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BREADTALK GROUP LIMITED
(Incorporated in the Republic of Singapore on 6 March 2003)
(Unique Entity Number: 200302045G)

S\$250,000,000
Multicurrency Medium Term Note Programme
(the "MTN Programme")

This Supplemental Information Memorandum is a supplement to, and is to be read together with, the information memorandum dated 7 May 2014 (the "Information Memorandum") relating to the MTN Programme.

Save to the extent defined in this Supplemental Information Memorandum, terms defined or otherwise attributed meanings in the Information Memorandum have the same meaning when used in this Supplemental Information Memorandum.

This Supplemental Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Supplemental Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "Notes") to be issued from time to time by BreadTalk Group Limited (the "Issuer") pursuant to the MTN Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the MTN Programme or such Notes.

Potential investors should pay attention to the risk factors and considerations set out in the section titled "*Risk Factors*" in the Information Memorandum.

Arrangers



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NOTICE

Australia and New Zealand Banking Group Limited and Oversea-Chinese Banking Corporation Limited (the "**Arrangers**") have been authorised by BreadTalk Group Limited (the "**Issuer**") to arrange the S\$250,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**") described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in Singapore dollars and/or any other currencies.

This Supplemental Information Memorandum contains information with regard to the Issuer, its subsidiaries, its associated companies (if any), and the MTN Programme. The Issuer confirms that this Supplemental Information Memorandum (read together with the Information Memorandum) contains all information with regard to the Issuer and the Group (as defined in the Information Memorandum) and to the Notes which is material in the context of the MTN Programme or the issue and offering of the Notes, that the information contained herein is true, accurate, complete and not misleading in all material respects, that the opinions, expectations and intentions of the Issuer expressed in this Supplemental Information Memorandum (read together with the Information Memorandum) have been carefully considered, are based on all relevant considerations and facts existing at the date of its issue and are fairly, reasonably and honestly held by the directors of the Issuer and that there are no other facts the omission of which in the context of the MTN Programme and the issue and offering of the Notes is likely to make any such information or expressions of opinion, expectation or intention misleading in any material respect.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Supplemental Information Memorandum (read together with the Information Memorandum): (1) any annual reports or summary financial statements or audited consolidated accounts or unaudited interim results or financial statements of the Issuer, its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Supplemental Information Memorandum issued by the Issuer. This Supplemental Information Memorandum (read together with the Information Memorandum) is to be read in conjunction with (a) all such documents which are incorporated by reference herein and (b) with respect to any series or tranche of Notes, any Pricing Supplement (as defined in the Information Memorandum) in respect of such series or tranche. Any statement contained in this Supplemental Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Supplemental Information Memorandum to the extent that a statement contained in this Supplemental Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Supplemental Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Principal Paying Agent (as defined in the Information Memorandum).

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section titled "*Summary of the MTN Programme*" in the Information Memorandum)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. Each series or tranche of Notes will initially be represented by a Temporary Global Note (as defined in the Information Memorandum) in bearer form, a Permanent Global Note (as defined in the Information Memorandum) in bearer form or a registered Global Certificate (as defined in the Information Memorandum) which will be deposited on the relevant issue date with either CDP (as defined in the Information Memorandum) or a common depository on

behalf of Euroclear (as defined in the Information Memorandum) and Clearstream, Luxembourg (as defined in the Information Memorandum) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined in the Information Memorandum). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Supplemental Information Memorandum (read together with the Information Memorandum).

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to in the Information Memorandum) shall be S\$250,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement (as defined in the Information Memorandum).

No person has been authorised to give any information or to make any representation other than those contained in this Supplemental Information Memorandum (read together with the Information Memorandum) and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers or any of the Dealers. Save as expressly stated in this Supplemental Information Memorandum (read together with the Information Memorandum), nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Supplemental Information Memorandum (read together with the Information Memorandum) nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arrangers or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Supplemental Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Supplemental Information Memorandum or any such other document or information or into whose possession this Supplemental Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined in the Information Memorandum) and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Neither this Supplemental Information Memorandum nor any other document nor information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arrangers or any of the Dealers to subscribe for or purchase, any of the Notes.

This Supplemental Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the MTN Programme. This Supplemental Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as

aforesaid or for any other purpose. Recipients of this Supplemental Information Memorandum shall not reissue, circulate or distribute this Supplemental Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Supplemental Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Supplemental Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Supplemental Information Memorandum. None of the Issuer, the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither the Arrangers nor the Dealers gives any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Supplemental Information Memorandum.

Neither this Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers or any of the Dealers that any recipient of this Supplemental Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arrangers any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Supplemental Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Supplemental Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Supplemental Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither the Arrangers nor any of the Dealers accepts any responsibility for the contents of this Supplemental Information Memorandum or for any other statement made or purported to be made by the Arrangers or any of the Dealers or on its behalf in connection with the Issuer, or the issue and offering of the Notes. Each of the Arrangers and the Dealers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplemental Information Memorandum or any such statement.

Any subscription for, purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the subscription for, purchase or acquisition of the Notes or pursuant to this Supplemental Information Memorandum shall (without any liability or responsibility on the part of the

Issuer, the Arrangers or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies (if any) in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Supplemental Information Memorandum is drawn to the restrictions on the resale of the Notes set out under the section titled "*Subscription, Purchase and Distribution*" in the Information Memorandum.

Any person who is invited to purchase or subscribe for the Notes or to whom this Supplemental Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for, purchase or otherwise acquire any of the Notes consult their own legal and other advisers before subscribing for, purchasing or acquiring the Notes.

Prospective purchasers of Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of Notes.

Prospective investors should pay attention to the risk factors set out in the section titled "*Risk Factors*" in the Information Memorandum.

AMENDMENTS TO THE INFORMATION MEMORANDUM

The Information Memorandum shall be amended as follows:

1. By inserting the words 'Mr Paul Charles Kenny (Non-Executive Director)' in the line below 'Mr Chan Soo Sen (Independent Director)' appearing in the first paragraph of the right column under the section "**CORPORATE INFORMATION**" appearing on page 9 of the Information Memorandum.
2. By deleting the words 'Company Secretary' appearing in the second paragraph of the left column under the section "**CORPORATE INFORMATION**" appearing on page 9 of the Information Memorandum and substituting therefor the words 'Company Secretaries'.
3. By deleting the words 'Mr Cho Form Po' appearing in the second paragraph of the right column under the section "**CORPORATE INFORMATION**" appearing on page 9 of the Information Memorandum and substituting therefor the words 'Mr Chew Kok Liang and Ms Shirley Tan Sey Liy'.
4. By deleting the words '16 countries' appearing in the last line of the sub-section "*Geographical Reach*" under the Section "**3. BUSINESS – Overview**" appearing on page 62 of the Information Memorandum and substituting therefor the word '17 territories'.
5. By deleting the second and third paragraphs of the sub-section "**(a) Bakery Division**" under the section "**3. BUSINESS**" appearing on page 63 of the Information Memorandum and substituting therefor the following:

"The Bakery Division's contribution to the Group's revenue in percentage terms for FY2015¹, FY2014 and FY2013 are 49.3%, 49.9% and 50.6% respectively.

In FY2015, the Group's Bakery Division continued to expand in Mainland China, Singapore and Indonesia, adding another 45 new retail outlets to its network of directly-owned and franchised BreadTalk retail outlets. As at 31 December 2015, the Group's total number of retail outlets under the Bakery Division is 862, of which 266 are directly owned and operated by the Group, with a further 596 of the retail outlets operated by franchisees in Indonesia, Mainland China, Cambodia, the Philippines, Thailand, Vietnam, Bahrain, Kuwait, Saudi Arabia, Oman, Qatar and Sri Lanka.

As at 31 December 2015, the retail outlets are located as follows:"

6. By deleting the table found in the sub-section "**(a) Bakery Division**" under the section "**3. BUSINESS**" appearing on page 64 of the Information Memorandum and substituting therefor the following:

Territory / Region	Number of Outlets
Mainland China	426
Southeast Asia (excluding Singapore) [*]	254
Singapore	124
Hong Kong	27
Others [#]	31
Total	862

^{*} Cambodia, Indonesia, Thailand, The Philippines and Vietnam.

[#] Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and Sri Lanka.

¹ Based on the unaudited financial statements of the Group for the financial year ended 31 December 2015.

7. By deleting the second and third paragraphs of the sub-section "**(b) Restaurant Division**" under the section "**3. BUSINESS**" appearing on page 66 of the Information Memorandum and substituting therefor the following:

"The Restaurant Division's contribution to the Group's revenue in percentage terms for FY2015², FY2014 and FY2013 are 22.9%, 22.2%, and 22.8% respectively.

In FY2014, the Restaurant Division reduced the number of outlets in Mainland China from 7 to 3, attributed to the completion of the 40:60 joint venture with Carl Karcher Enterprises, LLC ("**CKE**") (for further information, see sub-section "**"Carl's Jr." Brand**" below). Following the completion of the joint venture, the Group no longer actively manages the day-to-day operations of the Carl's Jr. restaurants. In FY2015, the Restaurant Division closed down the remaining 3 underperforming Ramen Play outlets which it directly operated in Shanghai, China.

As at 31 December 2015, the Group has a total of 30 restaurants under the Group's management located in different territories as follows:"

8. By deleting the table found in the sub-section "**(b) Restaurant Division**" under the section "**3. BUSINESS**" appearing on page 66 of the Information Memorandum and substituting therefor the following:

Territory / Region	Number of Outlets
Singapore	27
Thailand	3
Total	30

9. By deleting the second and third paragraphs of the sub-section "**(c) Food Atrium Division**" under the section "**3. BUSINESS**" appearing on page 68 of the Information Memorandum and substituting therefor the following:

"The Food Atrium Division's contribution to the Group's revenue in percentage terms for FY2015³, FY2014 and FY2013 are 27.7%, 27.9% and 26.7% respectively.

Between 28 April 2014 and 31 December 2015, the Food Atrium Division added 4 more outlets, comprising 3 new outlets in Singapore and 1 new outlet in Hong Kong.

As at 31 December 2015, the Group has a total of 65 food atriums under the Group's management located in different territories as follows:"

10. By deleting the table found in the sub-section "**(c) Food Atrium Division**" under the section "**3. BUSINESS**" appearing on page 68 of the Information Memorandum and substituting therefor the following:

Territory / Region	Number of Outlets
Mainland China	34
Singapore	15
Hong Kong	8
Taiwan	3
Thailand	3
Malaysia	2
Total	65

² Based on the unaudited financial statements of the Group for the financial year ended 31 December 2015.

³ Based on the unaudited financial statements of the Group for the financial year ended 31 December 2015.

11. By deleting the word 'seven' appearing in the first line of the sub-section "**Strong branding with creative differentiation**" appearing on page 71 of the Information Memorandum and substituting therefor the word 'nine'.
12. By deleting the words '16 countries' appearing in the first line of the sub-section "**Strong partnership network in Asia**" appearing on page 72 of the Information Memorandum and substituting therefor the word '17 territories'.
13. By deleting the section "**6. BUSINESS STRATEGIES**" appearing on pages 72 to 73 of the Information Memorandum in its entirety and substituting therefor the following:

"The Group's business strategies are as follows:

- ***To broaden and deepen the Group's expansion efforts***

As at 31 December 2015, the Group's F&B retail outlets (including franchises) can be found in 17 territories, including Singapore, Mainland China, Hong Kong, Thailand and Indonesia. The Group intends to continue to expand its F&B business operations regionally through the opening of more retail outlets, joint ventures and/or franchising in existing cities and territories in which it already has a presence as well as other cities and territories which the Group has not yet ventured into. The Group's macro strategy is to deepen its reach in its core markets of Singapore, Thailand, Hong Kong and Mainland China and to grow the contribution of its overseas revenue over the next few years to over 50% of the Group's total revenue. The Group will also continue to explore new markets such as Australia, Japan, Myanmar and Europe, through direct operated outlets, franchises or joint ventures.

- ***To continuously refresh the Group's F&B concepts to improve productivity and reduce wastage***

In order to continue to capture customers' attention and interest, the Group is constantly looking at refurbishing and refreshing its F&B outlets at specific milestones to inject a fresh new look with different concepts. Recent examples are highlighted below.

Bakery Division: In November 2015, BreadTalk launched its first global new store concept offering over 50 new products at Vivocity mall, Singapore, and embarked on digital transformation initiatives to improve productivity and reduce food wastage. A progressive roll-out of this new store concept will follow across other BreadTalk outlets in Singapore and those overseas in China, Thailand and Hong Kong. In 2015, the Group also launched a new café concept under the "1933" Brand, with its first outlet at Capitol Piazza, Singapore featuring a unique Southeast Asia regional style that marries Asian flavours with Western influences.

Food Atrium Division: As a further extension to its Food Republic brand, the Group launched Palette Restaurant & Bar at Capitol Piazza, Singapore in 2015 - a new 420-seater multi-cuisine dining concept that serves diners Asian gourmet delicacies and street food.

- ***To focus on turning around underperforming outlets and instilling greater discipline with regard to capital expenditure***

The Group will focus on turning around underperforming outlets over the next 12 months against a more challenging macro-economic environment in China.

The Group will instil greater discipline with regard to its capital expenditure to ensure that investments spent on new outlets and outlet refurbishments will translate to better returns commensurate with its cost of capital.

- **To enhance cost efficiency and improve margin via a thorough review of the Group's supply chain management**

The Group has put in place plans to improve the management of its supply chain processes to achieve better cost efficiency over the next 12 to 18 months.

The Group is in the process of further consolidating its procurement processes, streamlining its production flow and reviewing its inventory management and logistical support to achieve greater cost savings."

14. By inserting a new paragraph immediately after the write-up on "**Mr Chan Soo Sen**" in "**Board of Directors of the Issuer**" under the section "**7. DIRECTORS AND MANAGEMENT OF THE ISSUER**" appearing on page 73 to 75 of the Information Memorandum as follows:

Mr Paul Charles Kenny
Non-Executive Director

Mr Kenny was appointed to the Board on 1 March 2016.

Mr Kenny has been a director of The Minor Food Group Plc since 1997. In 2002, he was appointed Chief Executive Officer of The Minor Food Group Plc."

15. By deleting the write-up on "**Mr Lawrence Yeo**" in "**Senior Management of the Issuer**" under the section "**7. DIRECTORS AND MANAGEMENT OF THE ISSUER**" appearing on page 75 of the Information Memorandum and substituting therefor the following:

Mr Chan Ying Jian
*Group Chief Financial Officer ("**Group CFO**")*

Mr Chan was appointed as Group CFO on 10 June 2015. As Group CFO, he is responsible for the Group's finance, legal and risks functions. Mr Chan also has direct supervision over the financial management and performance of the Food Atrium and Restaurant Divisions, including the finance shared services function across the regions.

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

Mr Tan Aik Peng
*Chief Executive Officer ("**CEO**")*, Bakery Division

Mr Tan joined the Group as Managing Director, Bakery Division on 20 October 2014 and was subsequently appointed CEO of the division on 25 May 2015.

Prior to joining the Group, Mr Tan was the Head of Corporate Strategy, Planning and Business Development department for SATS Ltd., responsible for developing the company's overall strategic roadmap and driving its inorganic growth through identifying, qualifying, pursuing and closing business development opportunities (joint ventures, mergers and acquisitions, strategic

alliances, etc.) both locally and overseas. Before that, Mr Tan spent 12 years in Cisco Systems, Inc. ("**Cisco**") - a U.S. multi-national company and a global market leader of networking and communications equipment. During his tenure in Cisco, he held various roles including roles in strategic business transformation, sales and marketing management, business development, solutions development, strategic partnership, advisory/consulting services, program management and information technology operations/implementations. His last role in Cisco was the Managing Director of Cisco China Smart+Connected Communities Business Unit and Vice President of Cisco China Strategic Business Transformation Office.

Mr Jenson Ong Chin Hock

CEO, Food Atrium Division

Mr Ong has over 20 years of experience in the F&B industry, especially in the food court business. He was appointed as CEO, Food Atrium Division on 1 January 2011. As CEO of the Food Atrium Division, he is responsible for the overall development, operations, projects execution and strategic planning of the business globally.

Mr Ong joined the Group in 2003 as the Director of Food Republic in China. In 2005, he established Megabyte Hong Kong Limited in partnership with the Group and oversaw the management and operations of Food Republic in Hong Kong directly as the Managing Director until his current appointment. Mr Ong pioneered Singapore's first food court business model and initiated more than 100 food court concepts and more than 350 F&B outlets in ASEAN and Greater China.

Mr Cheng William

CEO, Restaurant Division

Mr Cheng became CEO of the Restaurant division on 1 January 2011. Mr Cheng leads the Company's overarching business and marketing strategies, structure and people development that will drive sales and profitability at all of Din Tai Fung and RamenPlay's businesses in Singapore, Thailand and China. Mr Cheng is a 14-year veteran with the Company and oversees all the functional leaders of the Restaurant division. He has more than 20 years of extensive experience in culinary and operations, and previously served as a Branch Manager at BreadTalk before the inception of Din Tai Fung in 2003. Under his leadership, Din Tai Fung successfully launched a state of the art central kitchen, researched and developed a range of popular signature dishes that have generated strong sales and profit growth for the heritage brand. He also placed a renewed focus on quality customer service and brand relevance through customer centric initiatives and a people-centric culture."

16. By inserting a new section after the section "**7. DIRECTORS AND MANAGEMENT OF THE ISSUER**" appearing on pages 73 to 75 of the Information Memorandum as follows:

"8. RECENT DEVELOPMENTS

Acquisition of property in Shanghai, PRC

On 31 July 2014, Shanghai Star Food F&B Management Co., Ltd. (a wholly-owned subsidiary of the Company) entered into several sales and purchase agreements to acquire an office space located at No. 258 Longqi Road, Shanghai Xuhui District, PRC (the "**Property**").

The Property is a 50-year leasehold property consisting of 18 strata units on the same level, with a total floor area approximating 2,041 square metres (21,968 square feet).

The purchase consideration of Chinese Yuan ("**CNY**") 104.2 million (approximately S\$20.98 million based on an exchange rate of CNY1=S\$0.20139), excluding transaction costs, was funded partially by a bank loan secured against the Property

and internal funds. The loan on the property has since been fully repaid on 27 September 2015.

The acquisition was conducted with the plan to eventually consolidate the employees in the Group's Shanghai team into a single office location and to cater for the potential expansion of the Group's Shanghai operations. The purchase was also intended to allay rental cost pressure on the Group's office premises. Currently, the Property is fully leased out to third party tenants while the Group identifies the appropriate timing of the move to consolidate our employees into a single premise.

Joint venture agreement to invest in BTM (Thailand) Ltd

On 1 August 2014, BreadTalk (Thailand) Company Limited (a 49%-owned associate of the Company) ("**BTTH**") entered into a shareholders' agreement with The Minor Food Group Public Company Limited ("**MFG**") to invest in a new joint venture company in Thailand under the name of BTM (Thailand) Ltd ("**BTM**"), with a registered share capital of S\$7.92 million.

Pursuant to the shareholders' agreement, BTTH was allotted 50% of the shares in BTM for a consideration approximating S\$3.96 million. The consideration was fully satisfied by way of the transfer of all existing 19 BreadTalk outlets owned by BTTH to BTM via a business transfer agreement. Upon completion of the transaction, BTM was appointed the BreadTalk franchisee in Thailand to carry on the business of operating the transferred BreadTalk outlets, including future expansion.

The joint venture with MFG is a strategic partnership to further develop the BreadTalk brand in Thailand, leveraging on MFG's established track record of operating food and beverages outlets in Thailand.

Soya bean milk incident

The Company first started selling "Yeo's" brand soya bean milk in 2014 via Yeo's logo-branded dispensers. An operational oversight occurred whereby bottles that were intended to be used to pack fresh juices and labelled "freshly prepared" were wrongly used to pack the soya bean milk at the store level. The Company had previously made representations to consumers that its soya bean milk was "freshly prepared". As a result, consumers could be misled into thinking that the product was freshly brewed.

Upon discovery of the oversight, the Company issued a press release on 4 August 2015 to apologise for the incident and also took the following remedial steps:

1. immediately ceased the use of all mis-labelled bottles across all its 46 outlets since 4 August 2015;
2. entered into a Voluntary Compliance Agreement (the "**VCA**") with the Consumers Association of Singapore on 18 August 2015. By signing the VCA, the Company has agreed that besides ceasing its practice of selling soya bean milk in the mis-labelled bottles, it will not engage in unfair practices going forward;
3. voluntarily donated an amount of S\$50,000 to the Community Chest; and
4. distributed 18,000 free buns over Singapore's Jubilee weekend from 7 to 9 August 2015. The Company further gave away 50,000 of its signature "Flosss" buns to thank its customers over three weekends starting 28 August 2015.

Due to the swift remedial action taken by the Company as explained above, the incident did not result in material impact to the revenue of the Company for FY2015⁴.

Divestment of investment in 112 Katong

On 15 January 2016, Imagine Properties Pte. Ltd. (a wholly-owned subsidiary of the Company) ("**IPPL**"), together with BHG Holdings Pte. Ltd. and Perennial Singapore Investment Holdings Pte. Ltd., entered into a sale and purchase agreement with DC REIT Holdings Pte. Ltd. ("**DC REIT**") pursuant to which IPPL sold and DC REIT purchased S\$7,224,000 in principal amount of S\$154,000,000 Secured Fixed Rate Junior Bonds Due 2015 issued by Pre 1 Investments Pte. Ltd. ("**PRE1**") and the beneficial interests in 43 redeemable preference shares in the capital of PRE1 (collectively known as the "**Divestment**").

