	33,303	(415)	17,161	45,058	95,107
Balance at 1 January 2018	33,303	(460)	8,332	768	41,943
Profit for the period	-	-	4,073	-	4,073
Total comprehensive income for the period	-	-	4,073	-	4,073
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	199	199
Dividends paid	-	-	(11,264)	-	(11,264)
Treasury shares transferred on vesting of restricted share grant	-	213	-	(213)	-
Total contributions by and distributions to owners	-	213	(11,264)	(14)	(11,065)
Balance at 30 September 2018	33,303	(247)	1,141	754	34,951
As at 1 October 2018	33,303	(247)	1,141	754	34,951
Profit for the period	-	-	13,876	-	13,876
Total comprehensive income for the period	-	-	13,876	-	13,876
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	39	39
Total contributions by and distributions to owners	-	-	-	39	39
Balance at 31 December 2018	33,303	(247)	15,017	793	48,866

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Note B: Other reserves

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	\$000	\$000	\$000	\$000
Statutory reserve fund	2,954	2,954	-	-
Translation reserve	499	1,835	-	-
Revaluation reserve	44,140	-	44,140	-
Capital reserve	177	177	177	177
Share based compensation reserve	741	616	741	616
Premium on acquisition of non-controlling interests	(1,862)	(1,106)	-	-
	46,649	4,476	45,058	793

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 4Q 2019. There were a total of 719,134 treasury shares held as at 31 December 2019 (31 December 2018: 509,376). The Company did not have any subsidiary holdings or other convertibles as at 31 December 2019.

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 December 2019, the Company's issued and paid up capital, excluding 719,134 (31 December 2018: 509,376) treasury shares held, comprises 563,067,342 (31 December 2018: 563,277,100) 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			
	4Q 2019	4Q 2018	12M 2019	12M 2018
Balance at beginning of financial period as adjusted for share split	519,134	915,908	509,376	915,908
Purchase of treasury shares	200,000	-	695,000	-
Treasury shares transferred on vesting of restricted share grant as adjusted for share split	-	(406,532)	(485,242)	(406,532)
Balance at end of financial period as adjusted for share split	719,134	509,376	719,134	509,376

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.

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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 2018, except for (i) the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 January 2019, and (ii) changing from cost model to revaluation model for its leasehold land and property in accordance to SFRS(I) 1-16 – Property, Plant and Equipment.

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 SFRS(I) which are effective for its financial year beginning 1 January 2019. The impact of adopting the following SFRS(I) which are effective for financial year beginning 1 January 2019, are detailed as follows:

SFRS(I) 16 – Leases

The Group and Company adopted SFRS(I) 16 and elected to apply the standard retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019. In addition, the Group elected the following practical expedients:

- (i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- (ii) to apply the exemption not to recognize right-of-use asset and lease liabilities to lease for which the lease term ends within 12 months as of 1 January 2019
- (iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

Summary of Impact

Group	\$'000		
	1 January 2019	SFRS(I) 16	1 January 2019 (Restated)
Non Current Assets			
Property, plant and equipment	-	374,328	374,328
Non Current Liabilities			
Lease liabilities	-	274,341	274,341
Current Liabilities			
Lease liabilities	-	123,503	123,503
Equity			
Accumulated Profits	96,128	(11,791)	84,337

Change in accounting policy

Besides adopting the new and revised SFRS(I) which are effective from 1 January 2019, the Group and the Company have also changed its accounting policy from cost model to revaluation model for its leasehold land and property in accordance to SFRS(I) 1-16 – Property, Plant and Equipment. The change resulted in the leasehold land and property being carried at the revalued amount of S\$116.0 million and the recording of S\$44.1 million in revaluation reserve, net of deferred tax.

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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	
	4Q 2019	4Q 2018	12M 2019	12M 2018
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	-1.44 cent	1.58 cents	-0.93 cent	2.70 cents
Weighted average number of ordinary shares	563,067,342	563,277,100	563,426,032	563,209,345
(b) On a fully diluted basis	-1.44 cent	1.58 cents	-0.93 cent	2.70 cents
Adjusted weighted average number of ordinary shares	563,589,579	563,591,884	564,044,579	563,524,129

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net asset value per ordinary share based on issued share capital as at the end of period	32.5 cents	28.9 cents	16.9 cents	8.7 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 December 2019 is computed based on the total number of issued shares (excluding 719,134 treasury shares) of 563,067,342 (31 December 2018: 563,277,100).

