
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

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

Group Income Statements	<u>HY 2007</u>	<u>HY 2006</u>	<u>Increase /</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>(Decrease)</u>
			<u>%</u>
Revenue	21,702	27,380	(20.7%)
Cost of sales	(7,508)	(9,884)	(24.0%)
Gross profit	14,194	17,496	(18.9%)
Financial income and (expense)	(57)	(143)	(60.1%)
Distribution costs	(195)	(244)	(20.1%)
Administrative expenses	(8,993)	(10,316)	(12.8%)
Other expenses	(4,677)	(5,917)	(21.0%)
Other credits / (charges)	(1)	(74)	(98.6%)
Profit before income tax	271	802	(66.2%)
Income tax expense	(183)	(202)	(9.4%)
Profit for the year	88	600	(85.3%)

Notes to Income Statement	<u>HY 2007</u>	<u>HY 2006</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>
<u>Revenue</u>		
Sale of food and beverage	19,625	25,675
Rental income from properties	1,930	1,659
Others	147	46
	<u>21,702</u>	<u>27,380</u>
<u>Financial Income / (Expenses)</u>		
Interest income	14	4
Interest expenses	(71)	(107)
Loss on impairment of trade receivable	-	(40)
	<u>(57)</u>	<u>(143)</u>
<u>Other Credits/(Charges)</u>		
Loss on disposal of plant and equipment	(1)	(74)
	<u>(1)</u>	<u>(74)</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>30/06/2007</u>	<u>31/12/2006</u>	<u>30/06/2007</u>	<u>31/12/2006</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
ASSETS				
Current assets:				
Cash and cash equivalents	7,524	2,277	5,470	768
Trade and other receivables	6,853	7,359	4,392	2,823
Inventories	295	385	51	60
Total current assets	14,672	10,021	9,913	3,651
Non-current assets:				
Investment in subsidiaries	-	-	3,019	2,860
Property, plant and equipment	10,112	10,250	4,059	4,271
Other assets	-	-	1,794	2,256
Total non-current assets	10,112	10,250	8,872	9,387
Total assets	24,784	20,271	18,785	13,038
LIABILITIES AND EQUITY				
Current liabilities:				
Short term borrowings	1,551	1,932	693	638
Trade and other payables	6,961	8,281	3,675	3,652
Current tax payable	687	732	-	-
Current portion of long-term borrowings	515	737	293	404
Current portion of finance leases	58	86	58	86
Total current liabilities	9,772	11,768	4,719	4,780
Non-current liabilities:				
Deferred tax liabilities	254	253	94	94
Long-term borrowings	1,075	1,226	1,075	1,171
Finance leases	77	84	77	84
Total non-current liabilities	1,406	1,563	1,246	1,349
Capital and reserves:				
Issued capital	13,315	6,423	13,315	6,423
Other reserves	110	30	-	-
Retained earnings	181	487	(495)	486
Total equity	13,606	6,940	12,820	6,909
Total liabilities and equity	24,784	20,271	18,785	13,038

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

Amount repayable in one year or less, or on demand

As at 30.06.07		As at 31.12.06	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
\$2,124	NIL	\$2,755	NIL

Amount repayable after one year

As at 30.06.07		As at 31.12.06	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
\$1,152	NIL	\$1,310	NIL

1(b)(ii) Cont'd

Details of any collaterals

1. Our properties at Senoko Crescent and Bedok North are mortgaged to the banks as security
2. The banks have a charge over \$810,341 cash fixed deposits placed with the banks
3. Obligations under finance lease are secured by the lessor's charge over the leased assets
4. Legal charge over trade receivables of \$835,248
5. Corporate guarantees from the company and subsidiaries