The Divestment is in line with the Company's capital management strategy where it continuously evaluates the return on invested capital on its portfolio of strategic investments. The Group is expected to record a gain of S\$8,522,000 before transaction costs. The proceeds from the Divestment will be used for working capital purposes of the Group.

Update on revenue breakdown by business segments

The following table shows the revenue breakdown of the Group by business segments:

(S\$ million)	FY2012	%	FY2013	%	FY2014	%	FY2015 ⁵	%
Bakery	233.1	52.1	271.3	50.6	294.1	49.9	307.9	49.3
Food Atrium	111.6	25.0	143.0	26.6	164.8	27.9	173.1	27.7
Restaurant	102.6	22.9	122.2	22.8	130.7	22.2	143.2	22.9
Total	447.3	100.0	536.5	100.0	589.6	100.0	624.1	100.0

Update on revenue breakdown by geographical segments

The following table shows the revenue breakdown of the Group by geographical segments:

(S\$ million)	FY2012	%	FY2013	%	FY2014	%	FY2015 ⁶	%
Singapore	228.4	51.0	270.6	50.4	296.2	50.2	330.0	52.9
Mainland China	143.0	32.0	172.7	32.2	186.2	31.6	192.1	30.8
Hong Kong	41.9	9.4	53.1	9.9	67.1	11.4	74.2	11.9
Rest of the world	34.0	7.6	40.2	7.5	40.1	6.8	27.9	4.5
Total	447.3	100.0	536.5	100.0	589.6	100.0	624.1	100.0

17. By deleting the risk factor "**Changes in laws, regulations, enforcement, political, social or economic policies in the PRC, or a slowdown in the PRC's economy, may have an adverse impact on the Group's operations**" under the section "**RISK FACTORS**" appearing on page 93 of the Information Memorandum in its entirety and substituting therefor the following:

⁴ Based on the unaudited financial statements of the Group for the financial year ended 31 December 2015.

⁵ Based on the unaudited financial statements of the Group for the financial year ended 31 December 2015.

⁶ Based on the unaudited financial statements of the Group for the financial year ended 31 December 2015.

"Changes in laws, regulations, enforcement, political, social or economic policies in the PRC, a slowdown in the PRC's economy, or a change in consumption patterns may have an adverse impact on the Group's operations

A portion of the Group's operations is situated in the PRC and it may expand its operations in the PRC further in the future. As a result, the Group's results of operations and prospects are and will continue to be subject to political, economic, social and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many aspects, including the extent of government involvement, allocation of resources, capital reinvestment, level of development, growth rate, and control of foreign exchange. Historically, the Chinese economy was centrally-planned, with a series of economic plans promulgated and implemented by the PRC government. Since 1978, the PRC government has undergone various reforms of its economic system. Such reforms have resulted in economic growth for the PRC in the last two decades. However, continued governmental control of the economy may adversely affect the Group. It cannot give assurance that the PRC government will continue to pursue economic reforms. A variety of policies and measures that could be taken by the PRC government to regulate the economy, including (a) the introduction of measures to control inflation or deflation, or reduce growth, (b) changes in the rates or methods of taxation, or (c) the imposition of additional restrictions on currency conversions and remittances abroad, could materially and adversely affect its business, financial condition and results of operations.

Further, a slowdown in the PRC's economy may result in lower shoppers' traffic to the shopping malls where the outlets of the Company are located and this may translate to weaker same store sales growth. Similarly, the rising trend of e-commerce may result in the shift in consumption patterns from brick-and-mortar to online shopping, thereby also contributing to a decrease in shoppers' traffic. Although the Company strives to mitigate the effects of the slowdown via increased advertising, promotional campaigns and continued innovation and introduction of new products, there is no assurance that such initiatives will be effective.

Accordingly, the Group's financial condition and results of operations may be adversely affected by changes in the PRC's political, economic and social conditions, changes in policies of the PRC government or changes in laws, regulations or the interpretation or implementation thereof, a slowdown in the PRC's economy or a change in consumption patterns.

In addition, future changes in applicable laws, regulations or administrative interpretations, or stricter enforcement policies by the PRC government, could impose more stringent requirements on the Group, including fines and penalties. Compliance with such requirements could impose substantial additional costs or otherwise have a material adverse effect on its business, financial condition and results of operations."

18. By deleting the section "**SINGAPORE TAXATION**" appearing on pages 99 to 103 of the Information Memorandum in its entirety and substituting therefor the following:

"

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a

comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. It should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arrangers nor any other persons involved in the MTN Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

1. Interest and other payments

Subject to the following paragraphs in this Singapore Taxation disclosure, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17% with effect from Year of Assessment 2010. With effect from Year of Assessment 2017, the applicable rate for non-resident individuals is 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness under Section 12(6A) of the ITA, where:

- (i) the arrangement, management or service is performed outside Singapore; or
- (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

- (A) is not an individual and is not incorporated, formed or registered in Singapore; and
- (B)
 - (1) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or
 - (2) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or through that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"break cost" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

As the MTN Programme is wholly arranged by Australia and New Zealand Banking Group Limited and Oversea-Chinese Banking Corporation Limited, each of which is a financial sector incentive (bond market) company (as defined in the ITA) or a financial sector incentive (standard tier) company (as defined in the ITA) or a financial sector incentive (capital market) company (as defined in the ITA), any Tranche of the Notes issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 (the "**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and (i) who does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such operation in Singapore, are exempt from Singapore tax;
- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS), Specified Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10%; and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

payments of Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any Tranche of Relevant Notes, the Relevant Notes of such Tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and
- (b) even though a Tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such Tranche of Relevant Notes, 50% or more of the issue of

such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes held by:

- (i) any related party of the Issuer; or
- (ii) any other person who acquires such Relevant Notes with funds obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity date of not less than 10 years;
- (c) either –
 - (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or
 - (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In addition, the tax exemption on Specified Income from qualifying debt securities under the QDS Plus Scheme will not apply to any Specified Income derived from qualifying debt securities issued on or after 28 June 2013 that is derived on or after the date on which the tenure of any portion of those qualifying debt securities is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under such circumstances as may be prescribed by regulations.

The MAS has also released a circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" dated 28 June 2013 providing details in respect of the refinement of the QDS Plus Scheme to allow debt securities with certain

standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10th year), the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the QDS Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the qualifying debt securities scheme if the other conditions for qualifying debt securities continue to be met. Debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond's pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme. This refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to the exempt income are to be treated.

However, even if a Tranche of the Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Notes derived by:

- (a) any related party of the Issuer; or
- (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Relevant Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Relevant Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who adopt or are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Relevant Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "*Adoption of FRS 39 treatment for Singapore income tax purposes*".

3. Adoption of FRS 39 treatment for Singapore income tax purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting

purposes.

Noteholders who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008."

19. By inserting the following as Appendix V of the Information Memorandum:

"

APPENDIX V

**AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014**

Company Registration No. 200302045G

BreadTalk Group Limited and its Subsidiaries

Annual Financial Statements
31 December 2014



EY

Building a better
working world

BreadTalk Group Limited and its Subsidiaries

General information

Directors

Dr George Quek Meng Tong
Katherine Lee Lih Leng
Ong Kian Min
Chan Soo Sen
Dr Tan Khee Giap

Company Secretary

Cho Form Po

Registered Office

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

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

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

Ernst & Young LLP

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

BreadTalk Group Limited and its Subsidiaries

General information

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BreadTalk Group Limited and its Subsidiaries

Directors' report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of BreadTalk Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

Name of director	Direct interest			Deemed interest		
	As at 1 January 2014	As at 31 December 2014	As at 21 January 2015	As at 1 January 2014	As at 31 December 2014	As at 21 January 2015
The Company						
<i>(Ordinary shares)</i>						
Dr George Quek Meng Tong	95,673,470	95,687,660	95,687,660	–	–	–
Katherine Lee Lih Leng	52,400,830	52,415,020	52,415,020	–	–	–
Ong Kian Min	120,000	120,000	120,000	–	–	–
Tan Khee Giap	–	–	–	20,000	20,000	20,000
<i>(Conditional award of restricted shares)</i>						
Dr George Quek Meng Tong	14,190	14,190	–	–	–	–
Katherine Lee Lih Leng	14,190	14,190	–	–	–	–

Directors' interests in shares and debentures (cont'd)

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

Except as disclosed in this report, no other director who held office at the end of the financial year had interest in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment or the end of the financial year or on 21 January 2015.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share Option and Share Plans

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

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

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

(i) *Employees and Directors*

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

(ii) *Controlling Shareholders and their Associates*

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

Share Option and Share Plans (cont'd)

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

Size of ESOS

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

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

Grant of ESOS

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

Acceptance of ESOS

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

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

(b) *The BreadTalk Restricted Share Grant Plan*

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

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

Share Option and Share Plans (cont'd)

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

Eligibility

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

(i) *Employees*

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

(ii) *Directors*

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

- have attained the age of twenty-one (21) years on or before the Award Date; and
- not undischarged bankrupts.

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

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

Size of RSG Plan

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

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

Share Option and Share Plans (cont'd)

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

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

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

Share Awards and Vesting

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

The details of the restricted shares awarded under the RSG Plan since its commencement up to 31 December 2014 are as follows:

Name of Participant	Conditional restricted shares granted during the year	Aggregate conditional restricted shares awarded since commencement of the Plan (a)	Aggregate conditional restricted shares lapsed since commencement of the Plan (b)	Aggregate conditional restricted shares vested and released during the year	Aggregate conditional restricted shares vested and released since commencement of the Plan (c)	Aggregate conditional restricted shares outstanding at end of the year (a)-(b)-(c)
<u>Directors of the Company</u>						
Dr George Quek Meng Tong ⁽¹⁾	–	179,200	–	14,190	179,200	–
Katherine Lee Lih Leng ⁽¹⁾	–	154,000	–	14,190	154,000	–
<u>Associate of a Controlling Shareholder</u>						
Frankie Quek Swee Heng ⁽²⁾	58,000	183,000	–	74,070	111,800	71,200

BreadTalk Group Limited and its Subsidiaries

Directors' report

Share Option and Share Plans (cont'd)

Name of Participant	Conditional restricted shares granted during the year	Aggregate conditional restricted shares awarded since commencement of the Plan (a)	Aggregate conditional restricted shares lapsed since commencement of the Plan (b)	Aggregate conditional restricted shares vested and released during the year	Aggregate conditional restricted shares vested and released since commencement of the Plan (c)	Aggregate conditional restricted shares outstanding at end of the year (a)-(b)-(c)
<u>Participants who received 5% or more of the total grants available</u>						
Oh Eng Lock ⁽³⁾	65,000	1,607,430	–	563,654	1,478,740	128,690
Cheng William	20,000	321,200	–	43,500	265,560	55,640
Jenson Ong Chin Hock	22,000	88,600	–	18,250	53,400	35,200
Lawrence Yeo Kia Yeow	40,000	131,000	–	30,340	50,740	80,260
Other participants	109,000	1,547,400	161,640	103,340	1,140,470	245,290
	314,000	4,211,830	161,640	861,534	3,433,910	616,280

(1) Also a controlling shareholder of the Company

(2) Associate of Dr George Quek Meng Tong, a controlling shareholder of the Company

(3) This includes a total of 781,666 shares and 488,764 shares that were released via the issuance of treasury shares in relation to a sign-on bonus as well as award of service equity granted to Mr. Oh Eng Lock.

With the Remuneration Committee's approval on the achievement of the performance targets for the performance period from FY2011 to FY2013, a total of 399,830 restricted shares were released via the issuance of treasury shares.

Audit Committee

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

BreadTalk Group Limited and its Subsidiaries

Directors' report

Auditor

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

On behalf of the board of directors:



Dr George Quek Meng Tong
Director



Katherine Lee Lih Leng
Director

Singapore
30 March 2015

BreadTalk Group Limited and its Subsidiaries

Statement by directors

We, Dr George Quek Meng Tong and Katherine Lee Lih Leng, being two of the directors of BreadTalk Group Limited, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:



Dr George Quek Meng Tong
Director



Katherine Lee Lih Leng
Director

Singapore
30 March 2015

BreadTalk Group Limited and its Subsidiaries

Independent auditor's report For the financial year ended 31 December 2014

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

Report on the financial statements

We have audited the accompanying consolidated financial statements of BreadTalk Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 114, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

BreadTalk Group Limited and its Subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2014**

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 March 2015

BreadTalk Group Limited and its Subsidiaries

**Consolidated statement of comprehensive income
For the year ended 31 December 2014**

	Notes	2014 \$'000	2013 \$'000
Revenue	3	589,644	536,530
Cost of sales		(279,018)	(251,973)
Gross profit		310,626	284,557
Other operating income	4	18,300	11,899
Interest income	5	2,058	1,316
Distribution and selling expenses		(233,005)	(209,937)
Administrative expenses		(70,998)	(63,596)
Interest expense	5	(3,728)	(2,675)
Profit before tax and share of results of associates and joint ventures		23,253	21,564
Share of results of associates		(1,085)	231
Share of results of joint ventures		645	595
Profit before tax	6	22,813	22,390
Income tax expense	8	(6,760)	(6,251)
Profit for the year		16,053	16,139
Profit attributable to:			
Owners of the Company		12,194	13,600
Non-controlling interests		3,859	2,539
		16,053	16,139
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on available-for-sale financial assets		(111)	(103)
Foreign currency translation		1,643	1,421
Other comprehensive income for the year, net of tax		1,532	1,318
Total comprehensive income for the year		17,585	17,457
Total comprehensive income attributable to:			
Owners of the Company		13,726	14,918
Non-controlling interests		3,859	2,539
		17,585	17,457
Earnings per share (cents)			
Basic	9	4.33	4.83
Diluted	9	4.32	4.82

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

BreadTalk Group Limited and its Subsidiaries

Balance sheets

As at 31 December 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	10	220,670	225,860	75,560	74,115
Investment property	11	23,153	–	–	–
Intangible assets	12	7,691	7,772	–	–
Investment securities	13	77,182	59,799	–	–
Investment in subsidiaries	14	–	–	24,170	23,657
Investment in associates	15	3,033	4,568	–	–
Investment in joint ventures	16	8,235	3,638	–	–
Other receivables	18	2,350	3,277	–	–
Fixed deposit	20	–	10,671	–	–
Deferred tax assets	8	4,970	4,287	–	67
		347,284	319,872	99,730	97,839
Current assets					
Inventories	17	10,629	10,004	–	–
Trade and other receivables	18	54,494	49,145	1,854	968
Prepayments		5,783	6,395	120	86
Tax recoverable		8	6	–	–
Due from related corporations	19	1,885	959	26,412	16,753
Amounts due from minority shareholders of subsidiaries (non-trade)	24	518	395	–	–
Cash and cash equivalents	20	95,452	79,420	3,047	9,214
Assets of disposal group classified as held for sale	21	–	2,056	–	–
		168,769	148,380	31,433	27,021
Current liabilities					
Trade and other payables	22	97,675	102,589	1,430	2,669
Other liabilities	23	65,226	59,531	3,280	5,793
Provision	23	11,681	10,223	22	22
Due to related corporations	19	5,162	3,901	32,103	27,457
Loan from a minority shareholder of a subsidiary	24	200	200	–	–
Short-term loans	25	32,367	9,746	–	–
Current portion of long-term loans	26	43,965	20,554	4,032	3,135
Tax payable		6,825	6,458	–	–
		263,101	213,202	40,867	39,076

BreadTalk Group Limited and its Subsidiaries

Balance sheets

As at 31 December 2014 (cont'd)

	Notes	Group		Company	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Net current liabilities		(94,332)	(64,822)	(9,434)	(12,055)
Non-current liabilities					
Other liabilities	23	12,626	10,297	–	–
Loan from a minority shareholder of a subsidiary	24	476	–	–	–
Long-term loans	26	121,487	138,216	47,158	49,048
Deferred tax liabilities	8	2,619	2,554	167	–
		137,208	151,067	47,325	49,048
Net assets		115,744	103,983	42,971	36,736
Equity attributable to owners of the Company					
Share capital	27	33,303	33,303	33,303	33,303
Treasury shares	27	(3)	(187)	(3)	(187)
Accumulated profits	28	64,515	57,499	9,008	3,159
Other reserves	28	4,687	3,338	663	461
		102,502	93,953	42,971	36,736
Non-controlling interests		13,242	10,030	–	–
Total Equity		115,744	103,983	42,971	36,736

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

BreadTalk Group Limited and its Subsidiaries

**Statements of changes in equity
For the year ended 31 December 2014**

2014 Group	Attributable to owners of the Company										Total equity \$'000	
	Share capital \$'000 (Note 27)	Treasury shares \$'000 (Note 27)	Accu- mulated profits \$'000 (Note 28)	Statutory reserve fund \$'000 (Note 28)	Trans- lation reserve \$'000 (Note 28)	Fair value adjust- ment reserve \$'000 (Note 28)	Share based compen- sation reserve \$'000 (Note 28)	Premium paid on acquisition of non- controlling interests \$'000 (Note 28)	Capital reserve \$'000 (Note 28)	Total \$'000		Non-con- trolling interests \$'000
At 1 January 2014	33,303	(187)	57,499	2,757	666	111	286	(657)	175	93,953	10,030	103,983
Profit for the year	—	—	12,194	—	—	—	—	—	—	12,194	3,859	16,053
Other comprehensive income	—	—	—	—	—	(111)	—	—	—	—	—	—
Net fair value loss on available-for-sale financial assets	—	—	—	—	—	(111)	—	—	—	(111)	—	(111)
Foreign currency translation	—	—	—	—	1,643	—	—	—	—	1,643	—	1,643
Other comprehensive income for the year, net of tax	—	—	—	—	1,643	(111)	—	—	—	1,532	—	1,532
Total comprehensive income for the year	—	—	12,194	—	1,643	(111)	—	—	—	13,726	3,859	17,585
Contributions by and distributions to owners	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	650 ⁽¹⁾	—	—	—	—	305	—	—	955	—	955
Dividends paid (Note 36)	—	—	(5,071)	—	—	—	—	—	—	(5,071)	(155)	(5,226)
Dividends payable	—	—	—	—	—	—	—	—	—	—	(984)	(984)
Treasury shares transferred on vesting of restricted share grant	—	103	—	—	—	—	(235)	—	132	—	—	—
Purchase of treasury shares	—	(569)	—	—	—	—	—	—	—	(569)	—	(569)
Total contributions by and distributions to owners	—	184	(5,071)	—	—	—	70	—	132	(4,685)	(1,139)	(5,824)
Changes in ownership interests in a subsidiary	—	—	—	—	—	—	—	(492)	—	(492)	492	—
Acquisition of non-controlling interests without a change in control	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners in their capacity as owners	—	184	(5,071)	—	—	—	70	(492)	132	(5,177)	(647)	(5,824)

BreadTalk Group Limited and its Subsidiaries

Statements of changes in equity
For the year ended 31 December 2014 (cont'd)

		Attributable to owners of the Company											
		Share capital	Treasury shares	Accumulated profits	Statutory reserve fund	Transition reserve	Fair value adjustment reserve	Share based compensation reserve	Premium paid on acquisition of non-controlling interests	Capital reserve	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014 Group		(Note 27)	(Note 27)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)		
Others													
Transfer of statutory reserves		-	-	(107)	107	-	-	-	-	-	-	-	-
At 31 December 2014		33,303	(3)	64,515	2,864	2,309	-	356	(1,149)	307	102,502	13,242	115,744

BreadTalk Group Limited and its Subsidiaries

Statements of changes in equity
For the year ended 31 December 2014 (cont'd)

2013 Group	Attributable to owners of the Company										Total equity \$'000	
	Share capital \$'000 (Note 27)	Treasury shares \$'000 (Note 27)	Accu- mulated profits \$'000 (Note 28)	Statutory reserve fund \$'000 (Note 28)	Trans- lation reserve \$'000 (Note 28)	Fair value adjust- ment reserve \$'000 (Note 28)	Share based compen- sation reserve \$'000 (Note 28)	Premium paid on acquisition of non- controlling interests \$'000 (Note 28)	Capital reserve \$'000 (Note 28)	Total \$'000		Non-con- trolling interests \$'000
At 1 January 2013	33,303	(406)	47,559	2,757	(755)	214	379	(657)	156	82,550	8,475	91,025
Profit for the year	-	-	13,600	-	-	-	-	-	-	13,600	2,539	16,139
Other comprehensive income	-	-	-	-	-	(103)	-	-	-	(103)	-	(103)
Net fair value loss on available-for-sale financial assets	-	-	-	-	-	(103)	-	-	-	(103)	-	(103)
Foreign currency translation	-	-	-	-	1,421	-	-	-	-	1,421	-	1,421
Other comprehensive income for the year, net of tax	-	-	-	-	1,421	(103)	-	-	-	1,318	-	1,318
Total comprehensive income for the year	-	-	13,600	-	1,421	(103)	-	-	-	14,918	2,539	17,457
Contributions by and distributions to owners	-	-	-	-	-	-	145	-	-	145	-	145
Share-based payments	-	-	(3,660)	-	-	-	-	-	-	(3,660)	-	(3,660)
Dividends paid (Note 36)	-	-	-	-	-	-	-	-	-	-	(984)	(984)
Dividends payable	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares transferred on vesting of restricted share grant	-	219	-	-	-	-	(238)	-	19	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	219	(3,660)	-	-	-	(93)	-	19	(3,515)	(984)	(4,499)
At 31 December 2013	33,303	(187)	57,499	2,757	666	111	286	(657)	175	93,953	10,030	103,983