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**(A) Statement of Comprehensive Income**

Group revenue for FY2019 rose 9.0% Y/Y from \$609.8 million to \$664.9 million, led by growth across all business divisions. Following the adoption of SFRS(I) 16 this financial year, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group during FY2019 stood at S\$208.9 million, 160.5% higher Y/Y, as a significant portion of lease-related expenses that were earlier classified as operating expenses are now recognised as depreciation and interest expense. The Group recorded a Loss After Tax and Minority Interests ("PATMI loss") for FY2019 of S\$5.2 million as compared to a profit of \$15.2 million for FY2018.

Bakery Division revenue rose 2.0% Y/Y to \$287.7 million during FY2019, with the consolidation of revenue from the Thailand Bakery business following the acquisition of the 50% interest in BTM (Thailand) Ltd from Minor Food Group. Excluding that, revenue would have been lower by 6.3% Y/Y, attributed to lower revenue from both the direct operated stores and the franchise business in China, partly offset by stronger revenue by the direct operated stores in Singapore and the international franchise business. The Division reported Profit Before Tax ("PBT") loss of S\$13.5 million in FY2019 as compared to a profit of S\$5.2 million in FY2018. The losses are primarily attributed to (1) a \$6.1 million in one-off fixed assets impairment due to pre-mature outlet closures, inventory obsolescence, franchise income doubtful debt provisions, (2) widening of operating losses at the China and Hong Kong Bakery and Indonesia ToastBox businesses, (3) the full year consolidation of the Thailand Bakery business post-acquisition from Minor Food Group, which remains loss-making, and (4) profitability decline in the Singapore Bakery business.

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The Food Atrium Division commenced the consolidation of the Food Junction financials from 1 November 2019 following the successful completion of the acquisition of Food Junction Management Pte Ltd. The consolidation added 15 food atrium outlets to the Division, bring the total of food atrium outlets to 73 as at the end of FY2019. Food Atrium Division revenue grew 5.3% Y/Y to \$165.3 million, of which S\$7.8 million came from the consolidation of Food Junction. The Division reported PBT of S\$13.5 million for FY2019, of which S\$0.2 million came from the consolidation of Food Junction. PBT fell 19.3% Y/Y, primarily attributed to (1) higher lease-related depreciation following the adoption of SFRS(I) 16 in FY2019, (2) weaker profitability in China, (3) weaker profitability in Hong Kong following the social unrest, and (4) losses in Taiwan and Cambodia.

Restaurant Division revenue rose 15.0% Y/Y to \$175.2 million for FY2019, with the addition of 6 more outlets – 4 in Singapore (Republic Plaza, Great World City, Marina Bay Sands and Jewel Changi Airport) and 2 in Thailand (Terminal 21 and ICONSIAM) and the closure of 1 outlet in Singapore. The United Kingdom operations has yet to turn profitable. PBT for the period came in at \$23.4 million, which was 0.2% higher Y/Y due to strong performance in the Singapore business.

4orth Division delivered a revenue of \$32.5 million for FY2019 compared to S\$14.2 million for FY2018. The period saw the commencement of our Song Fa Bak Kut Teh operations in Beijing, Guangzhou and Bangkok, as well as the deepening of our brands' presence in Shanghai. The Division reported a PBT loss of \$10.8 million primarily attributed to start-up costs for new outlets and below expectation performance in certain outlets. On a standalone basis, Sō Ramen has been contributing positive net profit to the Division.

Overall interest expense for FY2019 increased 139.7% Y/Y to S\$22.1 million, as the adoption of SFRS(I) 16 resulted in the recognition of lease-related interest expense attributed to the amortisation of the lease liabilities on the balance sheet, and is unrelated to our bank borrowings or medium term note in issue. Of the \$22.1 million of interest expense incurred during the period, \$8.8 million was related to bank borrowings and the outstanding medium term note, which was 4.6% lower Y/Y.

Share of results of associates and joint ventures turned in a loss of \$0.7 million in FY2019, compared to a combined loss of \$1.8 million in FY2018.

Earnings per share (EPS) on a fully diluted basis for FY2019 was loss of 0.93 cents compared to earnings of 2.70 cents for FY2018.

Net asset value (NAV) per share was 32.5 cents as at 31 December 2019 compared to 28.9 cents as at 31 December 2018.

