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**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT**

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**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.**

<b>Group Income Statements</b>	<b><u>FY 2004</u></b>	<b><u>FY 2003</u></b>	<b><u>Increase /</u></b>
	<b><u>S\$ '000</u></b>	<b><u>S\$ '000</u></b>	<b><u>(Decrease)</u></b>
			<b><u>%</u></b>
<b>Revenue</b>	<b>43,036</b>	<b>33,790</b>	<b>27.4%</b>
Cost of sales	(16,493)	(12,843)	28.4%
<b>Gross profit</b>	<b>26,543</b>	<b>20,947</b>	<b>26.7%</b>
Other operating income	369	27	NM
Distribution costs	(450)	(243)	85.2%
Administrative expenses	(16,169)	(12,964)	24.7%
Other operating expenses	(8,103)	(6,255)	29.5%
Other (charges) / credits	(152)	33	NM
<b>Profit from operations</b>	<b>2,038</b>	<b>1,545</b>	<b>31.9%</b>
Finance costs	(134)	(169)	(20.7%)
<b>Profit before income tax for ongoing operations</b>	<b>1,904</b>	<b>1,376</b>	<b>38.4%</b>
Discontinued operations	-	(111)	NM
<b>Profit before income tax</b>	<b>1,904</b>	<b>1,265</b>	<b>50.5%</b>
Income tax expense	(501)	(352)	42.3%
<b>Net profit for the year</b>	<b>1,403</b>	<b>913</b>	<b>53.7%</b>

NM – Not meaningful

**Notes to Income Statement****FY 2004**  
**\$ '000****FY 2003**  
**\$ '000**Other operating income

Rental income	267	-
Interest income from non-related companies	2	8
Others	100	19
	<u>369</u>	<u>27</u>

Others include a one-time rebate of \$62,155 in 2004

Other Credits/(Charges)

Bad debts - trade	-	(6)
Foreign exchange adjustment loss	(25)	(2)
Waiver by minority shareholders of subsidiary - non trade	-	61
Loss on disposal of plant and equipment	(13)	(6)
Deposits forfeited	-	(14)
Preliminary expense written off	(114)	-
	<u>(152)</u>	<u>33</u>

Finance Costs

Interest expense to non-related companies	<u>134</u>	<u>169</u>
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**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>FY 2004</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2003</u>
	<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	5,417	1,674	3,926	627
Trade receivables	3,870	2,120	716	390
Other receivables and prepayments	1,266	962	3,293	305
Inventories	388	118	48	1
<b>Total current assets</b>	<b>10,941</b>	<b>4,874</b>	<b>7,983</b>	<b>1,323</b>
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	1,310	1,110
Property, plant and equipment	10,941	7,315	5,101	5,607
<b>Total non-current assets</b>	<b>10,941</b>	<b>7,315</b>	<b>6,411</b>	<b>6,717</b>
<b>Total assets</b>	<b>21,882</b>	<b>12,189</b>	<b>14,394</b>	<b>8,040</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short term borrowings	357	883	-	532
Trade payables and accrued liabilities	8,397	5,304	3,030	1,846
Other payables	582	249	456	959
Income tax payable	372	118	-	35
Current portion of long-term borrowings	706	443	428	345
Current portion of finance leases	33	69	33	69
<b>Total current liabilities</b>	<b>10,447</b>	<b>7,066</b>	<b>3,947</b>	<b>3,786</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	492	517	359	390
Long-term borrowings	2,222	2,226	1,910	2,190
Finance leases	53	-	53	-
<b>Total non-current liabilities</b>	<b>2,767</b>	<b>2,743</b>	<b>2,322</b>	<b>2,580</b>
<b>Capital and reserves:</b>				
Issued capital	4,172	1,660	4,172	1,660
Reserves	4,496	720	3,953	14
<b>Total equity</b>	<b>8,668</b>	<b>2,380</b>	<b>8,125</b>	<b>1,674</b>
<b>Total liabilities and equity</b>	<b>21,882</b>	<b>12,189</b>	<b>14,394</b>	<b>8,040</b>

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

Amount repayable in one year or less, or on demand

As at 31.12.03 '000		As at 31.12.04 '000	
Secured	Unsecured	Secured	Unsecured
\$1,395	NIL	\$1,096	NIL