BreadTalk Group Limited and its Subsidiaries

Statements of changes in equity
For the year ended 31 December 2014 (cont'd)

	Share capital \$'000 (Note 27)	Treasury shares \$'000 (Note 27)	Accumulated profits \$'000 (Note 28)	Share based compensation reserve \$'000 (Note 28)	Capital reserve \$'000 (Note 28)	Total equity \$'000
2013						
Company						
1 January 2013	33,303	(406)	(5,127)	379	156	28,305
Profit for the year	–	–	11,946	–	–	11,946
Total comprehensive income for the year	–	–	11,946	–	–	11,946
<u>Contributions by and distributions to owners</u>						
Share-based payments	–	–	–	145	–	145
Treasury shares transferred on vesting of restricted share grant	–	219	–	(238)	19	–
Purchase of treasury shares	–	–	–	–	–	–
Dividends paid (Note 36)	–	–	(3,660)	–	–	(3,660)
Total transactions with owners in their capacity as owners	–	219	(3,660)	(93)	19	(3,515)
At 31 December 2013	33,303	(187)	3,159	286	175	36,736
2014						
Company						
1 January 2014	33,303	(187)	3,159	286	175	36,736
Profit for the year	–	–	10,920	–	–	10,920
Total comprehensive income for the year	–	–	10,920	–	–	10,920
<u>Contributions by and distributions to owners</u>						
Share-based payments	–	650 ⁽¹⁾	–	305	–	955
Treasury shares transferred on vesting of restricted share grant	–	103	–	(235)	132	–
Purchase of treasury shares	–	(569)	–	–	–	(569)
Dividends paid (Note 36)	–	–	(5,071)	–	–	(5,071)
Total transactions with owners in their capacity as owners	–	184	(5,071)	70	132	(4,685)
At 31 December 2014	33,303	(3)	9,008	356	307	42,971

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

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

BreadTalk Group Limited and its Subsidiaries

**Consolidated cash flow statement
For the year ended 31 December 2014**

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit before taxation		22,813	22,390
Adjustments for:			
Amortisation of intangible assets	12	442	489
Depreciation of property, plant and equipment	10	45,495	38,849
Gain on disposal of intangible assets		-	(11)
Gain on disposal of property, plant and equipment		(1,001)	(111)
Gain on a disposal of a joint venture		(27)	-
Write back of provision for reinstatement cost		(92)	(394)
Impairment loss on investment securities	13	75	-
Impairment loss on property, plant and equipment	10	-	824
Impairment of trade receivables		137	197
Impairment of other receivables		-	26
Impairment of amount due from joint venture		52	607
Other receivables written off		111	-
Interest expense		3,728	2,675
Interest income		(2,058)	(1,316)
Property, plant and equipment written off		3,135	743
Share based payment expenses		955	146
Share of results of associates		1,085	(231)
Share of results of joint ventures		(645)	(595)
Write-off of inventories		12	-
Dividend income from unquoted investment equity		(411)	-
Unrealised exchange loss / (gain), net		437	(1,115)
Operating cash flows before working capital changes		74,243	63,173
Increase in:			
Inventories		(637)	(992)
Trade and other receivables		(3,323)	(8,319)
Prepayments		612	(71)
Amount due from joint ventures (trade)		(139)	278
Increase in:			
Trade and other payables		(600)	10,400
Other liabilities		9,734	14,019
Amount due to a joint venture (trade)		364	496
Cash flows generated from operations		80,254	78,984
Tax paid		(6,929)	(7,545)
Net cash flows from operating activities		73,325	71,439

BreadTalk Group Limited and its Subsidiaries

**Consolidated cash flow statement
For the year ended 31 December 2014 (cont'd)**

	Notes	2014 \$'000	2013 \$'000
Cash flows from investing activities			
Interest income received		578	2,070
Purchase of property, plant and equipment	A	(47,482)	(106,441)
Additions to intangible assets		(337)	(219)
Purchase of investment property		(23,153)	–
Cash paid for reinstatement expenses		(792)	(375)
Proceeds from disposal of property, plant and equipment		4,549	271
Proceeds from disposal of assets of disposal group classified as held for sale		2,056	–
Proceeds from disposal of a joint venture		27	–
Amount due from joint ventures(non-trade)		(138)	(138)
Amount due to joint ventures (non-trade)		(11)	–
Loan to a joint venture		–	(55)
Amount due to an associate (non-trade)		904	1,193
Investment in a joint venture		(5,044)	–
Investment in associates		–	(2,910)
Purchase of investment securities		(17,569)	(14,020)
Loan to an investee		(4,485)	–
Repayment of loan to an investee		3,788	–
Dividends received from an associate		450	–
Dividends received from a joint venture		334	208
Dividends received from unquoted investment equity		411	–
Cash under asset held for sale	21	–	(4)
Net cash flows used in investing activities		(85,914)	(120,420)
Cash flows from financing activities			
Interest paid		(3,728)	(2,675)
Dividends paid to shareholders of the Company		(5,071)	(3,660)
Dividends paid to minority shareholders of a subsidiary		(1,139)	(984)
Purchase of treasury shares		(569)	–
Proceeds from long-term loans		40,739	73,831
Repayment of long-term loans		(18,691)	(32,314)
Proceeds from short-term loans		30,758	34,159
Repayment of short-term loans		(24,259)	(3,223)
Loan due to a minority shareholder		476	–
Repayment of amount due to landlord		–	(14)
Net cash flows from financing activities		18,516	65,120
Net increase/(decrease) in cash and cash equivalents		5,927	16,139
Effect of exchange rate changes on cash and cash equivalents		(984)	(964)
Cash and cash equivalents at the beginning of the year		79,420	64,245
Reclassification of long term fixed deposit due within 12 months		11,089	–
Cash and cash equivalents at the end of the year	20	95,452	79,420

BreadTalk Group Limited and its Subsidiaries

**Consolidated cash flow statement
For the year ended 31 December 2014 (cont'd)**

Note A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of approximately \$43,629,000 (2013: \$107,751,000). The additions were by way of cash payments of \$30,705,000 (2013: \$90,392,000), increase in provision for reinstatement costs of \$2,169,000 (2013: \$2,926,000), in amount payable to other creditors of \$9,334,000 (2013: \$11,302,000) and accruals of \$1,421,000 (2013: \$3,131,000).

Cash outflow for the year also include payments in respect of property, plant and equipment acquired in the previous years of \$16,777,000 (2013: \$16,049,000).

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2014

1. General

1.1 *Corporate information*

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

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation and fundamental accounting assumption*

As at 31 December 2014, the Group's and Company's current liabilities exceeded their current assets by \$94,332,000 (2013: \$64,822,000) and \$9,434,000 (2013: \$12,055,000) respectively. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved and to enable it to meet its financial obligations as and when they fall due. In addition, the Group has sufficient unutilised banking facilities available for future use should the need arise.

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

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

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(e) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(c) Amendments to FRS 40 Investment Property	1 July 2014
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) FRS 19 Employee Benefits	1 January 2016
(d) FRS 34 Interim Financial Reporting	1 January 2016
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

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

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

With the exception of FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 Significant accounting estimates and judgements

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

Judgments made in applying accounting policies

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

(a) Impairment of available-for-sale investments and held-to-maturity investments

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

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

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

2.4 Significant accounting estimates and judgements (cont'd)

(b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and deferred tax liabilities at 31 December 2014 were approximately \$6,825,000 (2013: \$6,458,000) and \$2,619,000 (2013: \$2,554,000) respectively. The carrying amount of the Group's tax recoverable and deferred tax assets at 31 December 2014 was \$8,000 (2013: \$6,000) and \$4,970,000 (2013: \$4,287,000) respectively.

A subsidiary, BreadTalk Pte Ltd obtained the Development and Expansion Incentive ("DEI") which entitles the qualifying income of the company earned up to the financial year ended 31 December 2018 to be subject to the concessionary tax rate of 10%. Judgment is involved when determining the amount of qualifying income for the year.

Key sources of estimation uncertainty

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

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2014 was \$5,846,000 (2013: \$5,846,000). More details are given in Note 12.

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

2.4 Significant accounting estimates and judgements (cont'd)

(b) Valuation and estimated useful life of brand value arising from acquisition of a subsidiary, Topwin Investment Holding Pte Ltd ("Topwin")

Brand value arising from the acquisition of Topwin was separately identified and recognised by management using the "relief from royalty method". The premise of this valuation method is the assumption that the Group would be compelled to pay the rightful owner of the brand name if the Group did not have the legal right to utilise the brand name. The ownership of the brand therefore relieves the Group from making such royalty payments. This requires an estimation of the royalty payments including initial fees and continuing royalty payments based on a percentage of projected revenue. The basis used to determine the revenue projections is the revenue for each food court of Topwin achieved in the financial year ended 31 December 2004 projected into the future. The useful life of the brand value is estimated by the directors to be 15 years as this is the length of time that they expect the benefits of the brand to flow to the Group. Amortisation of the brand amounted to \$213,000 (2013: \$214,000) for the financial year ended 31 December 2014 and the carrying amount of the brand value at 31 December 2014 was \$1,066,000 (2013: \$1,279,000). More details are given in Note 12.

(c) Provision for reinstatement cost

The Group recognises provision for reinstatement cost when the Group entered into a lease agreement for the premises. In determining the amount of the provision for reinstatement cost, estimates are made in relation to the expected cost to reinstate the premises back to its original form after the expiration of the lease terms. The carrying amount of the provision for reinstatement cost as at 31 December 2014 was \$11,681,000 (2013: \$10,223,000). If the estimated provision had been 5% higher/lower than management's estimate, the carrying amount of the provision would have been \$584,000 (2013: \$511,000) higher/lower.

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

2.5 ***Foreign currency***

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

2.6 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations and goodwill

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

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

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

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

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

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

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

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

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

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

2.7 Transactions with non-controlling interests

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

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

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

2.8 Subsidiaries

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

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

2.9 Joint arrangements

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

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

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

(a) Joint operations

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

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

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

(b) Joint ventures

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

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

2.10 *Associates and joint ventures*

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

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

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

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

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

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

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

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

2.11 Property, plant and equipment

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

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

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

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

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

2.12 *Investment properties*

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

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

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties begin when they are available for use and are computed on a straight-line basis over the estimated useful life of the asset. The useful life of the investment property is 47 years.

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

2.13 *Intangible assets*

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

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

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

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

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

2.13 Intangible assets (cont'd)

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

(a) *Trade mark*

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

(b) *Franchise rights*

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

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

(c) *Location premium*

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

(d) *Brand value*

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

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

2.14 Impairment of non-financial assets

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

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

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

2.14 Impairment of non-financial assets (cont'd)

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

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

2.15 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) *Loans and receivables*

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

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

2.15 *Financial instruments (cont'd)*

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

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

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

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

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

Derecognition

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

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

2.15 *Financial Instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

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

2.16 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

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

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

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

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

(b) *Financial assets carried at cost*

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

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

2.16 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets

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

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

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

2.17 Cash and cash equivalents

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

2.18 Inventories

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

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

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

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

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

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

2.19 Provisions

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

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

2.20 Financial guarantee

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

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

2.21 Borrowing costs

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

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

2.22 Leases

(a) As lessee

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

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

2.22 Leases (cont'd)

(a) As lessee (cont'd)

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

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

(b) As lessor

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

2.23 Employee benefits

(a) Defined contribution plans

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

Singapore

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

People's Republic of China ("PRC")

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

Hong Kong

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

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

2.23 Employee benefits (cont'd)

(b) Employee leave entitlement

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

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

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

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

2.24 Non-current assets held for sale

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

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

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

2.25 Revenue

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

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

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

(b) *Franchise income*

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

(c) *Food court revenue*

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

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

(d) *Management fee*

Management fee is recognised on an accrual basis.

(e) *Interest income*

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

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

2.25 Revenue (cont'd)

(f) *Dividend income*

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

(g) *Rental income*

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

2.26 Government grants

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

2.27 Taxes

(a) *Current income tax*

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

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

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

2.27 Taxes (cont'd)

(b) *Deferred tax*

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

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.27 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

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

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Share capital and share issue expenses

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

2.30 Treasury shares

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

2.31 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2014

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

2.32 Transfers between levels of the fair value hierarchy

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

3. Revenue

	Group	
	2014	2013
	\$'000	\$'000
Bakery sales	252,297	230,021
Restaurant sales	130,735	122,203
Sales to franchisee	27,824	28,624
Franchise income	13,913	12,675
Food court income	164,875	143,007
	589,644	536,530

4. Other operating income

	Group	
	2014	2013
	\$'000	\$'000
Management fee income	7,491	6,954
Income from mall operation	769	223
Government grant ⁽¹⁾	1,367	1,683
Grant income from Special Employment Credit ⁽²⁾	327	147
Wage credit scheme ⁽³⁾	790	-
PIC Bonus ⁽⁴⁾	90	-
Income from expired food court stored value cards	54	64
Sponsorship income	555	585
Sundry sales	-	143
Rental income	2,014	418
Gain on disposal of a joint venture	27	-
Gain on disposal of intangible assets (Note 12)	-	11
Gain on disposal of property, plant and equipment	1,001	111
Foreign exchange gain	851	148
Write back of provision for reinstatement cost	92	394
Compensation received from vendor	726	-
Waiver of debt by vendor	170	-
Dividend received from unquoted equity instruments	411	-
Miscellaneous income	1,565	1,018
	18,300	11,899

4. Other operating income (cont'd)

- (1) Government grant in relation to business expansion activities undertaken by certain subsidiaries in the PRC.
- (2) The Special Employment Credit ("SEC") was introduced as a budget initiative in the financial year 2011 and was further enhanced in financial year 2012 to cover a wider range of employees and enabling more employers to benefit from the Scheme. The enhanced Scheme is for 5 years and will expire on 31 December 2016.

Under this Scheme, for each Singaporean employee who is aged 50 and above and who earns up to \$3,000 per month, the Company will receive an 8% Special Employment Credit based on that employee's salary. The Scheme has 2 payouts in March and September. The Group received \$327,000 (2013: \$147,000) during the year.

- (3) The Wage Credit Scheme ("WCS") was introduced as a budget initiative in the financial year 2014 to help businesses which may face rising wage costs in a tight labour market. The Government will co-fund 40% of wage increases to Singaporean employees earning a gross monthly wage of \$4,000 for the financial year 2014 to 2015 and 20% co-funding in the financial years of 2016 and 2017.
- (4) Introduced in the Singapore Budget 2013, the PIC Bonus ("PIC") scheme helps business defray rising operating costs such as wages and rentals and encourages businesses to undertake improvements in productivity and innovation.

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

5. Interest income and interest expense

	Group	
	2014	2013
	\$'000	\$'000
Interest income from:		
- loans and receivables	927	758
- held-to-maturity financial assets	1,131	558
	2,058	1,316
Interest expense on:		
- Term loans	(3,728)	(2,675)

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2014**

6. Profit before taxation

This is determined after charging the following:

	Group	
	2014	2013
	\$'000	\$'000
Audit fees to:		
- auditors of the Company	294	281
- other auditors	199	166
Non-audit fees to:		
- auditors of the Company	30	27
- other auditors	56	4
Amortisation of intangible assets (Note 12)	442	489
Impairment of loans and receivables		
- trade receivables (Note 18)	137	197
- other receivables (Note 18)	-	26
- amount due from joint venture (Note 19)	52	607
Directors' fees	168	168
Depreciation of property, plant and equipment (Note 10)	45,495	38,849
Employee benefits (Note 7)	161,867	142,638
Operating lease expenses		
- fixed portion	116,613	101,795
- variable portion	12,808	13,007
Property, plant and equipment written off	3,135	743
Impairment loss on property, plant and equipment (Note 10)	-	824
Write-off of inventories (Note 17)	12	-
Impairment loss on quoted equity instruments	75	-
Other receivables write off	111	-

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

7. Employee benefits

	Group	
	2014	2013
	\$'000	\$'000
Staff costs (including directors)		
Salaries and bonuses	115,653	104,971
Central Provident Fund and other pension contributions	13,931	14,103
Sales incentives and commission	3,428	2,908
Share-based payment (RSG Plan)	1,093	217
Other personnel benefits	27,762	20,439
	<u>161,867</u>	<u>142,638</u>

RSG Plan

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

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

During the year, 314,000 (2013: 253,000) restricted shares were granted. The number of restricted shares outstanding at year end is 616,280 (2013: 710,050) shares.

8. Taxation

Major components of income tax expense were:

	Group	
	2014	2013
	\$'000	\$'000
Current tax		
- Current year	6,585	7,152
- Over provision in prior year	(82)	(114)
Deferred tax		
- Origination and reversal of temporary differences	(665)	(988)
- Under/(over) provision in prior year	188	(215)
Withholding tax	734	416
Taxation expense	<u>6,760</u>	<u>6,251</u>

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2014**

8. Taxation (cont'd)

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

	Group	
	2014	2013
	\$'000	\$'000
Profit before taxation	22,813	22,390
Tax at the domestic rates applicable to profits in the countries where the Group operates ⁽¹⁾	4,128	4,015
Tax effect of:		
Expenses not deductible for tax purposes	2,583	1,797
Depreciation not deductible for tax purposes	1,649	1,453
Income not subject to taxation	(811)	(583)
Share of results of associates and joint ventures	259	337
Tax savings arising from development and expansion incentive ⁽²⁾	(181)	-
(Over)/under provision in prior years		
- Current tax	(82)	(114)
- Deferred tax	188	(215)
Withholding tax expense	734	416
Effect of partial tax exemption and tax relief	(168)	(140)
Deferred tax assets not recognised	631	582
Benefits from previously unrecognised temporary differences	(1,170)	(541)
Tax savings from enhanced deductions ⁽³⁾	(922)	(759)
Tax losses which cannot be carried forward	-	(3)
Others	(78)	6
Taxation expense	6,760	6,251

⁽¹⁾ This is prepared by aggregating separate reconciliations for each national jurisdiction.

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

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

8. Taxation (cont'd)

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

	Group		Profit or loss		Company	
	Balance sheet 2014	Balance sheet 2013	2014	2013	Balance sheet 2014	Balance sheet 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	(2,232)	(2,174)	(58)	(428)	(167)	–
Dividend income	–	–	–	168	–	–
Other items	(387)	(380)	(6)	220	–	–
	<u>(2,619)</u>	<u>(2,554)</u>			<u>(167)</u>	<u>–</u>
Deferred tax assets:						
Provisions	1,619	1,508	36	163	–	–
Differences in depreciation for tax purposes	429	922	(533)	72	–	(15)
Unutilised capital allowances	1,886	473	1,389	416	–	56
Unutilised tax losses	476	851	(375)	499	–	–
Other items	560	533	25	93	–	26
	<u>4,970</u>	<u>4,287</u>			<u>–</u>	<u>67</u>
Deferred income tax			<u>477</u>	<u>(1,203)</u>		

Unrecognised tax losses, capital allowances and other temporary differences

As at 31 December 2014, the Group has tax losses of approximately \$29,412,000 (2013: \$30,138,000), unutilised capital allowances of approximately \$320,000 (2013: \$1,201,000) and other temporary differences of approximately \$2,368,000 (2013: \$1,827,000) that are available for offset against future taxable profits, for which no deferred tax assets are recognised on these amounts due to uncertainty of their utilisation. The comparative figures have been adjusted based on the latest tax submissions and finalisation of certain years of tax assessments. The utilisation of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. As at 31 December 2014, \$19,263,000 (2013: \$15,285,000) of the unrecognised tax losses will expire between 1 and 5 years.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

8. Taxation (cont'd)

unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2013: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$26,605,000 (2013: \$24,218,000). The deferred tax liability is estimated to be \$1,330,000 (2013: \$1,211,000).