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

	<u>HY 2007</u> <u>S\$ '000</u>	<u>HY 2006</u> <u>S\$ '000</u>
Cash flows from operating activities		
Profit after income tax	88	600
Adjustments for:		
Income tax expense	183	202
Depreciation expense	976	1,033
Interest expense	71	107
Interest income	(14)	(4)
Loss on disposal of plant and equipment	1	74
Operating profit before working capital changes	<u>1,305</u>	<u>2,012</u>
Restricted cash	(9)	-
Dererred renovation income	106	-
Trade and other receivables	506	(219)
Inventories	90	48
Trade and other payables	<u>(1,358)</u>	<u>(1,078)</u>
Cash generated from operations	640	763
Income tax paid	<u>(295)</u>	<u>(231)</u>
Net cash from operating activities	<u>345</u>	<u>532</u>
Cash flows from investing activities		
Purchase of plant and equipment	(839)	(427)
Interest received	14	4
Net cash used in investing activities	<u>(825)</u>	<u>(423)</u>
Cash flows from financing activities		
Decrease in borrowings	(370)	(387)
Decrease of finance lease	(35)	(23)
Dividend paid	(394)	(371)
Proceeds from issuing shares, net of expenses	6,892	-
Interest paid	(71)	(107)
Net cash used in financing activities	<u>6,022</u>	<u>(888)</u>
Net effect of exchange rate changes in consolidating subsidiaries		
	<u>80</u>	<u>(53)</u>
Net increase in cash and cash equivalents	5,622	(832)
Cash and cash equivalents at beginning of year	<u>(112)</u>	<u>1,164</u>
Cash and cash equivalents at end of year	<u><u>5,510</u></u>	<u><u>332</u></u>

Notes to Cash Flow Statement

	<u>HY 2007</u> <u>S\$ '000</u>	<u>HY 2006</u> <u>S\$ '000</u>
Cash and cash equivalents as per Balance Sheet 1(b)(i)	7,524	2,199
Less restricted cash	(810)	(800)
Bank overdrafts	<u>(1,204)</u>	<u>(1,067)</u>
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u><u>5,510</u></u>	<u><u>332</u></u>

Additions to plant and equipment during the year amounting to \$ 95,988 were financed by new finance leases.

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

<u>Group</u>	<u>Share</u>	<u>Foreign</u>	<u>Retained</u>	<u>Total</u>
	<u>Capital</u>	<u>Currency</u>	<u>Earnings</u>	<u>Total</u>
	<u>S\$ '000</u>	<u>Translation</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
		<u>Reserves</u>	<u>S\$ '000</u>	
		<u>S\$ '000</u>		
Balance as at 1 January 2006	6,423	123	598	7,144
Exchange differences on translating foreign subsidiaries	-	(93)	-	(93)
Net income recognised directly in equity	-	(93)	-	(93)
Profit for the year	-	-	260	260
Total recognised income for the year	-	(93)	260	167
Dividends paid	-	-	(371)	(371)
Balance as at 31 December 2006	6,423	30	487	6,940
Exchange differences on translating foreign subsidiaries	-	80	-	80
Net income recognised directly in equity	-	80	-	80
Profit for the year	-	-	88	88
Total recognised income for the year	-	80	88	168
Dividends paid	-	-	(394)	(394)
Issuance of new shares	6,892	-	-	6,892
Balance as at 30 June 2007	13,315	110	181	13,606

<u>Company</u>	<u>Share</u>	<u>Retained</u>	<u>Total</u>
	<u>Capital</u>	<u>Earnings</u>	<u>Total</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
Balance as at 1 January 2006	6,423	1,480	7,903
Loss for the year	-	(623)	(623)
Total recognised loss for the year	-	(623)	(623)
Dividends paid	-	(371)	(371)
Balance as at 31 December 2006	6,423	486	6,909
Loss for the year	-	(587)	(587)
Total recognised loss for the year	-	(587)	(587)
Dividends paid	-	(394)	(394)
Issuance of new shares	6,892	-	6,892
Balance as at 30 June 2007	13,315	(495)	12,820

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 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.

On 23 January 2007, 39,000,000 new shares were allotted, issued, listed and quoted on the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System with effect from 9:00 a.m. on 24 January 2007. These 39,000,000 new shares were listed following the passing of the resolutions by shareholders on the Extraordinary General Meeting held on 22 January 2007, supporting the Subscription Agreement between Select Catering Services Ltd and Alimento Holdings Limited, whereby the new shares were subscribed at an aggregate consideration of \$7,020,000. Subsequent to the quotation and the listing of the new 39,000,000 shares, the share capital of the Company has increased to \$13,315,000 with an aggregate of 131,713,400 shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by our auditors.

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

Not applicable

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

The accounting policies and methods of computation for the preparation of the financial statements for the 6-month financial period ended 30 June 2007 are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2006.