Number of outlets including franchise under the Group:

	31.12.2019	31.12.2018	Net increase / (decrease)
Bakery	897	863	3.9%
- Direct operated stores	275	221	24.4%
- Franchise	622	642	(3.1%)
Food Atrium	82	60	36.7%
- Food courts	73	55	32.7%
- Direct operated restaurants	9	5	80.0%
Restaurant	33	28	17.9%
4orth	25	12	108.3%
Total	1,037	963	7.7%

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(B) Statement of Financial position

As at 31 December 2019,

Non-current assets increased by S\$614.9 million or 180.6% from S\$340.5 million to S\$955.4 million mainly due to increase in:

- (i) property, plant and equipment by S\$539.1 million largely arising from the adoption of the SFRS(I) 16 on 1 January 2019 and the change from cost model to revaluation model for leasehold land and property; and
- (ii) intangibles by S\$88.4 million largely arising from the recognition of a provisional goodwill amount of \$85.3 million from the consolidation of Food Junction, pending finalization of the purchase price allocation exercise to be completed in FY2020;

offset by a decrease in:

- (i) investment securities by S\$9.5 million; and
- (ii) joint venture by S\$2.6 million.

Current assets increased by S\$33.5 million or 12.5% from S\$268.4 million to S\$301.9 million mainly due to increase in:

- (i) investment securities by S\$31.4 million;
- (ii) trade and other receivables by S\$21.7 million;
- (iii) inventories by S\$3.8 million; and
- (iv) prepayments by S\$2.6 million.

offset by decrease in cash and cash equivalents by S\$27.4 million

Current liabilities increased by S\$418.2 million or 137.2% from S\$304.9 million to S\$723.2 million mainly due to increase in:

- (i) lease liabilities by S\$151.6 million arising from the adoption of SFRS(I) 16;
- (ii) short term loan by S\$132.0 million;
- (iii) current portion of long term loans by S\$92.8 million arising from the reclassification of long term loans to current liabilities;
- (iv) notes payable by \$24.6 million arising from the reclassification of notes payables to current liabilities;
- (v) trade and other payables by S\$8.1 million;
- (vi) provision for reinstatement cost by S\$5.6 million;
- (vii) other liabilities by S\$2.1 million; and
- (viii) tax payable by S\$2.3 million.

Non-current liabilities increased by S\$209.9 million or 148.7% from S\$141.2 million to S\$351.1 million mainly due to increase in lease liabilities by S\$336.7 million arising from the adoption of SFRS(I) 16;

offset by a decrease in:

- (i) notes payable by S\$99.5 million arising from the reclassification of notes payable to current liabilities; and
- (ii) long term loans by S\$28.8 million arising from the reclassification of long term loans to current liabilities.

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(C) Statement of Cash Flows

The Group generated net cash flow from operating activities of S\$170.8 million in FY2019 as compared to S\$65.6 million in FY2018.

Net cash flow used in investing activities was S\$151.4 million in FY2019. Net cash flow was used primarily in the acquisition of subsidiaries amounting to S\$85.6 million, purchase of property, plant and equipment amounting to S\$46.7 million and purchase of investment securities amounting to S\$20.3 million.

Net cash flow used in financing activities was S\$45.9 million in FY2019. Following the adoption of SFRS(I) 16, the repayment of lease obligation for FY2019 was S\$136.8 million. The net borrowings and redemption of medium term note totalled to S\$120.2 million as compared to the net borrowings amounting to S\$43.8 million in FY2018. The Group continues to monitor its borrowings closely.

Overall, the Group reported a net decrease in cash and cash equivalents of S\$27.4 million in FY2019, ending the period with a cash and cash equivalents of S\$157.6 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 operating environment faced by the Group remains challenging across key markets, including Singapore, China and Hong Kong. The management team has been working actively to turnaround the loss-making businesses. The outbreak of Covid-19 has added further challenges to the Group's operations. The uncertainty in Hong Kong will continue to have a negative impact to our Food Atrium and Bakery businesses in the territory.

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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**

12M 2019	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	287,738	165,269	175,173	32,479	-	4,271	-	664,930
Inter-segment sales	4,894	3,247	82	18	-	21,701	(29,942)	-
Total revenue	292,632	168,516	175,255	32,497	-	25,972	(29,942)	664,930
Results								
Profit from operations	(10,054)	19,651	24,115	(9,646)	11,574	(7,438)	(26)	28,176
Interest income	414	207	2,184	224	1,147	5,004	(7,457)	1,723
Interest expense	(3,084)	(6,342)	(2,948)	(1,331)	(5,184)	(10,664)	7,483	(22,070)
Share of associates' results	-	-	-	-	-	14	-	14
Share of joint ventures' results	(742)	15	-	-	-	-	-	(727)
Segment profit	(13,466)	13,531	23,351	(10,753)	7,537	(13,084)	-	7,116
Tax expense								(10,981)
Loss after tax								(3,865)
Segment assets	258,775	416,643	229,643	89,772	249,315	318,014	(307,790)	1,254,372
Tax recoverable								884
Deferred tax assets								1,969
Total Assets								1,257,225
Segment liabilities	292,447	499,897	148,722	78,127	125,937	293,324	(392,995)	1,045,459
Tax payable								14,515
Deferred tax liabilities								14,274
Total liabilities								1,074,248
Investment in associate	-	-	-	-	-	25,764	-	25,764
Investment in joint ventures	3,218	474	-	-	-	2,415	-	6,107
Additions to non-current assets ⁽³⁾	19,142	10,260	12,663	6,978	-	92,895	-	141,938
Depreciation & Amortisation	59,898	81,001	27,144	8,752	1,591	2,315	-	180,701
Other non-cash expenses	3,921	100	20	1,284	2	4,234	-	9,561