Tax consequences of proposed dividends

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

9. Earnings per share

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

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

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

	Group	
	2014 \$'000	2013 \$'000
Profit for the year attributable to owners of the Company	12,194	13,600
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation *	281,890	281,362
Effects of dilution:		
- Restricted shares granted conditionally under the "BreadTalk Restricted Share Grant Plan"	616	877
Weighted average number of ordinary shares for diluted earnings per share computation *	282,506	282,239

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

10. Property, plant and equipment

Group Cost	Leasehold property \$'000	Leasehold land \$'000	Machinery and equipment \$'000	Electrical works \$'000	Furniture and fittings \$'000	Office equipment \$'000
As at 1.1.2013	3,493	7,503	36,170	32,581	34,652	8,329
Additions	4,228	12,531	15,149	15,415	11,618	2,780
Reclassifications ⁽²⁾	45,224	–	933	3,139	2,315	(196)
Write offs	–	–	(3,502)	(2,147)	(1,876)	(401)
Disposals	–	–	(700)	(298)	(193)	(84)
Attributable to assets held for sale ⁽³⁾	–	–	(1,555)	–	(174)	(219)
Translation difference	228	85	612	207	295	116
As at 31.12.2013 and 1.1.2014	53,173	20,119	47,107	48,897	46,637	10,325
Additions	2,603	1,053	6,647	7,143	7,231	1,271
Reclassifications ⁽²⁾	–	–	435	159	365	42
Write offs	–	–	(2,216)	(2,641)	(2,335)	(240)
Disposals	–	–	(1,381)	(276)	(298)	(407)
Translation difference	145	104	697	665	1,056	157
As at 31.12.2014	55,921	21,276	51,289	53,947	52,656	11,148
Accumulated depreciation and impairment losses						
As at 1.1.2013	1,137	17	20,138	16,017	18,176	5,153
Charge for the year	652	233	6,140	6,918	6,838	1,569
Reclassifications	–	–	197	1,028	33	(138)
Write offs	–	–	(3,320)	(2,001)	(1,777)	(386)
Disposals	–	–	(633)	(290)	(116)	(80)
Impairment loss for the year	–	–	552	100	37	28
Attributable to assets held for sale ⁽³⁾	–	–	(1,145)	–	(106)	(176)
Translation difference	82	2	280	160	247	93
As at 31.12.2013 and 1.1.2014	1,871	252	22,209	21,932	23,332	6,063
Charge for the year	1,049	392	6,750	7,982	7,480	1,844
Reclassifications	–	–	–	41	–	(41)
Write offs	–	–	(1,664)	(2,184)	(1,794)	(165)
Disposals	–	–	(766)	(83)	(196)	(213)
Translation difference	60	7	382	393	627	104
As at 31.12.2014	2,980	651	26,911	28,081	29,449	7,592
Net carrying amount						
As at 31.12.2013	51,302	19,867	24,898	26,965	23,305	4,262
As at 31.12.2014	52,941	20,625	24,378	25,866	23,207	3,556

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

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

Group	Renovation ⁽¹⁾ \$'000	Motor vehicles \$'000	Construction -in-progress \$'000	Total \$'000
Cost				
As at 1.1.2013	78,027	1,446	54,032	256,233
Additions	33,727	457	11,846	107,751
Reclassifications ⁽²⁾	5,342	–	(56,757)	–
Write offs	(3,445)	(136)	–	(11,507)
Disposals	(321)	(52)	–	(1,648)
Attributable to assets held for sale ⁽³⁾	(1,882)	–	(127)	(3,957)
Translation difference	2,613	32	384	4,572
As at 31.12.2013 and 1.1.2014	114,061	1,747	9,378	351,444
Additions	14,922	908	1,851	43,629
Reclassifications ⁽²⁾	7,172	–	(8,173)	–
Write offs	(4,188)	–	–	(11,620)
Disposals	(2,345)	(383)	–	(5,090)
Translation difference	2,483	42	42	5,391
As at 31.12.2014	132,105	2,314	3,098	383,754
Accumulated depreciation and impairment losses				
As at 1.1.2013	37,368	819	–	98,825
Charge for the year	16,285	214	–	38,849
Reclassifications	(1,120)	–	–	–
Write offs	(3,158)	(122)	–	(10,764)
Disposals	(317)	(52)	–	(1,488)
Impairment loss for the year	107	–	–	824
Attributable to assets held for sale ⁽³⁾	(1,379)	–	–	(2,806)
Translation difference	1,262	18	–	2,144
As at 31.12.2013 and 1.1.2014	49,048	877	–	125,584
Charge for the year	19,672	326	–	45,495
Reclassifications	–	–	–	–
Write offs	(2,678)	–	–	(8,485)
Disposals	(842)	(294)	–	(2,394)
Translation difference	1,291	20	–	2,884
As at 31.12.2014	66,491	929	–	163,084
Net carrying amount				
As at 31.12.2013	65,013	870	9,378	225,860
As at 31.12.2014	65,614	1,385	3,098	220,670

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

- (1) Additions to renovation during the year include provision for reinstatement costs of \$2,169,000 (2013: \$2,926,000).
- (2) Reclassifications mainly relate to the reclassification of construction in progress to the respective property, plant and equipment category upon completion of construction.
- (3) Assets held for sale are detailed in Note 21 to the financial statements.

Assets written off

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

There is no residual value for the assets written off.

Assets pledged as security

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

	Group and Company	
	2014	2013
	\$'000	\$'000
Leasehold land	18,246	17,514
Leasehold property	50,667	48,955
	<hr/>	<hr/>
	68,913	66,469
	<hr/>	<hr/>

Impairment of assets

In 2013, impairment loss of \$824,000 was recognised in "Administrative expenses" in profit or loss during the year comprised impairment loss on property, plant and equipment of restaurants and certain food stalls which have been persistently incurring losses, and of restaurants closed during the year.

Capitalisation of borrowing costs

The Group's leasehold property includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of leasehold property. The borrowing costs capitalised as cost of property, plant and equipment in 2013 year amounted to \$145,000.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

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

	Leasehold property \$'000	Leasehold land \$'000	Machinery and equipment \$'000	Electrical works \$'000	Furniture and fittings \$'000
Company					
Cost					
As at 1.1.2013	–	5,147	–	22	20
Additions	4,228	12,531	297	1,970	703
Reclassifications	45,224	–	–	–	–
Write offs	–	–	–	(3)	–
As at 31.12.2013 and 1.1.2014	49,452	17,678	297	1,989	723
Additions	2,602	1,053	43	126	441
As at 31.12.2014	52,054	18,731	340	2,115	1,164
Accumulated depreciation					
As at 1.1.2013	–	–	–	22	17
Charge for the year	497	164	29	172	62
Write offs	–	–	–	(3)	–
As at 31.12.2013 and 1.1.2014	497	164	29	191	79
Charge for the year	890	321	66	412	215
As at 31.12.2014	1,387	485	95	603	294
Net carrying amount					
As at 31.12.2013	48,955	17,514	268	1,798	644
As at 31.12.2014	50,667	18,246	245	1,512	870

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

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

	Office equipment \$'000	Renovation \$'000	Construction- in-progress \$'000	Total \$'000
Company				
Cost				
As at 1.1.2013	313	–	39,004	44,506
Additions	925	4,486	6,220	31,360
Reclassifications	–	–	(45,224)	–
Write offs	–	–	–	(3)
As at 31.12.2013 and 1.1.2014	1,238	4,486	–	75,863
Additions	339	75	–	4,679
As at 31.12.2014	1,577	4,561	–	80,542
Accumulated depreciation				
As at 1.1.2013	181	–	–	220
Charge for the year	171	436	–	1,531
Write offs	–	–	–	(3)
As at 31.12.2013 and 1.1.2014	352	436	–	1,748
Charge for the year	419	911	–	3,234
As at 31.12.2014	771	1,347	–	4,982
Net carrying amount				
As at 31.12.2013	886	4,050	–	74,115
As at 31.12.2014	806	3,214	–	75,560

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

11. Investment property

	Investment property \$'000
Group	
Cost	
As at 1.1.2013, 31.12.2013 and 1.1.2014	–
Additions	23,153
As at 31.12.2014	<u>23,153</u>
Accumulated depreciation	
As at 1.1.2013, 31.12.2013 and 1.1.2014	–
Charge for the year	–
As at 31.12.2014	<u>–</u>
Net carrying amount	
As at 31.12.2013	<u>–</u>
As at 31.12.2014	<u>23,153</u>

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements

Acquisition of property

On 31 July 2014, the Group entered into several sales and purchase agreements to acquire an office space in Shanghai, The People's Republic of China, and has since completed the transaction and taken over the premises on 10 October 2014. The property is mortgaged to secure bank loans of \$10,780,000 (2013: Nil) (Note 25).

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

Description and Location	Existing Use	Tenure	Unexpired lease term
18 units office space located in Xuhui district, Shanghai, The Peoples' Republic of China	Vacant	Leasehold	47 years

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

12. Intangible assets

	Group					Total \$'000
	Goodwill \$'000	Brand value \$'000	Trade mark \$'000	Franchise rights \$'000	Location premium \$'000	
Cost						
As at 1.1.2013	6,173	3,209	932	2,216	505	13,035
Additions	–	–	91	128	–	219
Disposal	–	–	–	(878)	–	(878)
Translation difference	–	–	1	29	–	30
As at 31.12.2013 and 1.1.2014	6,173	3,209	1,024	1,495	505	12,406
Additions	–	–	286	51	–	337
Write off	–	–	–	(50)	–	(50)
Translation difference	–	–	17	22	–	39
As at 31.12.2014	6,173	3,209	1,327	1,518	505	12,732
Accumulated amortisation and impairment losses						
As at 1.1.2013	327	1,716	792	1,164	505	4,504
Amortisation	–	214	50	225	–	489
Disposal	–	–	–	(362)	–	(362)
Translation difference	–	–	–	3	–	3
As at 31.12.2013 and 1.1.2014	327	1,930	842	1,030	505	4,634
Amortisation	–	213	72	157	–	442
Write off	–	–	–	(50)	–	(50)
Translation difference	–	–	2	13	–	15
As at 31.12.2014	327	2,143	916	1,150	505	5,041
Net carrying amount						
As at 31.12.2013	5,846	1,279	182	465	–	7,772
As at 31.12.2014	5,846	1,066	411	368	–	7,691

Brand value, trade mark, franchise rights and location premium are determined to have finite useful lives and are amortised on a straight-line basis over their respective estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. Brand value, trade mark and franchise rights have remaining useful lives of 5 years (2013: 6 years), 1 to 5 years (2013: 1 to 5 years) and 1 to 6 years (2013: 1 to 6 years) as at 31 December 2014 respectively.

Amortisation expense is included in “Administrative expenses” in profit of loss.

In 2013, the Group disposed of franchise rights with a net carrying amount of \$516,000 in conjunction with its investment in an associate Carl Karcher Enterprise (Cayman) Ltd.

12. Intangible assets (cont'd)

Impairment testing of goodwill

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

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

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

	Carrying amount as at 31.12.14	Carrying amount as at 31.12.13	Pre-tax discount rate 2014	Pre-tax discount rate 2013
	\$'000	\$'000		
Shanghai segment	3,569	3,569	13.8%	13.0%
Beijing segment	1,009	1,009	13.8%	13.0%
Food court operation at Wisma Atria, Singapore	1,268	1,268	9.7%	10.0%
	<u>5,846</u>	<u>5,846</u>		

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

Key assumptions used in the value in use calculations

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

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

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

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

12. Intangible assets (cont'd)

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

13. Investment securities

	Group	
	2014	2013
	\$'000	\$'000
Available-for-sale financial assets		
- Equity instruments (quoted), at fair value	239	425
- Equity instruments (unquoted), at cost	34,515	34,150
- Redeemable preference shares (unquoted), at cost	5,067	*
	39,821	34,575
Held-to-maturity investments		
- 8% SGD junior bonds due on 29 January 2016 (unquoted)	7,224	7,224
- 3% SGD junior bonds due on 31 December 2016 (unquoted)	18,000	18,000
- 5% SGD junior bonds due on 31 March 2018 (unquoted)	12,137	-
	37,361	25,224
	77,182	59,799

* less than \$1,000

8% SGD junior bonds and redeemable preference shares

The junior bonds are secured by a mortgage over the Katong Mall property, assignment of rental proceeds of the property and debentures of Pre 1 Investments Pte Ltd. The payments of the principal and interest on the junior bonds are subordinated to the payments of principal and interest on the bank borrowings obtained for the purchase of the Katong Mall.

The junior bonds mature in 2015 and will bear interest, payable semi-annually in arrears, at 8% per annum from 29 January 2012 to but excluding the maturity date of the junior bonds, subject to the extinguishment of unpaid interest.

In 2014, the junior bonds holders agreed to extend the maturity by 1 year ending on 29 January 2016.

13. Investment securities (cont'd)

3% SGD junior bonds

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

The junior bonds are expected to mature in 2016 and will bear interest semi-annually in arrears, at minimum 3% per annum from 1 January 2013.

In 2013, it was agreed among the shareholders of PCPL to waive the coupon payment on the junior bonds for the period June 2013 to December 2014.

5% SGD junior bonds

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

The junior bonds are expected to mature in 2018 and will bear interest semi-annually in arrears, at minimum 5% per annum from 31 March 2014.

Equity instruments (unquoted)

On 15 April 2013, the Company together with a consortium of investors, entered into a joint venture agreement to invest in Perennial Tongzhou Holdings Pte Ltd ("PTHD") for the subscription of ordinary shares of PTHD. The Company's subscription of 14,520 ordinary shares for a cash consideration of \$14,520,000 represents a 5.86% equity interest in PTHD. As at 31 December 2014, the Company has paid approximately 97% of the subscription amount of \$14,020,000.

On 30 September 2012, IPPL together with a consortium of investors, entered into a joint venture agreement to invest in Perennial Tongzhou Development Pte Ltd ("PTD") for the subscription of ordinary shares of PTD. IPPL's subscription of 20,130 ordinary shares for a cash consideration of \$20,130,000 represents a 5.72% equity interest in PTD.

On 12 March 2014, the shareholders of PTD agreed to an additional capital injection in PTD, of which IPPL's proportionate share of the capital call was \$347,000. 347,000 shares was allotted to IPPL on 14 March 2014.

Investments pledged as security

The Group's investments in unquoted equity instruments of \$25,215,000 (2013: \$20,130,000) and junior bonds of \$37,361,000 (2013: \$25,224,000) have been pledged as security for bank loans (Note 25).

Impairment losses

During the financial year, the Group recognised impairment loss of \$75,000 (2013: Nil) for quoted equity instruments as there was significant decline in the fair value of the investments below their costs.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
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14. Investment in subsidiaries

	Company	
	2014	2013
	\$'000	\$'000
Unquoted equity shares at cost	28,864	28,489
Share based compensation reserve	606	468
Impairment losses:		
- Unquoted shares (note d)	(5,300)	(5,300)
	<u>24,170</u>	<u>23,657</u>

a. Composition of the Group

The Groups has the following investment in subsidiaries:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014	2013
			%	%
Held by the Company				
BreadTalk Pte Ltd ⁽¹⁾	Singapore	Bakers and manufacturers of and dealers in bread, flour and biscuits	100	100
Together Inc. Pte Ltd ⁽³⁾	Singapore	Investment holding	100	100
BreadTalk International Pte Ltd ⁽³⁾	Singapore	Investment holding	100	100
Topwin Investment Holding Pte Ltd ⁽³⁾	Singapore	Investment holding	100	100
Star Food Pte Ltd ⁽³⁾	Singapore	Investment holding	100	100
Imagine IHQ Pte Ltd ⁽³⁾	Singapore	Investment holding	100	100
Imagine Properties Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through BreadTalk Pte Ltd				
Taster Food Pte Ltd ⁽¹⁾	Singapore	Operators of food and drinks outlets, eating houses and restaurants	70	70
Thye Moh Chan Pte. Ltd. ⁽³⁾	Singapore	Wholesale of confectionery and bakery products	100	100
Queens Coffee Pte Ltd ⁽³⁾	Singapore	Processing, sale and distribution of premium coffee beans and tea dust; and distribution of related processing equipment	100	100
Held through Taster Food Pte Ltd				
Taster Food International Pte Ltd ^{(3) (11) (13)}	Singapore	Investment holding	90	90
Held through Taster Food International Pte Ltd				
Taster Food (Thailand) Co. Limited ^{(8)(11) (14)}	Thailand	Operators of restaurants	49	49
Held through Together Inc. Pte Ltd				
Ramen Play Pte Ltd ⁽³⁾	Singapore	Operators of restaurants	85	85

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through BreadTalk International Pte Ltd				
Shanghai BreadTalk Co., Ltd ⁽²⁾	People's Republic of China	Bakers and manufacturers of and dealers in bread, flour and biscuits	100	100
Shanghai BreadTalk Gourmet Co., Ltd ⁽²⁾	People's Republic of China	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
Beijing BreadTalk Restaurant Management Co., Ltd ⁽²⁾	People's Republic of China	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
BreadTalk (Thailand) Company Limited ⁽¹⁰⁾ (Note (e))	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	49 ⁽¹⁵⁾	49 ⁽¹¹⁾
BreadTalk Corporation (Thailand) Co., Ltd., ⁽¹⁰⁾ (Note (e))	Thailand	Investment Holding	49 ⁽¹⁶⁾	—
ML Breadworks Sdn Bhd ⁽⁴⁾	Malaysia	Bakers and manufacturers of and dealers in bread, flour and biscuits	90	90
Held through Shanghai BreadTalk Co. Ltd.				
Shanghai Ramen Play Co., Ltd ⁽⁵⁾⁽¹⁷⁾	People's Republic of China	Operators of restaurants	30	30

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through Beijing BreadTalk Restaurant Management Co. Ltd				
Beijing BreadTalk Co.,Ltd ⁽²⁾	People's Republic of China	Manufacture and sale of bakery and confectionery products	100	100
Held through BreadTalk (Thailand) Co. Ltd				
BreadTalk Corporation (Thailand) Co., Ltd., ⁽¹⁰⁾ (Note (e))	Thailand	Investment Holding	50.9 ⁽¹⁶⁾	–
Held through BreadTalk Corporation (Thailand) Co. Ltd				
BreadTalk (Thailand) Company Limited ⁽¹⁰⁾ (Note (e))	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	51 ⁽¹⁵⁾	49 ⁽¹¹⁾
Held through Topwin Investment Holding Pte Ltd				
Food Republic (Shanghai) Co., Ltd ⁽²⁾	People's Republic of China	Food court operator	100	100
Beijing Da Shi Dai Food and Beverage Co., Ltd ⁽²⁾	People's Republic of China	Food court operator	100	100
Megabite Hong Kong Limited ⁽⁶⁾	Hong Kong	Investment holding and Food court operator	85	85
Food Republic Pte Ltd ⁽¹⁾	Singapore	Food court operator	100	100
FR International Holdings Pte Ltd. ⁽³⁾ (Note (f))	Singapore	Investment Holding	100	–

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through Topwin Investment Holding Pte Ltd				
Megabite (S) Pte Ltd ⁽³⁾	Singapore	Investment holding	100	100
Megabite Eatery (M) Sdn Bhd ⁽⁴⁾	Malaysia	Operator of food and beverage outlets	100	100
Food Republic Taiwan Co., Ltd ⁽⁹⁾	Taiwan	Food court operator	90	90
FR (Thailand) Co., Ltd ⁽¹⁰⁾ ⁽¹¹⁾	Thailand	Food court operator	49	49
Held through Food Republic (Shanghai) Co. Ltd.				
Chongqing Food Republic Food & Beverage Management Co., Ltd ⁽⁵⁾	People's Republic of China	Food court operator	100	100
Food Republic (Chengdu) Co., Ltd ⁽⁵⁾	People's Republic of China	Food court operator	100	100
Food Republic Hangzhou F&B Co.,Ltd ⁽⁵⁾	People's Republic of China	Food court operator	100	100
Shanghai Ramen Play Co., Ltd ⁽⁵⁾⁽¹⁷⁾	People's Republic of China	Operators of restaurants	30	30
Shanghai Food Court F&B Management Ltd. Co ⁽⁵⁾ (Note (f))	People's Republic of China	Operator of food and beverage outlets	100	—
Shanghai Food Union F&B Management Ltd. Co. ⁽⁵⁾ (Note (f))	People's Republic of China	Operator of food and beverage outlets	100	—

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through Megabite Hong Kong Limited				
BreadTalk Concept Hong Kong Limited ⁽⁶⁾	Hong Kong	Management of food and beverage, manufacture and retail of bakery, confectionery products	100	100
Food Republic Shenzhen F&B Management Co.,Ltd ⁽⁷⁾	People's Republic of China	Food court operator	100	100
Food Republic Guangzhou F&B Management Co., Ltd ⁽⁷⁾	People's Republic of China	Food court operator	75	75
Held through Megabite (S) Pte Ltd				
MWA Pte Ltd ⁽¹²⁾	Singapore	Dormant	100	100
Food Art Pte Ltd ⁽³⁾	Singapore	Dormant	100	100
Held through Star Food Pte Ltd				
Shanghai Star Food F&B Management Co., Ltd ⁽⁵⁾	People's Republic of China	Investment holding	100	100
Beijing Star Food F&B Management Co., Ltd ⁽⁵⁾	People's Republic of China	Dormant	100	100

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

- (1) Audited by Ernst & Young LLP, Singapore
- (2) Audited by member firms of Ernst & Young Global in the respective countries
- (3) Audited by TY Teoh International, Singapore
- (4) Audited by TY Teoh International, Malaysia
- (5) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd, People's Republic of China
- (6) Audited by S.F. Kwok & Co. Certified Public Accountants, Hong Kong
- (7) Audited by Guang Dong Zhihe Certified Public Accountants, People's Republic of China
- (8) Audited by Phattarakit Aupliting Office Co.,Ltd, Thailand
- (9) Audited by KPMG, Taiwan
- (10) Audited by Tree Sun Co., Ltd, Thailand
- (11) Considered a subsidiary of the Company as the Company has voting control at general meetings and Board meetings
- (12) MWA Pte Ltd is the process of striking off and unaudited financial statements have been used for the preparation of the consolidated financial statements as it is not significant to the Group.
- (13) The Group holds 63% ownership interest in Taster Food International Pte Ltd in 2014 and 2013 and accounted for it as a subsidiary
- (14) The Group holds 31% ownership interest in Taster Food (Thailand) Co., Ltd in 2014 and 2013 and accounted for it as a subsidiary
- (15) The Group holds 100% ownership interest in BreadTalk (Thailand) Co., Ltd in 2014 through BreadTalk International Pte Ltd and BreadTalk Corporation (Thailand) Co. Ltd. (2013: 49%) and accounted for it as a subsidiary
- (16) The Group holds 99.9% ownership interest in BreadTalk Corporation (Thailand) Co., Ltd in 2014 through BreadTalk International Pte Ltd and BreadTalk (Thailand) Co. Ltd. (2013: NIL%) and accounted for it as a subsidiary
- (17) The Group holds 60% ownership interest in Shanghai Ramen Play Co., Ltd through Shanghai BreadTalk Co. Ltd. and Food Republic (Shanghai) Co. Ltd. and accounted for it as a subsidiary

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

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

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends payable to NCI \$'000
31 December 2014:					
Taster Food Pte Ltd	Singapore	30%	4,469	14,686	984
31 December 2013:					
Taster Food Pte Ltd	Singapore	30%	3,432	11,201	984

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

BreadTalk Group Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2014****14. Investment in subsidiaries (cont'd)****(c) Summarised financial information about subsidiaries with material NCI**

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Taster Food Pte Ltd	
	As at 31.12.2014	As at 31.12.2013
	\$'000	\$'000
Current		
Assets	51,164	38,582
Liabilities	(23,097)	(23,225)
Net current assets	28,067	15,357
Non-current		
Assets	18,723	20,375
Liabilities	(1,665)	(1,261)
Net non-current assets	17,058	19,114
Net assets	45,125	34,471

Summarised statement of comprehensive income

	Taster Food Pte Ltd	
	2014	2013
	\$'000	\$'000
Revenue	105,687	92,663
Profit before income tax	16,840	12,610
Income tax expense	(3,214)	(2,147)
Profit after tax – continuing operations	13,626	10,463
Other comprehensive income	–	–
Total comprehensive income	13,626	10,463

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2014**

14. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Other summarised information

	Taster Food Pte Ltd	
	2014	2013
	\$'000	\$'000
Net cash flows from operations	20,495	17,642
Acquisition of significant property, plant and equipment	(4,118)	(12,765)

(d) Impairment testing of investment in subsidiaries

In 2013, management performed an impairment test for the investment in Star Food Pte Ltd as the subsidiary had been making losses. An impairment loss of \$200,000 was recognised for the year ended 31 December 2013.