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

The group has adopted all the new or revised Singapore Financial Reporting Standards that are mandatory for the financial year beginning on or after 1 January 2007. The new standards did not require any material modification of the measurement method or the presentation of the financial statements.

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

	HY 2007	HY 2006
(i) Based on number of ordinary share in issue	0.07 cents	0.65 cents
(ii) On a fully diluted basis	0.07 cents	0.65 cents

Earnings per share for HY 2007 and HY 2006 have been calculated by dividing the Group's net profit after tax for the period by 131,713,400 and 92,713,400 shares in issue respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current period reported on; and
(b) immediately preceding financial year**

Company

	30.06.07	31.12.06
Net asset value backing per ordinary share based on number of shares in issue at end of year	9.73 cents	7.45 cents

Group

	30.06.07	31.12.06
Net asset value backing per ordinary share based on number of shares in issue at end of year	10.33 cents	7.49 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) 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; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

Income Statement

For the financial period ended 30 June 2007 ("1H FY07"), the Group recorded a 21% decrease in revenue compared to the previous corresponding period 1H FY06, mainly due to reduction in sales for the institutional catering segment in both local and Suzhou, PRC operations. Profit for the year has decreased to \$88,000, mainly due to the decline in sales.

On a segmental basis, sales of the Group's institutional catering division declined by \$2.7m or 24%. The operation in Suzhou reported lower sales orders while the Singapore segment suffered in tandem with the lower headcount amongst the customers within the electronics industry.

The sales of the Group's food catering division increased by \$370,000 or 7% as a result of targeted sales of premium buffet packages.

In the food retail segment, sales declined by \$1.1m or 12%. The Group continued to relinquish outlets that were under-performing and sought to open better yield outlets. This is evident from the fact that though sales declined, the profit actually increased for this segment.

Balance Sheet

The Group's reserves increased significantly from \$6.9m to \$13.6m subsequent to the issuance of the new shares during 1H FY07.

Current assets increased significantly from \$10.0m to \$14.7m with the increase in cash balance as a result of the cash consideration received for the subscription of the new shares placed out. Current liabilities declined from \$11.8m to \$9.7m mainly due to decline in the trade and other payables and short term borrowings. Both the non-current assets and liabilities are largely unchanged.

Cash Flow

Net cash from operating activities was \$345,000 for 1H FY07, lower than \$532,000 for 1H FY06 as a result of the decline in profit as explained earlier.

Investment in plant and equipment was higher at \$839,000 for 1H FY07 as compared to \$427,000 for 1H FY06 as the Group opened new outlets.

The proceed from the new shares placement was \$6.9m net of expenses which contributed mainly to the overall increase of \$5.6m in cash and cash equivalent.

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

The Group did not make any forecast or prospect statement relating to 1H FY07 in its previous announcement.

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

The Group has announced on the 6 June 2007 that it has entered into a memorandum of understanding ("MOU") with Jit Sun Investments Pte Ltd ("JSI") for the proposed lease and management of a hotel, which is under construction. Under the MOU, JSI will construct and develop a boutique business class hotel block ("Hotel") on part of the property situated at 15 Hoe Chiang Road. The Hotel is intended to comprise at least three floors and 25 luxury guestrooms equipped and furnished with daily amenities and other room and communications technology features suitable for both business and leisure travellers ("Project"). The Group proposes to take on a lease and the operation, management and marketing of the Hotel upon completion of the Project. The Group's foray into this new segment of business will allow it to leverage on its core competency in food service, thereby complementing its broad-based business in institutional, catering and retail business.

The Group continues to build upon its core institutional catering business. Amongst the new contracts secured during HY2007, the Group has managed to secure another reputable school-boarding house contract. This is important to the Group as it seeks to strengthen its reach into key segments of the institutional catering market.

In the retail front, the Group has added 2 outlets to its Lerk Thai restaurant chain in HY2007. As at 30 June 2007, the Group operates 6 restaurants. These are located at Bugis Village, Singapore Expo, Marina Square shopping mall, Whitesand shopping mall, Square2 shopping mall, and Woodlands Civic Centre. The Group will continue to build up the brand equity of Lerk Thai chain of restaurants.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **No**

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend is declared for the period 1H FY07

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. 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.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

BY ORDER OF THE BOARD

Tan Chor Khoon
Director