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12M 2018	Bakery⁽¹⁾	Food Atrium	Restaurant	4orth	Real Estate Investment	Others⁽²⁾	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	282,004	156,895	152,316	14,173	-	4,408	-	609,796
Inter-segment sales	1,606	3,320	-	15	-	2,960	(7,901)	-
Total revenue	283,610	160,215	152,316	14,188	-	7,368	(7,901)	609,796
Results								
Profit from operations	6,487	16,577	22,231	(3,724)	6,551	(8,930)	(202)	38,990
Interest income	357	190	1,168	42	1,806	2,237	(2,642)	3,158
Interest expense	(685)	(278)	(105)	(198)	(6,483)	(4,089)	2,632	(9,206)
Share of associates' results	(48)	-	-	-	-	(1,117)	-	(1,165)
Share of joint ventures' results	(911)	277	-	-	-	-	-	(634)
Segment profit	5,200	16,766	23,294	(3,880)	1,874	(11,899)	(212)	31,143
Tax expense								(11,425)
Profit after tax								19,718
Segment assets	157,501	133,904	113,100	82,531	190,039	207,920	(278,791)	606,204
Tax recoverable								315
Deferred tax assets								2,340
Total Assets								608,859
Segment liabilities	141,695	128,826	48,165	59,119	124,014	216,851	(289,386)	429,284
Tax payable								12,186
Deferred tax liabilities								4,653
Total liabilities								446,123
Investment in associate	-	-	-	-	-	26,226	-	26,226
Investment in joint ventures	8,225	459	-	-	-	-	-	8,684
Additions to non-current assets ⁽³⁾	17,084	5,874	11,225	3,458	160	10,386	-	48,187
Depreciation & Amortisation	16,027	14,630	5,918	830	1,823	1,954	-	41,182
Other non-cash expenses	321	1,522	(5)	27	38	238	-	2,141

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(b) By Geographical Segments

	External Sales		Non-current Assets ⁽³⁾	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore	370,962	352,643	591,063	141,475
Mainland China	150,655	160,406	142,833	54,041
Thailand	49,442	23,160	37,453	6,215
Hong Kong	53,546	50,980	37,424	8,582
Rest of the world	40,325	22,607	37,377	8,919
	664,930	609,796	846,150	219,232

- (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) Whether an interim (final) ordinary dividend has been declared (recommend); and**

Nil.

(bi) Amount per share (in cents)

Nil.

(bii) Amount per share (in cents) for the previous corresponding period

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

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

13 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared (recommended) since the Group is in a net loss position for the period.

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- 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) SkyOne Art Investment Pte Ltd - Purchase of artwork	182	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Toast Box @ 6th Avenue - Rental income/miscellaneous charges	239	

- 15 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Frankie Quek Swee Heng	53	Brother of George Quek Meng Tong (Group Chairman & Substantial Shareholder)	Head, Real Estate with effect from 1 July 2017, responsible for leasing arrangements in Singapore, and the management of BreadTalk IHQ building	N.A.

- 16 Breakdown of revenue and profit after tax

	Group		
	FY 2019 \$'000	FY 2018 \$'000	Increase (%)
(a) Sales reported for first half year	320,958	297,366	7.9%
(b) Operating profit after tax before deducting minority interests reported for first half year	3,281	7,993	-59.0%
(c) Sales reported for second half year	343,972	312,430	10.1%
(d) Operating loss after tax before deducting minority interests reported for second half year	(7,146)	11,725	-160.9%

- 17 Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Annual Dividend (in \$ million)	FY2019	FY2018
Ordinary dividend		
- Interim	5.6	2.8
- Final	0	5.6
Total:	5.6	8.4

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18 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
24 February 2020