(e) Acquisition of non-controlling interests

On 1 July 2014, BreadTalk Corporation (Thailand) Co., Ltd., ("BTC"), a 99.9% owned subsidiary of the Company, acquired an additional 51.0% equity interest in BreadTalk Thailand Co., Ltd ("BTTH") from its non-controlling interests for a cash consideration of \$39. As a result of this acquisition, BTTH became a wholly owned subsidiary. The carrying value of net liabilities of BTTH as at 30 June 2014 was \$824,000 and the deficit in carrying value of the additional interest acquired was \$492,000. The cumulative amount of \$492,000 of the consideration and the deficit in the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect to the change in the Group's ownership interest in BTTH on the equity attributable to owners of the Company:

	\$'000
Consideration paid for acquisition of non-controlling interests	*
Increase in equity attributable to non-controlling interests	492
Decrease in equity attributable to owners of the Company	492

* less than \$1,000

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

(f) *Incorporation of new subsidiaries*

BreadTalk Corporation (Thailand) Co., Ltd., (“BTC”)

BTC was incorporated on 6 February 2014 with a share capital of Baht 100,000. BTC was acquired by BreadTalk International Pte Ltd and BreadTalk (Thailand) Company Limited on 1 July 2014 and become a 99.9% subsidiary.

Shanghai Food Court F&B Management Ltd. Co (“SHFC”)

SHFC was incorporated as a wholly-owned subsidiary of Food Republic (Shanghai) Co., Ltd on 31 March 2014 with a share capital of RMB100,000.

Shanghai Food Union F&B Management Ltd. Co. (“SHFU”)

SHFU was incorporated as a wholly-owned subsidiary of Food Republic (Shanghai) Co., Ltd on 22 May 2014 with a share capital of RMB100,000.

FR International Holdings Pte Ltd (“FRI”)

FRI was incorporated as a wholly-owned subsidiary of Topwin Investment Pte Ltd on 25 November 2014 with a share capital of \$2.

15. Investment in associates

The Group's material investments in associates are summarised below:

	Group	
	2014	2013
	\$'000	\$'000
Carl Karcher Enterprises (Cayman) Ltd	1,617	2,870
Other associates	1,416	1,698
At end of year	3,033	4,568

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

15. Investment in associates (cont'd)

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through subsidiaries				
Perennial (Chijmes) Pte Ltd ("PCPL") ⁽¹⁾	Singapore	Investment holding	29	29
JBT (China) Pte Ltd ("JBTC") ⁽²⁾	Singapore	Investment holding	30	30
Tate Projects Pte. Ltd. ⁽³⁾	Singapore	General building contractor	25	25
Carl Karcher Enterprises (Cayman) Ltd ("CKEC") ⁽⁴⁾	Cayman islands	Investment holding	40	40
Held by PCPL				
Pre 8 Investments Pte Ltd ⁽¹⁾	Singapore	Operators of commercial malls	100	100
Held by JBTC				
JBT (Shanghai) Co., Ltd ⁽⁵⁾	People's Republic of China	Operators of restaurants	100	100
Held by CKEC				
Carl Karcher Enterprises (HK) Limited ⁽⁴⁾	Hong Kong	Investment holding	100	100
CKE (Shanghai) F&B Management Limited ⁽⁴⁾	People's Republic of China	Operators of restaurants	100	100

⁽¹⁾ Audited by KPMG LLP, Singapore

⁽²⁾ Audited by Deloitte LLP, Singapore

⁽³⁾ Audited by Leethen & Associates, Singapore

⁽⁴⁾ Audited by KPMG Huazhen, People's Republic of China

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

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

15. Investment in associates (cont'd)

The activities of the associates are strategic to the Group's activities. The Group has not recognised losses relating to PCPL where its share of losses exceeds the Group's interest in the associate. The Group's cumulative share of unrecognised losses as at 31 December 2014 was \$2,371,000 (2013: \$1,180,000) and for the year was \$1,191,000 (2013: \$353,000). The Group has no obligation in respect of these losses.

Dividends of \$450,000 (2013: NIL) were received from an associate that is not individually material to the Group. All associates are not restricted by regulatory requirements on the distribution of dividends.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group	
	2014 \$'000	2013 \$'000
Profit or loss after tax from continuing operations	168	409
Other comprehensive income	—	8
Total comprehensive income	168	417

The summarised financial information in respect of CKEC, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	CKEC	
	2014 \$'000	2013 \$'000
Current assets	2,583	6,484
Non-current assets	2,061	105
Total assets	4,644	6,589
Current liabilities	(1,224)	(146)
Non-current liabilities	(32)	(9)
Total liabilities	(1,256)	(155)
Net assets	3,388	6,432
Proportion of the Group's ownership	40%	40%
Group's share of net assets	1,355	2,573
Exchange difference	278	17
Other adjustments	(16)	280
Carrying amount of the investment	1,617	2,870

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

15. Investment in associates (cont'd)

Summarised statement of comprehensive income

	CKEC	
	2014 \$'000	2013 \$'000
Revenue	5,134	–
Profit or loss after tax from continuing operations	(3,164)	(482)
Other comprehensive income	(17)	1
Total comprehensive income	(3,181)	(481)

16. Investment in joint ventures

The Group's material investments in joint ventures are summarised below:

	Group	
	2014 \$'000	2013 \$'000
BTM (Thailand) Co., Ltd	3,047	–
Shanghai ABPan Co., Ltd	3,702	2,773
Other joint ventures	1,147	773
Exchange difference	339	92
At end of year	8,235	3,638

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
Held through subsidiaries				
Shanghai Hong Bu Rang Food & Beverage Management Co., Ltd ⁽¹⁾	People's Republic of China	Dormant	–	50
Apex Excellent Sdn Bhd ⁽²⁾	Malaysia	Food court operator	50	50
Street Food Pte Ltd ⁽³⁾	Singapore	Dormant	50	50
Shanghai ABPan Co., Ltd ⁽⁴⁾ (“SHAB”)	People's Republic of China	Manufacture and sale of frozen dough	50	50
BTM (Thailand) Co., Ltd ⁽⁵⁾	Thailand	Management of food and beverage, manufacture and retail of bakery, confectionery products	50	–

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

16. Investment in joint ventures (cont'd)

- (1) Audited by Shanghai Xin Gao Xin Certified Public Accountants Co., Ltd, People's Republic of China
- (2) Audited by TY Teoh International, Malaysia
- (3) Audited by TY Teoh International, Singapore
- (4) Audited by Ernst & Young Hua Ming LLP, People's Republic of China
- (5) Audited by PricewaterhouseCoopers ABAS Ltd

(a) *Divestment in Shanghai Hong Bu Rang Food & Beverage Management Co., Ltd ("SHBR")*

The Group sold off its interest in SHBR during the financial year for a cash consideration of \$27,000 and correspondingly recognised a gain on disposal of joint venture of \$27,000.

(b) *New joint venture*

On 4 August 2014, a wholly owned subsidiary, BreadTalk (Thailand) Company Limited ("BTTH") was allotted 2,032,614 shares in the capital of BTM (Thailand) Co., Ltd ("BTM") at an investment cost of \$4,008,000 (THB101,631,000). The consideration was satisfied by the sale of the business and assets of BreadTalk outlets of BTTH. Accordingly, the Group recorded a disposal of the property, plant and equipment with a net carrying amount of \$2,268,000 and recognised the Group's 50% portion of the net gain in profit or loss of \$865,000 on the disposal of property, plant and equipment.

(c) *Additional interest in the joint venture Shanghai ABPan Co., Ltd ("SHAB")*

During the year, SHAB increased its share capital to \$6,571,000. Proportionate to its shareholdings of 50% in SHAB, a wholly owned subsidiary, Shanghai BreadTalk Co. Ltd injected additional share capital of \$1,036,000.

The activities of the joint ventures are strategic to the Group's activities. The Group jointly controls the joint ventures with other partners under contractual agreement that requires unanimous consent for all major decisions over the relevant activities.

Dividends of \$334,000 (2013: \$208,000) were received from SHAB. All joint ventures are not restricted by regulatory requirements on the distribution of dividends.

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Profit or loss after tax from continuing operations	217	265
Other comprehensive income	–	–
Total comprehensive income	217	265

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2014**

16. Investment in joint ventures (cont'd)

The summarised financial information in respect of SHAB and BTM, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	SHAB		BTM	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3,169	2,062	3,197	–
Trade receivables	–	–	515	–
Other current assets	4,328	3,164	102	–
Current assets	9,987	5,226	3,814	–
Non-current assets	2,400	2,415	4,966	–
Total assets	9,897	7,641	8,780	–
Current liabilities	(1,690)	(2,095)	(536)	–
Non-current liabilities	–	–	–	–
Total liabilities	(1,690)	(2,095)	(536)	–
Net assets	8,207	5,546	8,244	–
Proportion of the Group's ownership	50%	50%	50%	–
Group's share of net assets	4,104	2,773	4,122	–
Other adjustments	(47)	–	(1,075)	–
Exchange difference	(355)	–	–	–
Carrying amount of the investment	3,702	2,773	3,047	–

Summarised statement of comprehensive income

	SHAB		BTM	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revenue	11,641	9,950	2,078	–
Operating expenses	(10,579)	(9,068)	(2,021)	–
Interest expense	(4)	(3)	–	–
Profit before tax	1,058	879	57	–
Income tax expense	(259)	(220)	–	–
Profit after tax	799	659	57	–
Other comprehensive income	–	–	–	–
Total comprehensive income	799	659	57	–

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2014**

17. Inventories

	Group	
	2014	2013
	\$'000	\$'000
Balance sheet:		
Raw materials and consumables, at cost	9,647	9,012
Semi-finished goods	490	571
Finished goods	461	366
Base inventories ⁽¹⁾	31	55
Total inventories at lower of cost and net realisable value	10,629	10,004

⁽¹⁾ This is stated after writing down 50% of the original cost of base inventories.

	Group	
	2014	2013
	\$'000	\$'000
Profit or loss:		
Inventories recognised as an expense in cost of sales	147,670	137,190
Inclusive of the following charge:		
- Write-off of inventories	12	-

18. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	9,443	9,944	-	-
Other receivables	9,984	9,461	1,694	734
Interest receivable	1,160	606	-	-
Deposits	33,907	29,134	160	234
	54,494	49,145	1,854	968
Other receivables (non-current)	2,350	3,277	-	-
Financial assets	56,844	52,422	1,854	968
Current	54,494	49,145	1,854	968
Non-current	2,350	3,277	-	-
	56,844	52,422	1,854	968

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

18. Trade and other receivables (cont'd)

Other receivables (current) include initial fee receivable of \$4,770,000 (2013: \$5,992,000) from food atrium stall tenants. The initial fee receivable is a contribution from tenants mainly for renovation costs of the leased food atrium stalls.

Other receivables (non-current) include the following:

- (a) In FY2013, a subsidiary, BreadTalk Pte Ltd ("BTPL") entered into an agreement to subscribe for non-convertible notes of \$550,000 in a private limited company incorporated in Singapore. The non-convertible notes carry a fixed interest of 1.93% per annum. The notes and related accrued interest is payable in September 2016.
- (b) In FY2013 BTPL also entered into an agreement to subscribe for convertible notes of 900,000 at a total issue price of \$900,000 in a private limited company incorporated in Singapore. The convertible notes carry a fixed interest of 1.93% per annum. The notes mature and accrued interest is payable in September 2016. The notes provide BTPL the rights to convert outstanding amounts of the notes and interest by the allotment of such number of shares in the company at the conversion rate of \$1 to 1 share such that BTPL shall own 60% of the enlarged issued capital of the company.

Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 60 days terms (2013: 15 to 60 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:-

	Group	
	2014	2013
	\$'000	\$'000
United States Dollar	599	852

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

18. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$2,974,000 (2013: \$1,862,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2014	2013
	\$'000	\$'000
Trade receivables past due:		
Lesser than 30 days	2,044	653
30 to 60 days	116	551
61 to 90 days	78	296
91 to 120 days	143	253
More than 120 days	593	109
	2,974	1,862

Receivables that are impaired / partially impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2014	2013
	\$'000	\$'000
Trade receivables – nominal amounts	334	197
Less: Allowance for impairment	(334)	(197)
	–	–
Movement in allowance accounts:		
At 1 January	197	152
Charge during the year	137	197
Written off during the year	–	(152)
At 31 December	334	197

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables

Other receivables (current) are non-interest bearing and are generally on 0 to 60 days terms (2013: 0 to 60 days).

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

18. Trade and other receivables (cont'd)

Other receivables that are past due but not impaired

The Group has other receivables amounting to \$906,000 (2013: \$2,300,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2014 \$'000	2013 \$'000
Other receivables past due:		
Lesser than 30 days	574	1,041
30 to 60 days	184	586
61 to 90 days	18	19
91 to 120 days	5	31
More than 120 days	125	623
	906	2,300

Other receivables that are impaired / partially impaired

The Group's other receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2014 \$'000	2013 \$'000
Other receivables – nominal amounts	5	45
Less: Allowance for impairment	(5)	(45)
	–	–
Movement in allowance accounts:		
At 1 January	45	34
Charge during the year	–	26
Written off during the year	(40)	(14)
Translation difference	–	(1)
At 31 December	5	45

Other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

19. Due from/to related corporations

	Company	
	2014	2013
	\$'000	\$'000
Non-current		
Amounts due from:		
Loan to subsidiary	1,200	1,200
Less: Impairment losses	(1,200)	(1,200)
	-	-
	-	-

The loan to subsidiary is quasi-capital in nature, non-interest bearing and has no fixed terms of repayment.

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Amounts due from:				
Subsidiaries (non-trade)	-	-	26,412	16,753
Associate (non-trade)	4	-	-	-
Joint ventures (trade)	143	4	-	-
Joint ventures (non-trade)	1,738	955	-	-
	1,885	959	26,412	16,753
	1,885	959	26,412	16,753
Amounts due to:				
Subsidiaries (non-trade)	-	-	32,103	27,457
Associate (non-trade)	2,101	1,193	-	-
Joint ventures (trade)	2,707	2,343	-	-
Joint ventures (non-trade)	354	365	-	-
	5,162	3,901	32,103	27,457
	5,162	3,901	32,103	27,457

The amounts due from/to related corporations (current) are to be settled in cash, unsecured, non-interest bearing and generally on 30 to 60 days term except for:

- (i) loans to subsidiaries of \$15,777,000 (2013: \$8,782,000) which are repayable on demand;
- (ii) loan to a joint venture of \$697,000 (2013: Nil) which is repayable on demand;
- (ii) loan from a subsidiary of \$10,091,000 (2013: \$10,275,000) which bears an effective interest rate of 0.85% (2013: NIL) per annum and is repayable on demand;
- (iii) loan from a subsidiary of \$20,325,000 (2013: \$15,584,000) which bears an effective interest rate of 1.5% (2013: 1.5%) per annum and is repayable on demand.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2014

19. Due from/to related corporations (cont'd)

Receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2014	2013
	\$'000	\$'000
Amount due from joint venture (non-trade) – nominal amounts	659	607
Less: Allowance for impairment	(659)	(607)
	<u>–</u>	<u>–</u>
Movement in allowance accounts:		
At 1 January	607	–
Charge during the year	52	607
At 31 December	<u>659</u>	<u>607</u>

Receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables that are past due but not impaired

	Group	
	2014	2013
	\$'000	\$'000
<i>Amounts due from joint ventures (non-trade)</i>		
Lesser than 30 days	8	47
30 to 60 days	7	–
61 to 90 days	8	–
91 to 120 days	7	–
More than 120 days	43	777
Total as at 31 December	<u>73</u>	<u>824</u>
	Company	
	2014	2013
	\$'000	\$'000
<i>Amounts due from subsidiaries (non-trade)</i>		
Lesser than 30 days	1,099	279
30 to 60 days	1,279	225
61 to 90 days	1,048	–
91 to 120 days	1,300	–
More than 120 days	2,156	5,901
Total as at 31 December	<u>6,882</u>	<u>6,405</u>

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

20. Cash and cash equivalents, and fixed deposit

(a) *Cash and cash equivalents*

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Fixed deposits (current)	11,089	6	–	–
Cash on hand and at bank	84,363	79,414	3,047	9,214
	95,452	79,420	3,047	9,214

Fixed deposits of the Group have a maturity period of between 1 to 9 months (2013: 1 month) with effective interest rates of 0.05% to 4.46% (2013: 0.05% to 0.4%) per annum.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
United States Dollar	271	271	–	32

(b) *Fixed deposit (no-current)*

The fixed deposit in 2013 had a maturity period of 2 years with an effective interest rate of 4.46% per annum.

21. Assets of disposal group classified as held for sale

In 2013, in conjunction with the Group's investment in Carl Karcher Enterprises (Cayman) Ltd ("CKEC") (Note 15), a wholly-owned subsidiary, Shanghai Star Food F&B Management Co., Ltd signed an Asset Purchase Agreement with CKE (Shanghai) F&B Management Limited (a wholly-owned subsidiary of CKEC) to sell certain of its assets. The consideration for the assets is subject to adjustment based on the variation of the book value of the assets at the dates of transfer which is expected to occur in the next twelve months.

As at 31 December 2013, the related assets have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and the carrying amount for these assets is \$2,056,000. The asset transfer was completed during the year.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

21. Assets of disposal group classified as held for sale (cont'd)

Balance sheet disclosures:

The assets classified as held for sale as at 31 December are as follows:

	Group	
	2014 \$'000	2013 \$'000
Assets:		
Property, plant and equipment	–	1,151
Inventories	–	481
Other receivables	–	420
Cash and short-term deposits	–	4
Assets of disposal group classified as held for sale	–	2,056

22. Trade and other payables

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial liabilities				
Trade payables	24,985	26,100	–	–
Other payables				
- Other creditors	16,141	19,886	141	412
- Payable for purchase of property, plant and equipment	9,334	13,646	–	1,188
- Sales collection on behalf of tenants	19,365	18,957	–	–
Deposits	24,671	21,624	1,052	732
Dividend payable	984	984	–	–
	95,480	101,197	1,193	2,332
Non-financial liabilities				
GST payable	2,195	1,392	237	337
	97,675	102,589	1,430	2,669

The deposits refer to deposits from food court tenants and franchisees and stored value card deposits. Dividend is payable to minority shareholders of a subsidiary.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

22. Trade and other payables (cont'd)

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 0 to 60 days terms (2013: 0 to 60 days terms) while other payables have an average term of 0 to 90 days term (2013: 0 to 90 days terms), except for retention sums which have repayment terms of up to 1 year.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2014 \$'000	2013 \$'000
United States Dollar	127	234
Others	–	54

23. Other liabilities and provision

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Other liabilities:				
Current:				
Accrued operating expenses	33,580	28,318	1,478	2,428
Accrued property, plant and equipment	1,421	3,131	1,226	2,789
Financial guarantees	–	–	576	576
Financial liabilities	35,001	31,449	3,280	5,793
Deferred revenue (current)	28,196	24,952	–	–
Deferred rent (current)	2,029	3,130	–	–
Deferred rent (non-current)	30,225	28,082	–	–
Non-financial liabilities	12,626	10,297	–	–
Non-financial liabilities	42,851	38,379	–	–
Current	65,226	59,531	3,280	5,793
Non-current	12,626	10,297	–	–
	77,852	69,828	3,280	5,793

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2014**

23. Other liabilities and provision (cont'd)

Provision for reinstatement costs

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At 1 January	10,223	7,977	22	–
Additions	2,169	2,926	–	22
Utilisation	(792)	(375)	–	–
Provision no longer required	(92)	(394)	–	–
Exchange differences	173	89	–	–
Total as at 31 December	11,681	10,223	22	22

Provision for reinstatement costs is recognised when the Group entered into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements. During the year, the Group incurred reinstatement costs for certain closed outlets and an excess provision of \$92,000 (2013: \$394,000) was reversed.

24. Due from/(to) minority shareholders of subsidiaries

The amounts due from and loan from minority shareholders of subsidiaries are to be settled in cash, unsecured, non-interest bearing and repayable on demand.

25. Short-term loans

	Group	
	2014	2013
	\$'000	\$'000
Bank loans		
- Singapore Dollar	11,640	2,640
- Hong Kong Dollar	-	491
- Chinese Yuan	10,780	–
- Malaysia Ringgit	265	115
- New Taiwan Dollar	4,962	3,638
- Thailand Baht	4,720	2,862
	32,367	9,746

BreadTalk Group Limited and its Subsidiaries

**Notes to the financial statements
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25. Short-term loans (cont'd)

The effective interests on these short-term loans range from 1.63% to 4.79% (2013: 1.63% to 4.79% per annum). The interest rates of these floating rate loans are repriced from time to time at the discretion of the respective banks.

The bank loans are revolving term loans of 1 to 12 months months (2013: 1 to 12 months).

Short term loans of \$Nil (2013: \$491,000) are secured by continuing guarantees by the Company and certain subsidiaries of the Group. All other short term loans are secured by continuing guarantees by the Company.

Short term loan of \$10,780,000 (2013: \$NIL) is secured by a charge over the subsidiary's investment property and continuing guarantee by the Company (Note 11).

26. Long-term loans

Term loans	Maturity	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore Dollar	2015 - 2019	42,118	40,900	–	–
Singapore Dollar	Note 1	47,614	48,381	47,614	48,431
Singapore Dollar	2020 (Note 2)	3,576	3,802	3,576	3,752
Singapore Dollar	2019 (Note 3)	3,334	–	–	–
Singapore Dollar	2019 (Note 4)	13,068	13,068	–	–
Singapore Dollar	2016 - 2019 (Note 5)	43,778	32,167	–	–
Hong Kong Dollar	2017	1,014	2,435	–	–
Chinese Yuan	2015 – 2016	1,769	2,542	–	–
Malaysia Ringgit	2015 – 2017	1,309	1,044	–	–
New Taiwan Dollar	2016	3,758	7,100	–	–
Thailand Baht	2014 – 2018	4,114	7,331	–	–
		165,452	158,770	51,190	52,183
Current portion		43,965	20,554	4,032	3,135
Non-current portion		121,487	138,216	47,158	49,048
		165,452	158,770	51,190	52,183

26. Long-term loans (cont'd)

Note 1 – the term loans are secured by a charge over the Company's leasehold land and property. The loans mature in 2028. They include the following financial covenants which require the Group to maintain:

- a gearing ratio not exceeding 4.0 times

Note 2 – the term loan is secured by a charge over the Company's leasehold land and property. The loans mature in 2020. They include the following financial covenants which require the Group to maintain:

- a gearing ratio not exceeding 4.0 times

Note 3 – the term loans are secured by a charge over a subsidiary's machineries and equipment. The loans mature in 2019.

Note 4 – the loan is secured by a charge over the Company's leasehold land and property and continuing guarantee by the Company. It includes a financial covenant which requires the Group to maintain:

- a net worth exceeding the loan covenants granted; and
- a gearing ratio not exceeding 4.0 times.

Note 5 – the loan is secured by certain investment securities by a subsidiary. It includes a financial covenant which requires the Group to maintain:

- a net worth exceeding the loan covenants granted
- a gearing ratio not exceeding 4.0 times; and
- EBITDA exceeding the loan covenants granted

All other term loans are secured by continuing guarantees by the Company.

All the loans are floating rate loans with effective interest rates ranging from 1.5% to 6.88% (2013: 1.25% to 6.88%) per annum. The interest rates of these floating rate loans are repriced from time to time at the discretion of the respective banks.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

27. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2014		2013	
	Number of shares	\$'000	Number of shares	\$'000
<u>Issued and fully paid ordinary shares</u>				
At beginning and end of the year	281,893,238	33,303	281,893,238	33,303

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) *Treasury shares*

	Group and Company			
	2014		2013	
	Number of shares	\$'000	Number of shares	\$'000
At beginning of the year	381,624	(187)	829,614	(406)
Acquired during the financial year	483,000	(569)	–	–
Treasury shares transferred on vesting of restricted share grant	(861,534) ⁽¹⁾	753	(447,990)	219
At end of the year	3,090	(3)	381,624	(187)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 483,000 (2013: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$569,000 (2013: \$Nil) and this was presented as a component within shareholders' equity.

The Company reissued 861,534 (2013: 447,990) treasury shares pursuant to its restricted share grant at a weighted average share price of approximately \$0.87 (2013: \$0.49) each.

⁽¹⁾ Includes 488,764 treasury shares released to Mr Oh Eng Lock, the Group Chief Executive Officer, as an award of service quality.

28. Accumulated profits and other reserves

Accumulated profits

Included in the Group's accumulated profits is an amount of \$1,432,000 (2013: \$1,432,000) which is not distributable by way of dividends. The amount arose from the waiver of inter-company debt in the subsidiary, Beijing BreadTalk Restaurant Management Co., Ltd, which was recognised as capital reserve in accordance with local accounting convention.

Other reserves

	Note	Group		Company	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Statutory reserve fund	(a)	2,864	2,757	–	–
Translation reserve	(b)	2,309	666	–	–
Fair value adjustment reserve	(c)	–	111	–	–
Share-based compensation reserve		356	286	356	286
Capital reserve	(d)	307	175	307	175
Premium on acquisition of non-controlling interests	(e)	(1,149)	(657)	–	–
		4,687	3,338	663	461

(a) *Statutory reserve fund*

In accordance with the Foreign Enterprise Law applicable to subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to the approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(b) *Translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

28. Accumulated profits and other reserves (cont'd)

(c) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group	
	2014	2013
	\$'000	\$'000
Net loss on available-for-sale financial assets:		
- Net loss on fair value changes during the financial year	(111)	103

(d) *Capital reserve*

Capital reserve mainly arises from the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(e) *Premium on acquisition of non-controlling interests*

	Group	
	2014	2013
	\$'000	\$'000
At 1 January	657	657
Decrease in equity attributable to non-controlling interests (Note 14)	492	-
At 31 December	1,149	657

29. Commitments and contingencies

(a) *Commitments*

Expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Commitment in respect of property, plant and equipment	369	4,529	–	237
Commitment in respect of investment securities	500	500	–	–

(b) *Contracted operating lease commitments*

The Group has various operating lease agreements for equipment, office, central kitchen, food court and retail outlet premises. These non-cancellable leases have remaining non-cancellable lease terms of between less than 1 year and 9 years. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Not later than one year	125,833	90,633
Later than one year but not later than five years	261,606	210,440
Later than five years	35,111	27,189
	422,551	328,262

29. Commitments and contingencies (cont'd)

(c) *Operating lease*

The Group has entered into non-cancellable operating leases to sublease its food court and retail outlet premises. The Company has non-cancellable operating leases for its leasehold property. Future sublease rental receivable as at 31 December is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Not later than one year	72,107	56,966	5,868	3,144
Later than one year but not later than five years	43,005	51,321	5,288	5,100
Over five years	–	–	–	83
	115,113	108,287	11,156	8,327

(d) *Corporate guarantees*

As at 31 December 2014, the Company has given corporate guarantees to financial institutions in connection with banking facilities provided to its subsidiaries of which \$148,305,000 (2013: \$130,860,000) of the banking facilities have been utilised as at year end.

(e) *Undertakings*

3% SGD junior bonds

In conjunction with the investment in junior bonds by the subsidiary, Imagine Properties Pte Ltd ("IPPL") (Note 13), the Company, together with the other investors of the junior bonds, had executed a Sponsors' Undertaking on 30 January 2012 whereby IPPL undertakes to pay all cost overruns in connection to the additions' and alterations' works to be undertaken on Chijmes. As at 31 December 2014, there were no contingent liabilities resulting from the aforesaid undertaking.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

30. Related party disclosures

(a) *Sale and purchase of goods and services*

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year on terms agreed between the parties:

	Group	
	2014	2013
	\$'000	\$'000
Income		
Management fee income from a joint venture	782	792
Franchise fee income from a joint venture	125	–
Rental and miscellaneous income from a joint venture	125	–
Rental and miscellaneous income from a party related to a director of the Company	230	314
Sales of goods to a joint venture and an associate	688	721
Purchase of goods from a joint venture	11,641	9,950
Expenses		
Rental expense to a joint venture	93	324
Logistics service fee paid/payable to a company related to a director of the Company	1,872	1,958
Royalty fees to minority shareholders	3,346	2,795
Purchase of goods from a party related to a director of the Company	–	85
Design fee paid/payable to minority shareholders of subsidiaries	47	–
Repair and maintenance fees to an associate	367	–
Miscellaneous expense	–	99
Others		
Franchise fee to non-controlling interests	52	128
Purchase of furniture and fittings from a company related to a director of the Company	492	769
Purchase of furniture and fittings from minority shareholders of subsidiaries	232	–
Purchase of plant and equipment from an associate	10,885	11,065
Sale of plant and equipment to a joint venture	2,268	–

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

30. Related party disclosures (cont'd)

(a) *Sale and purchase of goods and services (cont'd)*

	Company	
	2014	2013
	\$'000	\$'000
Income		
Management fee income from a subsidiary	13,407	11,821
Dividend income from subsidiaries	13,711	12,075
Training fee income from subsidiaries	269	212
Rental income from subsidiaries	4,707	2,443
Expense		
Purchase of goods from subsidiaries	–	10
Interest expense payable to a subsidiary	367	243
Miscellaneous expense payable to a subsidiary	113	71
Miscellaneous expense payable to an associate	7	10
Others		
Purchase of plant and equipment from an associate	19	4,672

(b) *Compensation of key management personnel*

	Group	
	2014	2013
	\$'000	\$'000
Salaries and bonus	6,061	7,082
Central Provident Fund contributions and other pension contributions	338	329
Share-based payment (RSG Plan)	500	215
Directors' fees	168	168
Other personnel expenses	1,225	1,106
Total compensation paid to key management personnel	8,292	8,900

Comprise amounts paid to:

Directors of the Company	1,166	1,560
Directors of a subsidiary	784	1,546
Other key management personnel	6,342	5,794
	8,292	8,900

31. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The Group's and Company's principal financial instruments comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's and Company's operations. The Group and Company has various other financial assets and liabilities such as trade and other receivables, trade and other payables and related company balances, which arise directly from its operations.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rates risk arises primarily from its investment portfolio in fixed deposits and its debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

	Group	
	Effect on profit before tax	
	100 basis points increase	100 basis points decrease
	\$'000	\$'000
2014		
- Singapore dollar interest rates	(1,651)	1,651
- Chinese Yuan interest rates	(19)	19
- Hong Kong dollar interest rates	(10)	10
- New Taiwan dollar interest rates	(87)	87
- Malaysia Ringgit interest rates	(16)	16
- Thai Baht interest rates	(88)	88

31. Financial risk management objectives and policies (cont'd)

(a) *Interest rate risk (cont'd)*

	Group	
	Effect on profit before tax	
	100 basis points increase	100 basis points decrease
	\$'000	\$'000
2013		
- Singapore dollar interest rates	(1,410)	1,410
- Chinese Yuan interest rates	81	(81)
- Hong Kong dollar interest rates	(29)	29
- New Taiwan dollar interest rates	(107)	107
- Malaysia Ringgit interest rates	(12)	12
- Thai Baht interest rates	(102)	102

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Chinese Yuan (CNY) and Hong Kong Dollar (HKD). The foreign currencies in which these transactions are denominated are mainly United States dollars (USD), HKD, CNY and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, in Malaysia, the PRC, Hong Kong and Thailand. The Group's net investments in these countries are not hedged as currency positions in Malaysia Ringgit, CNY, HKD and Thai Baht are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, HKD, CNY and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

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Notes to the financial statements

For the financial year ended 31 December 2014

31. Financial risk management objectives and policies (cont'd)

(b) Foreign currency risk (cont'd)

	Group Effect on profit before tax	
	2014	2013
	\$'000	\$'000
<u>Against SGD:</u>		
USD - strengthened 6% (2013: 6%)	130	56
- weakened 6% (2013: 6%)	(130)	(56)
CNY - strengthened 5% (2013: 5%)	440	363
- weakened 5% (2013: 5%)	(440)	(363)
<u>Against CNY:</u>		
SGD - strengthened 5% (2013: 5%)	(38)	(21)
- weakened 5% (2013: 5%)	38	21
HKD - strengthened 5% (2013: 5%)	(46)	(52)
- weakened 5% (2013: 5%)	46	52
<u>Against HKD</u>		
SGD - strengthened 5% (2013: 5%)	(203)	(124)
- weakened 5% (2013: 5%)	203	124
<u>Against Thailand Baht</u>		
SGD - strengthened 5% (2013: 5%)	78	-
- weakened 5% (2013: 5%)	(78)	-
<u>Against New Taiwan Dollar</u>		
SGD - strengthened 5% (2013: 5%)	83	-
- weakened 5% (2013: 5%)	(83)	-

31. Financial risk management objectives and policies (cont'd)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- an amount of \$148,305,000 (2013: \$130,860,000) relating to corporate guarantees provided by the Company to financial institutions on its subsidiaries' borrowings and other banking facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables, other receivables and deposits on an on-going basis. The credit risk concentration profile of the Group's trade receivables, other receivables and deposits at the balance sheet date is as follows:

	Group		Group	
	2014	% of	2013	% of
	\$'000	total	\$'000	total
By country:				
Singapore	22,320	39%	20,509	39%
People's Republic of China	22,686	39%	20,190	39%
Hong Kong	7,230	13%	5,349	10%
Malaysia	619	1%	504	1%
Indonesia	533	1%	667	1%
The Philippines	492	1%	1,223	2%
Thailand	1,341	2%	1,717	3%
Taiwan	2,022	3%	1,863	4%
Others	298	1%	400	1%
	57,541	100%	52,422	100%

31. Financial risk management objectives and policies (cont'd)

Excessive risk concentration

Concentration arise when a number of outer parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18 and 19 above.

(d) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group.

Short-term funding may be obtained from short-term loans where necessary.

31. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted payments:

Group	2014			2013			Total \$'000
	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	
Financial assets :							
Investment securities	–	80,945	–	–	60,427	–	60,427
Trade and other receivables	54,494	2,420	–	49,145	3,281	–	52,426
Amounts due from related corporations	1,885	–	–	959	–	–	959
Amounts due from minority shareholders of subsidiaries	518	–	–	395	–	–	395
Cash and fixed deposits	95,452	–	–	79,420	11,504	–	90,924
Total undiscounted financial assets	152,349	83,365	–	129,919	75,212	–	205,131
Financial liabilities :							
Trade and other payables	95,480	–	–	101,197	–	–	101,197
Other liabilities	35,001	–	–	31,449	–	–	31,449
Amounts due to related corporations	5,162	–	–	3,901	–	–	3,901
Loans and borrowings	45,895	135,660	30,839	30,430	110,405	40,059	180,894
Total undiscounted financial liabilities	181,538	135,660	30,839	166,977	110,405	40,059	317,441
Total net undiscounted financial liabilities	(29,189)	(52,295)	(30,839)	(37,058)	(35,193)	(40,059)	(112,310)

BreadTalk Group Limited and its Subsidiaries
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For the financial year ended 31 December 2014

31. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

	2014			2013				
	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Company Financial assets :								
Other receivables	1,854	-	-	1,854	968	-	-	968
Amounts due from related corporations	26,412	-	-	26,412	16,753	-	-	16,753
Cash on hand and at bank	3,047	-	-	3,047	9,214	-	-	9,214
Total net undiscounted financial assets	31,313	-	-	31,313	26,935	-	-	26,935
Financial liabilities :								
Other payables	1,193	-	-	1,193	2,332	-	-	2,332
Other liabilities	3,280	-	-	3,280	5,793	-	-	5,793
Amounts due to related corporations	32,494	-	-	32,494	27,691	-	-	27,691
Loans and borrowings	4,094	21,727	30,361	56,182	3,178	14,841	39,636	57,655
Total net undiscounted financial liabilities	41,061	21,727	30,361	93,149	38,994	14,841	39,636	93,471
Total net undiscounted financial liabilities	(9,748)	(21,727)	(30,361)	(61,836)	(12,059)	(14,841)	(39,636)	(66,536)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Company	2014			2013		
	1 year or less \$'000	1 to 5 years \$'000	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Financial guarantees	87,044	61,261	148,305	41,692	89,168	130,860

31. Financial risk management objectives and policies (cont'd)

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instrument. This instrument is quoted on the SGX-ST in Singapore and is classified as available-for-sale financial asset. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the balance sheet date, if the share price had been 15% (2013: 15%) higher/lower with all other variables held constant, the effect on the Group's profit before tax would be \$36,000 (2013: \$64,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

32. Financial instruments

The carrying amount by category of financial assets and liabilities are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Trade and other receivables (Note 18)	56,844	52,422	1,854	968
Amounts due from related corporations	1,885	959	26,412	16,753
Amounts due from minority shareholders of subsidiaries (non- trade)	518	395	–	–
Cash and fixed deposits	95,452	90,091	3,047	9,214
Total	154,699	143,867	31,313	26,935
Available-for-sale financial assets				
Investment securities (Note 13)	39,821	34,575	–	–
Held-to-maturity investments				
Investment securities (Note 13)	37,361	25,224	–	–
Financial liabilities carried at amortised cost				
Trade and other payables (Note 22)	95,480	101,197	1,193	2,332
Other liabilities (Note 23)	35,001	31,449	3,280	5,793
Amounts due to related corporations	5,162	3,901	32,103	27,457
Short term loans	32,367	9,746	–	–
Long term loans (Note 26)	165,452	158,770	51,190	52,183
Loan from a minority shareholder of a subsidiary	676	200	–	–
Total	334,138	305,263	87,766	87,765

33. Fair value of assets and liabilities

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

Group Quoted prices in active markets for identical instruments (Level 1)	
2014	2013
\$'000	\$'000

Recurring fair value measurements

Financial assets:

Available-for-sale financial assets (Note 13)

- Equity instruments (quoted)

239	425
-----	-----

At 31 December

239	425
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Level 1 fair value

Equity securities (quoted) (Note 13): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

33. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2014 but for which fair value is disclosed:

	Group 2014 \$'000		
	Fair value measurements at the end of the reporting period		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
Assets			
Investment in junior bonds (Note 13)	–	38,520	37,361
Other receivables (non-current)	–	2,186	2,350
Investment property	23,199	–	23,135
Liabilities			
Loan from a minority shareholder of a subsidiary	–	444	476

	Group 2013 \$'000	
	Fair value measurements at the end of the reporting period	
	Significant unobservable inputs (Level 3)	Carrying amount
Assets		
Investment in junior bonds (Note 13)	25,852	25,244
Other receivables (non-current)	2,907	3,277
Fixed deposit (non-current)	10,232	10,671

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

33. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

Determination of fair value

Investment in junior bonds, other receivables (non-current), fixed deposits and loan from minority shareholder of a subsidiary

Fair value is estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the balance sheet date.

Investment property

The valuation of commercial instrument property is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Carrying amount		Fair value	
	2014	2013	2014	2013
Group	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Equity instruments (unquoted), at cost	39,582	34,150	*	*
Investment in junior bonds (Note 13)	37,361	25,244	38,520	25,852
Other receivables	2,350	3,277	2,186	2,907
Fixed deposit	–	10,671	–	10,232
Financial liabilities:				
Loan from a minority shareholder of a subsidiary	476	–	444	–

* Investment in equity instruments (unquoted) at cost

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market. The Group does not intend to dispose of these investments in the foreseeable future.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2014 and 2013.

As disclosed in Note 28, subsidiaries of the Group operating in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the respective subsidiaries for the financial year ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 80%. The Group includes within net debt, loans and borrowings, trade and other payables, amounts due to related corporations, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve and restricted statutory reserve fund.

	Group	
	2014	2013
	\$'000	\$'000
Loans and borrowings ⁽¹⁾	198,495	168,716
Trade and other payables	97,675	102,589
Amounts due to related corporations	5,162	3,901
Less: Cash and cash equivalents	(95,452)	(79,420)
Net debt	205,880	195,786
Equity attributable to the owners of the Company	102,502	93,953
Less: - Fair value adjustment reserve	-	(111)
- Statutory reserve fund	(2,864)	(2,757)
Total capital	99,638	91,085
Capital and net debt	305,518	286,871
Gearing ratio	67%	68%

⁽¹⁾ including bank loans and loans from minority shareholders of subsidiaries

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (a) The bakery segment is in the business of manufacturing and retailing of all kinds of food, bakery and confectionary products including franchising.
- (b) The food court segment is involved in the management and operation of food courts and food and drinks outlets.
- (c) The restaurant segment is in the business of operating food and drinks outlets, eating houses and restaurants.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transactions between operating segments are generally based on terms determined on commercial basis.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2014

35. Segment information (cont'd)

2014	Bakery operations ⁽¹⁾ \$'000	Restaurant operations \$'000	Food court operations \$'000	Investment \$'000	Others ⁽²⁾ \$'000	Elimination \$'000	Group \$'000
Revenue							
External sales	294,128	130,735	164,781	–	–	–	589,644
Inter-segment sales (Note A)	406	4	3,428	–	–	(3,838)	–
Total revenue	294,534	130,739	168,209	–	–	(3,838)	589,644
Results							
Profit from operations	7,225	12,718	5,527	338	(885)	–	24,923
Interest income	798	346	521	1,133	12	(752)	2,058
Interest expense	(911)	(168)	(844)	(1,285)	(1,256)	736	(3,728)
Share of associates' results	–	(1,252)	–	–	167	–	(1,085)
Share of joint ventures' results	442	–	203	–	–	–	645
Segment profit/(loss)	7,554	11,644	5,407	186	(1,962)	(16)	22,813
Tax expense							(6,760)
Profit for the year							16,053
Assets and liabilities							
Segment assets (Note A)	196,148	81,300	127,036	102,256	107,945	(103,610)	511,075
Tax recoverable							8
Deferred tax assets							4,970
Total assets							516,053
Segment liabilities (Note A)	160,014	61,304	116,122	77,857	79,226	(103,658)	390,865
Tax payable							6,825
Deferred tax liabilities							2,619
Total liabilities							400,309
Other information							
Investment in associates	–	–	–	–	3,033	–	3,033
Investment in joint ventures	7,188	–	820	–	227	–	8,235
Additions to non- current assets (Note B)	19,619	6,942	12,725	23,153	4,680	–	67,119
Depreciation and amortisation	15,747	8,321	18,626	–	3,243	–	45,937
Other non-cash (income)/ expenses (Note C)	(89)	1,434	926	–	954	–	3,225

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2014

35. Segment information (cont'd)

2013	Bakery operations ⁽¹⁾ \$'000	Restaurant operations \$'000	Food court operations \$'000	Investment \$'000	Others ⁽²⁾ \$'000	Elimination \$'000	Group \$'000
Revenue							
External sales	271,320	122,203	143,007	–	–	–	536,530
Inter-segment sales (Note A)	375	2	3,045	–	–	(3,422)	–
Total revenue	271,695	122,205	146,052	–	–	(3,422)	536,530
Results							
Profit from operations	11,145	9,019	4,873	(22)	(2,092)	–	22,923
Interest income	615	280	331	558	45	(513)	1,316
Interest expense	(487)	(52)	(884)	(992)	(773)	513	(2,675)
Share of associates' results	–	(193)	–	–	424	–	231
Share of joint ventures' results	329	–	266	–	–	–	595
Segment profit/(loss)	11,602	9,054	4,586	(456)	(2,396)	–	22,390
Tax expense							(6,251)
Profit for the year							16,139
Assets and liabilities							
Segment assets (Note A)	152,040	76,681	147,344	60,177	99,675	(71,958)	463,959
Tax recoverable							6
Deferred tax assets							4,287
Total assets							468,252
Segment liabilities (Note A)	111,901	38,795	133,654	59,057	86,578	(74,728)	355,257
Tax payable							6,458
Deferred tax liabilities							2,554
Total liabilities							364,269
Other information							
Investment in associates	–	2,869	–	–	1,699	–	4,568
Investment in joint ventures	2,773	–	638	–	227	–	3,638
Additions to non- current assets (Note B)	30,564	17,711	28,299	–	31,396	–	107,970
Depreciation and amortisation	12,791	8,313	16,696	–	1,538	–	39,338
Other non-cash (income)/ expenses (Note C)	143	406	1,070	–	183	–	1,802

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

35. Segment information (cont'd)

Notes:

(A) Inter-segment sales, assets and liabilities are eliminated on consolidation.

(B) Additions to non-current assets consist of additions to property, plant and equipment, investment property and intangible assets.

(C) Other non-cash (income)/expenses consist of:

- impairment/(write-back of impairment) of property, plant and equipment, intangible assets, investment in associate, receivables, amount due from associates and joint ventures, and provision for reinstatement cost;
- write off of property, plant and equipment, bad debts and inventories;
- (gain)/loss on disposals of property, plant and equipment and intangible assets;
- share based payment expenses; and
- unrealised foreign exchange (gain)/loss.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	External sales		Non-current assets ⁽³⁾	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Singapore	296,212	270,569	144,438	145,680
Mainland China	186,201	172,652	76,382	53,102
Hong Kong	67,130	53,141	13,878	12,188
Rest of the world	40,101	40,168	16,816	22,662
Total	589,644	536,530	251,514	233,632

(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.

BreadTalk Group Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2014

36. Dividends

	Group and Company	
	2014	2013
	\$'000	\$'000
Dividends paid during the year:		
<i>Dividends on ordinary shares</i>		
• Final exempt (one-tier) ordinary dividend for 2013 of 1.3 cents per share (2013: dividend for 2012 of 0.8 cent per share)	3,662	2,252
• Interim exempt (one-tier) dividend for 2014 of 0.5 cent per share (2013: 0.5 cent per share)	1,409	1,408
	<u>5,071</u>	<u>3,660</u>
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:</i>		
• First and final exempt (one-tier) ordinary dividend for 2014 of 1.0 cent per share (2013: 1.3 cent per share)	2,800	3,700
	<u>2,800</u>	<u>3,700</u>

37. Events subsequent to the balance sheet date

Investment in commercial and retail property trust in Singapore

On 29 January 2015, the subsidiary, Imagine Properties Pte Ltd, executed a letter of participation to subscribe for \$20,072,000 in principal amount of junior bonds and ordinary shares of Perennial 8 Shenton Investors Pte Ltd in relation to the investment in a commercial and retail property trust in Singapore.

Capital call

On 10 February 2015, the shareholders of CKEC unanimously agreed to increase the company's share capital by USD6,000,000. Proportionate to its shareholdings of 40% in CKEC, a wholly owned subsidiary, Star Food Pte Ltd is committed to inject additional capital of USD2,400,000 upon call.

38. Authorisation of financial statements

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 March 2015.

20. By inserting the following as Appendix VI of the Information Memorandum:

"

APPENDIX VI

**UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2015**

BREADTALK GROUP LIMITED

Financial Statement and Dividend Announcement For The Year Ended 31 December 2015

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 December 2015. The figures presented below have not been audited.

	Group			Group		
	4Q 2015	4Q 2014	Increase/ (Decrease)	FY 2015	FY 2014	Increase/ (Decrease)
	\$000	(Restated)* \$000		\$000	(Restated)* \$000	
Revenue	155,090	154,833	0.2%	624,149	589,644	5.9%
Cost of sales	(73,697)	(72,333)	1.9%	(295,336)	(279,018)	5.8%
Gross profit	81,393	82,500	-1.3%	328,813	310,626	5.9%
Other income	2,053	6,455	-68.2%	16,317	18,345	-11.1%
Interest income	2,113	738	186.3%	4,005	2,058	94.6%
Distribution and selling expenses	(59,460)	(60,455)	-1.6%	(245,654)	(233,005)	5.4%
Administrative expenses	(14,222)	(19,390)	-26.7%	(71,478)	(70,998)	0.7%
Interest expense	(1,328)	(1,123)	18.3%	(5,322)	(3,728)	42.8%
Profit before tax and share of results of joint	10,549	8,725	20.9%	26,681	23,298	14.5%
Share of results of associates	(994)	9,603	N.M	(1,933)	8,858	N.M
Share of results of joint ventures	322	116	177.6%	628	645	-2.6%
Profit before tax	9,877	18,444	-46.4%	25,376	32,801	-22.6%
Taxation	(5,635)	(2,592)	117.4%	(10,768)	(6,771)	59.0%
Profit after tax	4,242	15,852	-73.2%	14,608	26,030	-43.9%
Attributable to:						
Shareholders of the Company	1,146	13,824	-91.7%	7,602	22,171	-65.7%
Non-controlling interests	3,096	2,028	52.7%	7,006	3,859	81.5%
	4,242	15,852	-73.2%	14,608	26,030	-43.9%
Other comprehensive income:						
Net loss on available-for-sale financial assets	-	(100)	N.M	-	(111)	N.M
Foreign currency translation	(995)	1,588	N.M	1,571	1,643	-4.4%
Other comprehensive (loss) income for the period, net of tax	(995)	1,488	N.M	1,571	1,532	2.5%
Total comprehensive income for the period	3,247	17,340	-81.3%	16,179	27,562	-41.3%
Attributable to:						
Shareholders of the Company	151	15,312	-99.0%	9,173	23,703	-61.3%
Non-controlling interests	3,096	2,028	52.7%	7,006	3,859	81.5%
	3,247	17,340	-81.3%	16,179	27,562	-41.3%

* With effect from this financial year, the Group changed its accounting policy for investment properties from cost to fair value model. The change was applied retrospectively and accordingly, the comparative financial statements were restated. The effects of the change on the Group's financial statements are set out in paragraph 5.

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		
	4Q 2015	4Q 2014	Increase/ (Decrease)	FY 2015	FY 2014	Increase/ (Decrease)
	\$'000	(Restated)* \$'000		\$'000	(Restated)* \$'000	
Bad debts written off						
- trade receivables	33	-	N.M	33	-	N.M
- other receivables	-	-	N.M	243	-	N.M
Depreciation and amortisation	12,129	12,101	0.2%	49,514	45,937	7.8%
Foreign exchange (gain)/loss, net	682	(864)	N.M	575	(851)	N.M
Fair value gain in investment property	(628)	(45)	N.M	(628)	(45)	N.M
Gain on disposal of joint venture	-	(27)	-100.0%	-	(27)	-100.0%
Government grant	(271)	(188)	44.1%	(2,374)	(1,694)	40.1%
Impairment on investment securities	(3)	75	-104.0%	21	75	-72.0%
Impairment/(Write back) of loan and receivables						
- trade receivables	(283)	28	N.M	(152)	137	N.M
- other receivables	(44)	50	N.M	33	-	N.M
- joint venture	1,607	52	2990.4%	1,607	52	2990.4%
Impairment loss on goodwill	1,009	-	N.M	1,009	-	N.M
Impairment loss on property, plant and equipment	1,049	-	N.M	1,049	-	N.M
Inventories written off	203	-	N.M	299	12	2391.7%
Loss/(Gain) on disposal of property, plant and equipment	(85)	(145)	-41.4%	164	(1,001)	N.M
Operating lease expenses	41,445	36,071	14.9%	147,780	129,421	14.2%
Personnel expenses	36,764	44,126	-16.7%	164,348	161,867	1.5%
Property, plant and equipment written off	658	544	21.0%	3,216	3,135	2.6%

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	
	31.12.2015	31.12.2014 (Restated)*	01.01.2014 (Restated)*	31.12.2015	31.12.2014
	\$000	\$000	\$000	\$000	\$000
Non-current assets					
Property, plant and equipment	205,696	220,670	225,860	72,593	75,560
Investment property	24,053	23,198	-	-	-
Intangible assets	6,903	7,691	7,772	-	-
Investment securities	90,309	77,182	59,799	1,000	-
Investment in subsidiaries	-	-	-	21,070	24,170
Investment in associates	26,322	25,745	17,337	-	-
Investment in joint ventures	7,553	8,235	3,638	-	-
Other receivables	1,995	2,350	3,277	3,137	-
Fixed deposit	-	-	10,671	-	-
Deferred tax assets	4,092	4,970	4,287	-	-
	<u>366,923</u>	<u>370,041</u>	<u>332,641</u>	<u>97,800</u>	<u>99,730</u>
Current assets					
Assets of disposal group classified as held for sale	-	-	2,056	-	-
Investment securities	7,224	-	-	-	-
Inventories	9,878	10,629	10,004	-	-
Trade and other receivables	58,606	54,494	49,145	423	1,854
Prepayments	5,787	5,783	6,395	117	120
Tax recoverable	312	8	6	-	-
Due from related corporations	917	1,885	959	32,999	26,412
Amount due from minority shareholders of subsidiaries (non-trade)	507	518	395	-	-
Cash and cash equivalents	94,896	95,452	79,420	2,516	3,047
	<u>178,127</u>	<u>168,769</u>	<u>148,380</u>	<u>36,055</u>	<u>31,433</u>
Current liabilities					
Trade and other payables	95,421	97,675	102,589	1,643	1,430
Other liabilities	58,712	65,226	59,531	2,042	3,280
Provision for reinstatement cost	15,003	11,681	10,223	25	22
Due to related corporations	4,395	5,162	3,901	32,084	32,103
Loan from a minority shareholder of a subsidiary	200	200	200	-	-
Short term loans	38,321	32,367	9,746	10,000	-
Current portion of long-term loans	43,374	43,965	20,554	4,122	4,032
Tax payable	8,807	6,825	6,458	180	-
	<u>264,233</u>	<u>263,101</u>	<u>213,202</u>	<u>50,096</u>	<u>40,867</u>
Net current liabilities	(86,106)	(94,332)	(64,822)	(14,041)	(9,434)
Non-current liabilities					
Long-term loans	119,989	121,487	138,216	43,920	47,158
Loan from a minority shareholder of a subsidiary	538	476	-	-	-
Other liabilities	9,924	12,626	10,297	-	-
Deferred tax liabilities	3,942	2,630	2,554	1,102	167
	<u>134,393</u>	<u>137,219</u>	<u>151,067</u>	<u>45,022</u>	<u>47,325</u>
Net assets	<u>146,424</u>	<u>138,490</u>	<u>116,752</u>	<u>38,737</u>	<u>42,971</u>
Share capital and reserves					
Share capital	33,303	33,303	33,303	33,303	33,303
Treasury shares	(378)	(3)	(187)	(378)	(3)
Accumulated profits	90,136	87,261	70,268	5,375	9,008
Other reserves	6,137	4,687	3,338	437	663
	<u>129,198</u>	<u>125,248</u>	<u>106,722</u>	<u>38,737</u>	<u>42,971</u>
Non-controlling interests	17,226	13,242	10,030	-	-
Total equity	<u>146,424</u>	<u>138,490</u>	<u>116,752</u>	<u>38,737</u>	<u>42,971</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 31.12.2015		
Secured		Unsecured
\$000		\$000
6,320		75,575

As at 31.12.2014		
Secured		Unsecured
\$000		\$000
15,570		60,962

Amount repayable after one year

As at 31.12.2015		
Secured		Unsecured
\$000		\$000
112,314		8,213

As at 31.12.2014		
Secured		Unsecured
\$000		\$000
106,580		15,383

Details of any collateral

- (1) As at 31 December 2015, a total amount of \$83.8 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	
	4Q 2015	4Q 2014 (Restated)*	FY 2015	FY 2014 (Restated)*
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	9,877	18,444	25,376	32,801
Adjustments for:				
Amortisation of intangible assets	138	108	501	442
Bad debts written off	35	-	277	-
Depreciation of property, plant and equipment	11,991	11,993	49,013	45,495
Dividend income from unquoted investment equity	-	(411)	-	(411)
Fair value gain on investment property	(628)	(45)	(628)	(45)
Gain on disposal of a joint venture	-	(27)	-	(27)
(Gain)/Loss on disposal of property, plant and equipment	(85)	(145)	164	(1,001)
Impairment loss on amount due from joint venture	-	52	-	52
Impairment loss on goodwill	1,009	-	1,009	-
Impairment loss on property, plant and equipment	1,049	-	1,049	-
Impairment loss on trade receivables	(283)	28	(152)	137
Interest expense	1,328	1,123	5,322	3,728
Interest income	(2,113)	(738)	(4,005)	(2,058)
Inventories written off	203	-	299	12
Property, plant and equipment written off	658	544	3,216	3,135
Share based payment expenses	(235)	65	59	955
Share of results of associates	994	(9,603)	1,933	(8,858)
Share of results of joint ventures	(322)	(116)	(628)	(645)
(Write back of impairment)/Impairment loss on investment securities	(3)	75	21	75
(Write back of impairment)/Impairment loss on other receivables	(44)	161	33	111
Write back of provision for reinstatement cost	(27)	(92)	(35)	(92)
Exchange differences	1,855	374	(221)	437
Operating cash flow before working capital changes	25,397	21,790	82,603	74,243

	Group		Group	
	4Q 2015	4Q 2014 (Restated)*	FY 2015	FY 2014 (Restated)*
	\$000	\$000	\$000	\$000
(Increase)/decrease in:				
Inventories	273	76	452	(637)
Trade and other receivables	3,688	456	(1,722)	(3,323)
Prepayments	(1,577)	671	(5)	612
Amount due from joint ventures (trade)	(50)	47	50	(139)
Amount due from associate (trade)	-	-	(7)	-
Increase/(decrease) in:				
Trade and other payables	4,824	2,351	304	(600)
Other liabilities	(7,522)	4,779	(7,917)	9,734
Amount due to associates (non-trade)	1,113	-	(151)	-
Amount due to a joint venture (trade)	53	500	(498)	364
Cash generated from operations	26,199	30,670	73,109	80,254
Tax paid	(165)	198	(6,881)	(6,929)
Net cash flow from operating activities	26,034	30,868	66,228	73,325
Cash flows from investing activities				
Interest income received	483	-	2,507	578
Dividends received from a joint venture	449	334	1,189	334
Dividend income from an associate	-	263	-	450
Dividend income from unquoted investment security	-	411	-	411
Purchase of property, plant and equipment	(8,773)	(10,300)	(37,569)	(47,482)
Purchase of investment property	-	(1,563)	-	(23,153)
Proceeds from disposal of property, plant and equipment	72	4,336	89	4,549
Proceeds from disposal of assets held for sale	-	-	-	2,056
Proceeds from disposal of joint venture	-	27	-	27
Additions to intangible assets	(292)	(40)	(716)	(337)
Cash paid for reinstatement expenses	(85)	(555)	(366)	(792)
Amount due from joint ventures (non-trade)	(214)	(515)	224	(138)
Amount due to joint ventures (non-trade)	(62)	3	(118)	(11)
Amount due to associates (non-trade)	-	647	-	904
Investment in an associate	(845)	-	(2,507)	-
Investment in a joint venture	-	(4,022)	-	(5,044)
Loan to an investee	-	(3,017)	-	(4,485)
Repayment of loan to an investee	-	3,788	-	3,788
Purchase of investment securities	(1,000)	-	(11,875)	(17,569)
Subscription of junior bonds	-	-	(8,496)	-
Net cash flow (used in) investing activities	(10,267)	(10,203)	(57,638)	(85,914)
Cash flows from financing activities				
Interest paid	(1,327)	(1,122)	(5,321)	(3,728)
Dividends paid to minority shareholders of a subsidiary	(3,559)	(155)	(3,559)	(1,139)
Dividends paid to shareholders of the company	-	-	(4,228)	(5,071)
Loan due to minority shareholder	61	-	61	476
Purchase of treasury shares	-	-	(651)	(569)
Proceeds from short-term loans	149	-	32,167	30,758
Repayment of short-term loans	(3,725)	(9,694)	(26,423)	(24,259)
Proceeds from long-term loans	186	4,024	19,939	40,739
Repayment of long-term loans	(4,771)	(235)	(22,086)	(18,691)
Capital contribution from non-controlling interest	-	-	150	-
Acquisition of non-controlling interests	-	-	(16)	-
Net cash flow (used in) from financing activities	(12,986)	(7,182)	(9,967)	18,516
Net increase in cash and cash equivalents	2,781	13,483	(1,377)	5,927
Effect of exchange rate changes on cash and cash equivalents	(740)	(1,061)	821	(984)
Cash and cash equivalents at beginning of financial period	92,855	82,612	95,452	79,420
Reclassification of long term fixed deposit due within 12 months	-	418	-	11,089
Cash and cash equivalents at end of financial period	94,896	95,452	94,896	95,452

Note A: Cash and cash equivalents comprise:

	Group	
	31.12.2015	31.12.2014
	\$000	\$000
Cash on hand and at bank	94,890	95,452
Short term FD	6	-
	<u>94,896</u>	<u>95,452</u>

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

Group	Attributable to Shareholders of the Company						
	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000	Non- controlling interests \$000	Total equity \$000
Balance at 1 January 2014 as previously reported	33,303	(187)	57,499	3,338	93,953	10,030	103,983
Impact of change in accounting policy	-	-	12,769	-	12,769	-	12,769
As restated	33,303	(187)	70,268	3,338	106,722	10,030	116,752
Profit for the period	-	-	8,347	-	8,347	1,832	10,179
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(14)	(14)	-	(14)
Foreign currency translation	-	-	-	58	58	-	58
Total other comprehensive income, net of tax	-	-	-	44	44	-	44
Total comprehensive income for the period	-	-	8,347	44	8,391	1,832	10,223
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserves	-	-	(102)	102	-	-	-
Share-based payments	-	650	-	240	890	-	890
Dividends paid	-	-	(5,071)	-	(5,071)	-	(5,071)
Treasury shares transferred on vesting of restricted share grant	-	103	-	(103)	-	-	-
Purchase of treasury shares	-	(569)	-	-	(569)	-	(569)
Total contributions by and distributions to owners	-	184	(5,173)	239	(4,750)	-	(4,750)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	-	(492)	(492)	492	-
Total changes in ownership interests in a subsidiary	-	-	-	(492)	(492)	492	-
Balance at 30 September 2014	33,303	(3)	73,442	3,129	109,871	12,354	122,225
Profit for the period (restated)*	-	-	13,824	-	13,824	2,027	15,851
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(97)	(97)	-	(97)
Foreign currency translation	-	-	-	1,585	1,585	-	1,585
Total other comprehensive income, net of tax	-	-	-	1,488	1,488	-	1,488
Total comprehensive income for the period	-	-	13,824	1,488	15,312	2,027	17,339
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserves	-	-	(5)	5	-	-	-
Share-based payments	-	-	-	65	65	-	65
Dividends paid	-	-	-	-	-	(1,139)	(1,139)
Total contributions by and distributions to owners	-	-	(5)	70	65	(1,139)	(1,074)
Balance at 31 December 2014	33,303	(3)	87,261	4,687	125,248	13,242	138,490

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 2015	33,303	(3)	87,261	4,687	125,248	13,242	138,490
Profit for the period	-	-	6,456	-	6,456	3,910	10,366
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	2,566	2,566	-	2,566
Total other comprehensive income, net of tax	-	-	-	2,566	2,566	-	2,566
Total comprehensive income for the period	-	-	6,456	2,566	9,022	3,910	12,932
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	(95)	95	-	-	-
Share-based payments	-	-	-	294	294	-	294
Dividends paid	-	-	(4,228)	-	(4,228)	-	(4,228)
Purchase of treasury shares	-	(651)	-	-	(651)	-	(651)
Treasury shares transferred on vesting of restricted share grant	-	276	-	(276)	-	-	-
Total contributions by and distributions to owners	-	(375)	(4,323)	113	(4,585)	-	(4,585)
<u>Changes in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	-	-	(409)	6	(403)	387	(16)
Issuance of new shares to non-controlling interest	-	-	-	-	-	150	150
Total changes in ownership interests in a subsidiary	-	-	(409)	6	(403)	537	134
Balance at 30 September 2015	33,303	(378)	88,985	7,372	129,282	17,689	146,971
Profit for the period	-	-	1,146	-	1,146	3,096	4,242
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	(995)	(995)	-	(995)
Total other comprehensive income, net of tax	-	-	-	(995)	(995)	-	(995)
Total comprehensive income for the period	-	-	1,146	(995)	151	3,096	3,247
<u>Contributions by and distributions to owners</u>							
Transfer to statutory reserve	-	-	5	(5)	-	-	-
Share-based payments	-	-	-	(235)	(235)	-	(235)
Dividends paid	-	-	-	-	-	(3,559)	(3,559)
Total contributions by and distributions to owners	-	-	5	(240)	(235)	(3,559)	(3,794)
Balance at 31 December 2015	33,303	(378)	90,136	6,137	129,198	17,226	146,424

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2014	33,303	(187)	3,159	461	36,736
Profit for the period	-	-	863	-	863
Total comprehensive income for the period	-	-	863	-	863
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	650	-	240	890
Dividends paid	-	-	(5,071)	-	(5,071)
Purchase of treasury shares	-	(569)	-	-	(569)
Treasury shares transferred on vesting of restricted share grant	-	103	-	(103)	-
Total contributions by and distributions to owners	-	184	(5,071)	137	(4,750)
Balance at 30 September 2014	33,303	(3)	(1,049)	598	32,849
Profit for the period	-	-	10,057	-	10,057
Total comprehensive income for the period	-	-	10,057	-	10,057
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	65	65
Total contributions by and distributions to owners	-	-	-	65	65
Balance at 31 December 2014	33,303	(3)	9,008	663	42,971

Company	Share capital \$000	Treasury shares \$000	Accumulated profits \$000	Other reserves (Note B) \$000	Total \$000
As at 1 January 2015	33,303	(3)	9,008	663	42,971
Profit for the period	-	-	1,596	-	1,596
Total comprehensive income for the period	-	-	1,596	-	1,596
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	294	294
Dividend paid	-	-	(4,228)	-	(4,228)
Purchase of treasury shares	-	(651)	-	-	(651)
Treasury shares transferred on vesting of restricted share grant	-	276	-	(276)	-
Total contributions by and distributions to owners	-	(375)	(4,228)	18	(4,585)
Balance at 30 September 2015	33,303	(378)	6,376	681	39,982
Profit for the period	-	-	(1,001)	-	(1,001)
Total comprehensive income for the period	-	-	(1,001)	-	(1,001)
<u>Contributions by and distributions to owners</u>					
Share-based payments	-	-	-	(244)	(244)
Total contributions by and distributions to owners	-	-	-	(244)	(244)
Balance at 31 December 2015	33,303	(378)	5,375	437	38,737

Note B: Other reserves

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
	\$000	\$000	\$000	\$000
Statutory reserve fund	2,954	2,864	-	-
Translation reserve	3,881	2,309	-	-
Capital reserve	177	307	177	307
Share based compensation reserve	269	356	260	356
Premium on acquisition of non-controlling interests	(1,144)	(1,149)	-	-
	<u>6,137</u>	<u>4,687</u>	<u>437</u>	<u>663</u>

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There were no changes in the share capital of the Company in 4Q 2015.

There were a total of 337,570 treasury shares held as at 31 December 2015 (31 December 2014: 3,090).

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 2015, the Company's issued and paid up capital, excluding 337,570 (31 December 2014: 3,090) treasury shares held, comprises 281,555,668 (31 December 2014: 281,890,148) 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 2015	4Q 2014	FY 2015	FY 2014
Balance at beginning of financial period	337,570	3,090	3,090	381,624
Purchase of treasury shares	-	-	534,400	483,000
Treasury shares transferred on vesting of restricted share grant	-	-	(199,920)	(861,534)
Balance at end of financial period	<u>337,570</u>	<u>3,090</u>	<u>337,570</u>	<u>3,090</u>

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 2014, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2015 and the change in accounting policy for investment properties.

The financial effects of the change in the accounting policy for investment properties are summarised in note 5 below.

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

Accounting for Investment Properties

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

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

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

	FY 2014
	\$'000
Other income	45
Share of profit from associate	9,943
Income tax expense	(11)
Net impact on profit after tax	<u>9,977</u>

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

	As at	As at
	31 December	1 January
	2014	2014
	\$'000	\$'000
Investment property	45	-
Investment in associate	9,943	12,769
Total asset	<u>9,988</u>	<u>12,769</u>
Deferred tax liabilities	(11)	-
Total liabilities	<u>(11)</u>	<u>-</u>
Net impact on equity	<u>9,977</u>	<u>12,769</u>

Impact on earnings per share:

<u>Earnings per share</u>	FY 2014
Increased by	
Basic EPS	3.54 cents
Diluted EPS	3.53 cents

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 2015	4Q 2014 (Restated)*	31-Dec-15	31-Dec-14 (Restated)*
Earnings per ordinary share for the period:				
(a) Based on weighted average number of ordinary shares in issue	0.41 cent	4.90 cents	2.70 cents	7.87 cents
Weighted average number of ordinary shares	281,555,668	281,890,148	281,734,128	281,686,662
(b) On a fully diluted basis	0.41 cent	4.89 cents	2.69 cents	7.85 cents
Adjusted weighted average number of ordinary shares	282,258,038	282,506,428	282,407,801	282,334,778

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	
	31.12.2015	31.12.2014 (Restated)*	31.12.2015	31.12.2014
Net asset value per ordinary share based on issued share capital as at the end of period	52.0 cents	49.1 cents	13.8 cents	15.2 cents

Note: The net asset value per ordinary share of the Group and the Company as at 31 December 2015 is computed based on the total number of issued shares (excluding 337,570 treasury shares) of 281,555,668 (31 December 2014: 281,890,148).

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 FY2015 grew 5.9% Y/Y from \$589.6 million to \$624.1 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group rose 9.3% with EBITDA margin improving to 12.4% (FY2014: 12.0%). During the financial year, the Group changed its accounting policy for its investment properties from cost to fair value model. The change was applied retrospectively and accordingly, the comparative financial statements for FY2014 were restated. The fair value treatment of our investment properties resulted in the recognition of a net increase of \$0.4 million (FY2014: \$10.0 million) to the Profit Before Tax of the Group. The PATMI for FY2015 included a goodwill impairment of S\$1.0 million (FY2014: NIL) on our Beijing Food Atrium business, as well as an asset impairment and write-off of \$4.4 million (FY2014: \$3.1 million) on certain underperforming outlets and outlets that have been closed during the year. As a result, Profit After Tax and Minority Interests ("PATMI") for FY2015 declined 65.7% from \$22.2 million (2014 restated) to \$7.6 million.

Bakery Division revenue increased 4.7% Y/Y to \$307.9 million fuelled by a 5.5% increase in the number of outlets to 862 (FY2014: 817). EBITDA for the Division declined slightly by 2.7% Y/Y, with EBITDA margin at 7.3% (FY2014: 7.8%), primarily attributed to higher staff and rental costs as well as underperformance of the Beijing, Hong Kong and Malaysia operations.

Food Atrium Division revenue increased 5.0% Y/Y to \$173.1 million. The Division opened 5 outlets (2 in Singapore and 1 each in Shanghai, Hangzhou and Xi'an) and closed 3 outlets in China (2 prematurely and 1 upon lease expiry), ending the year with 65 outlets (FY 2014: 63 outlets). Same store sales growth remained healthy in Singapore while recovery in Taiwan and Thailand remains on track. The Mainland China operation continued to face headwinds from weaker shopping traffic in certain shopping malls. Combining the impact from start-up expenses of new outlets, write-offs

attributed to outlet closures as well as higher operating expenses, EBITDA declined 26.0% with EBITDA margin lower at 10.3% (FY2014: 14.7%).

Restaurant Division delivered the highest revenue growth at 9.5% Y/Y to \$143.2 million, riding on strong same store sales growth, ramp-up in revenue by our Din Tai Fung outlets in Thailand and contribution from Sanpoutei. Total outlet decreased by 4 during the year, attributed to the opening of 1 Din Tai Fung outlet in Thailand (Central Plaza Lardprao, Bangkok) and the closure of 5 Ramen Play outlets (2 in Singapore and 3 in Shanghai). The Division has completely exited its Ramen Play business in China. Coupled with good cost control, EBITDA increased by a strong 61.1% Y/Y, translating to significantly better EBITDA margin of 23.7% (FY2014: 16.1%).

Interest income increased by 94.6% Y/Y as the Group received higher returns from its fixed income bond investments. Interest expense rose 42.8% Y/Y mainly due to higher interest rates and outstanding loans.

Earnings per share (EPS) on a fully diluted basis was 2.69 cents for FY2015 compared to 7.85 cents for FY2014.

Net asset value (NAV) per share was 52.0 cents as at 31 December 2015 compared to 49.1 cents as at 31 December 2014.

Number of outlets including franchise under the Group:

	31.12.2015	31.12.2014	Net increase / (decrease)
Bakery	862	817	5.5%
Food Atrium	65	63	3.2%
Restaurant	30	34	-11.8%
	957	914	4.7%

(B) Balance Sheet

As at 31 December 2015,

Non-current assets declined by \$3.1 million or 0.8% from \$370.0 million to \$366.9 million mainly due to increase in investment securities by \$13.1 million mainly from purchase of junior bonds and securities in investment in AXA Towers.

offset by reduction in:

- (i) property, plant and equipment by \$15.0 million mainly attributed to write-off and impairment of assets, together with the impact of annual depreciation;
- (ii) intangibles assets by \$0.8 million mainly attributed to an impairment of goodwill;
- (iii) deferred tax assets by \$0.9 million.

Current assets increased by \$9.4 million or 5.5% from \$168.8 million to \$178.1 million mainly due to increase in:

- (i) trade and other receivables by \$4.1 million attributed to slower repayment from the franchisees;
- (ii) investment securities by \$7.2 million attributed to reclassification of junior bonds for I12 Katong from non-current to current in view of the completion of the sale in January 2016.

offset by reduction in:

- (i) amount due from related corporations by \$1.0 million mainly from impairment of receivables from joint venture;
- (ii) inventories by \$0.8 million attributed to better inventory management control;
- (iii) cash and cash equivalents by \$0.6 million.

Current liabilities increased \$1.1 million or 0.4% from \$263.1 million to \$264.2 million mainly due to increase in:

- (i) provision for reinstatement costs by \$3.3 million attributed to higher estimated per square foot cost for future reinstatement requirements;
- (ii) short term loans by \$6.0 million;
- (iii) income tax by \$2.0 million.

offset by reduction in:

- (i) trade and other payables by \$2.3 million due mainly to settlement of capital expenditure;
- (ii) other liabilities by \$6.5 million due mainly to lower accruals made in relation to human resources expenditure.

Non-current liabilities decreased by \$2.8 million or 2.1% from \$137.2 million to \$134.3 million mainly due to reduction in:

- (i) long term loans by \$1.5 million;
- (ii) other liabilities by \$2.7 million attributed to decline in rental amortisation.

offset by increase in deferred tax liabilities by \$1.3 million.

(C) Cash Flow Statement

The Group generated operating cash flow of \$66.2 million for the period ended 31 December 2015 to support \$10.0 million used in financing activities and \$57.6 million used in investing activities, resulting in a decrease in its cash and cash equivalent from \$95.5 million to \$94.9 million as at 31 December 2015.

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 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

Bakery Division is in the process of implementing new strategies to improve its profitability, including better manpower cost control, raw materials cost management, tightening of operating procedures as well as turning around underperforming outlets.

Food Atrium Division continues to see operational challenges from the slowdown in Mainland China, translating to weaker footfalls in the shopping malls where our outlets operate. The opening of the 5 new outlets during the year is expected to exert pressure on profitability of the Division during the initial gestation period.

Restaurant Division is expected to stay focused on driving revenue growth and margin expansion in both Singapore and Thailand. The restructuring of Ramen Play is now substantially completed with a rebranding exercise underway for the 6 outlets.

On the strategic investment front, the Group had announced on 17 January 2016 that it has divested its investment in 112 Katong for S\$16 million and expected to book a gain of S\$8.5 million before transaction costs in 1Q FY2016.

FY2015 has been a challenging year for the Group. Heading into FY2016, the Group will refine our current operating models with a view to realising profitability through cost rationalisation and increased productivity. The Group will also see our brands – BreadTalk, Toast Box and Food Republic in the upcoming iconic Shanghai Disney Resort project when it opens around June 2016.

Barring any unforeseen circumstances, the Group expects to remain profitable in FY2016.

11. Dividend

(a) Current Financial Period Reported On

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

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

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend amount per ordinary share	0.5 Singapore cent (tax exempt one-tier)	1.0 Singapore cents (tax exempt one-tier)

(c) Date payable

Dividend payout date will be announced in due course.

(d) Books closure date

Book closure date will be announced in due course.

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	564	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Kung Fu Kitchen - Food court rental income/miscellaneous charges	452	
(3) Capitol F&B - Food court rental income/miscellaneous charges	41	

14. 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and Half Year Results)

14. 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	Investment	Others⁽²⁾	Elimination	Group
YTD Dec 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	307,902	173,097	143,150	-	-	-	624,149
Inter-segment sales	529	3,156	-	-	-	(3,685)	-
Total revenue	<u>308,431</u>	<u>176,253</u>	<u>143,150</u>	<u>-</u>	<u>-</u>	<u>(3,685)</u>	<u>624,149</u>
Results							
Profit from operations	5,148	(2,884)	25,815	(15)	(135)	69	27,998
Interest income	176	419	613	3,211	618	(1,032)	4,005
Interest expense	(452)	(750)	(467)	(1,793)	(2,906)	1,046	(5,322)
Share of associates' results	-	-	-	(29)	(1,904)	-	(1,933)
Share of joint ventures'	434	194	-	-	-	-	628
Segment profit	<u>5,306</u>	<u>(3,021)</u>	<u>25,961</u>	<u>1,374</u>	<u>(4,327)</u>	<u>83</u>	<u>25,376</u>
Tax expense							<u>(10,768)</u>
Profit after tax							<u><u>14,608</u></u>
Segment assets	185,181	117,121	96,076	124,753	127,361	(109,846)	540,646
Tax recoverable							312
Deferred tax assets							<u>4,092</u>
Total Assets							<u><u>545,050</u></u>
Segment liabilities	136,316	119,334	33,726	98,075	143,913	(145,487)	385,877
Tax payable							8,807
Deferred tax liabilities							<u>3,942</u>
Total liabilities							<u><u>398,626</u></u>
Investment in an associate	-	-	-	22,685	3,637	-	26,322
Investment in joint ventures	7,119	434	-	-	-	-	7,553
Additions to non-current assets ⁽³⁾	16,585	15,546	5,055	-	801	-	37,987
Depreciation & Amortisation	17,214	20,759	8,086	-	3,455	-	49,514
Other non-cash expenses	1,446	2,344	734	-	1,069	-	5,593

YTD Dec 2014	Bakery⁽¹⁾	Food atrium	Restaurant	Investment	Others⁽²⁾	Elimination	Group
(Restated)*	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	294,128	164,781	130,735	-	-	-	589,644
Inter-segment sales	406	3,428	4	-	-	(3,838)	-
Total revenue	<u>294,534</u>	<u>168,209</u>	<u>130,739</u>	<u>-</u>	<u>-</u>	<u>(3,838)</u>	<u>589,644</u>
Results							
Profit from operations	7,225	5,527	12,718	338	(840)	-	24,968
Interest income	798	521	346	1,133	12	(752)	2,058
Interest expense	(911)	(844)	(168)	(1,285)	(1,256)	736	(3,728)
Share of associates' results	-	-	-	9,943	(1,085)	-	8,858
Share of joint ventures' results	442	203	-	-	-	-	645
Segment profit	<u>7,554</u>	<u>5,407</u>	<u>12,896</u>	<u>10,129</u>	<u>(3,169)</u>	<u>(16)</u>	<u>32,801</u>
Tax expense							<u>(6,771)</u>
Profit after tax							<u>26,030</u>
Segment assets	196,148	127,036	81,300	124,968	107,990	(103,610)	533,832
Tax recoverable							8
Deferred tax assets							4,970
Total Assets							<u>538,810</u>
Segment liabilities	160,014	116,122	61,304	77,857	79,226	(103,658)	390,865
Tax payable							6,825
Deferred tax liabilities							2,630
Total liabilities							<u>400,320</u>
Investment in an associate	-	-	-	22,712	3,033	-	25,745
Investment in joint ventures	7,188	820	-	-	227	-	8,235
Additions to non-current assets							
⁽³⁾	19,619	12,725	6,942	23,153	4,680		67,119
Depreciation & Amortisation	15,747	18,626	8,321	-	3,243	-	45,937
Other non-cash expenses	(89)	926	1,434	-	954	-	3,225

(b) By Geographical Segments

	External Sales		Non-current assets ⁽³⁾	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Singapore	329,983	296,212	138,108	144,438
Mainland China	192,077	186,201	72,313	76,427
Hong Kong	74,155	67,130	14,243	13,878
Rest of the world	27,934	40,101	11,988	16,816
	<u>624,149</u>	<u>589,644</u>	<u>236,652</u>	<u>251,559</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.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to section 8 for details.

16. Breakdown of revenue and profit after tax

	Group		
	2015 \$000	2014 \$000	Increase
(a) Sales reported for first half year	307,335	280,318	9.6%
(b) Operating profit after tax before deducting minority interests reported for first half year	6,963	4,976	39.9%
(c) Sales reported for second half year	316,814	309,326	2.4%
(d) Operating profit after tax before deducting minority interests reported for second half year	7,645	21,054	-63.7%

17. A 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)	2015	2014
Ordinary dividend		
- Interim	1.4	1.4
- Final #	2.8	2.8
Total:	4.2	4.2

2015 final dividend is estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year.

18. 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(13) 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	49	Brother of George Quek Meng Tong (Group Chairman & Substantial Shareholder)	Country CEO (ASEAN) w ith effect from 15 October 2013, responsible for Administration, Legal and R&D matters of operations in ASEAN	NA

BY ORDER OF THE BOARD

Ms. Shirley Tan Sey Liy
 Company Secretary
 24 February 2015