Amount repayable after one year

As at 31.12.03 '000		As at 31.12.04 '000	
Secured	Unsecured	Secured	Unsecured
\$2,226	NIL	\$2,275	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 S\$811,640 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 \$309,174
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>FY 2004</u> <u>\$ '000</u>	<u>FY 2003</u> <u>\$ '000</u>
<b>Cash flows from operating activities</b>		
Profit before income tax	1,904	1,265
Adjustments for:		
Depreciation expense	1,274	1,064
Loss on disposal of plant and equipment	13	6
Loss on disposal of subsidiary	-	111
Interest income	(2)	(8)
Interest expense	134	169
Operating profit before working capital changes	<u>3,323</u>	<u>2,607</u>
Restricted cash	(150)	(123)
Trade receivables	(1,748)	(211)
Other receivables and prepayments	(305)	(146)
Inventories	(270)	6
Trade payables and accrued liabilities	3,093	723
Other payables	333	(304)
Cash generated from operations	<u>4,276</u>	<u>2,552</u>
Interest paid	(134)	(169)
Interest received	2	8
Income tax paid	(272)	(97)
Net cash from operating activities	<u>3,872</u>	<u>2,294</u>
<b>Cash flows from investing activities</b>		
Disposal of plant and equipment	97	6
Purchase of plant and equipment	(4,916)	(1,700)
Net cash used in investing activities	<u>(4,819)</u>	<u>(1,694)</u>
<b>Cash flows from financing activities</b>		
Increase in borrowings	615	140
Decrease of finance lease	(79)	(259)
Proceeds from issuing shares net of listing expenses	4,806	-
Net cash used in financing activities	<u>5,342</u>	<u>(119)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>		
	<u>80</u>	<u>1</u>
Net increase in cash and cash equivalents	4,475	482
Cash and cash equivalents at beginning of year	129	(353)
Cash and cash equivalents at end of year	<u>4,604</u>	<u>129</u>

**Notes to Cash Flow Statement**

	<u>FY 2004</u> <u>\$ '000</u>	<u>FY 2003</u> <u>\$ '000</u>
Cash and cash equivalents as per Balance Sheet 1(b)(i)	5,417	1,674
Less restricted cash	(812)	(662)
Bank overdrafts	(1)	(883)
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u>4,604</u>	<u>129</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**

<u>Group</u>	<u>Issued</u>	<u>Share</u>	<u>Foreign</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Capital</u>	<u>Premium</u>	<u>Translation</u>	<u>Profits</u>	
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>Reserves</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
Balance as at 31 December 2002	1,660	-	(23)	(168)	1,469
Foreign currency translation differences	-	-	(2)	-	(2)
Net profit for the year	-	-	-	913	913
Balance as at 31 December 2003	1,660	-	(25)	745	2,380
Foreign currency translation differences	-	-	79	-	79
Issue of share capital	972	4,865	-	-	5,837
Bonus issue by way of capitalisation	1,540	(1,540)	-	-	-
Listing expenses	-	(1,031)	-	-	(1,031)
Net profit for the year	-	-	-	1,403	1,403
Balance as at 31 December 2004	4,172	2,294	54	2,148	8,668

<u>Company</u>	<u>Issued</u>	<u>Share</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Capital</u>	<u>Premium</u>	<u>Profits</u>	
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
Balance as at 31 December 2002	1,660	-	(548)	1,112
Net profit for the year	-	-	562	562
Balance as at 31 December 2003	1,660	-	14	1,674
Issue of share capital	972	4,865	-	5,837
Bonus issue by way of capitalisation	1,540	(1,540)	-	-
Listing expenses	-	(1,031)	-	(1,031)
Net profit for the year	-	-	1,645	1,645
Balance as at 31 December 2004	4,172	2,294	1,659	8,125

**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 30 June 2004, 184,400 ordinary shares of \$1 each were issued for cash at a premium of \$8.3546 each. The proceeds were used as working capital and for purchasing plant and equipment respectively.

At an extraordinary general meeting held on 28 October 2004, the shareholders approved, inter-alia, the following:

1. the increase in its authorised share capital from \$2,000,000 ordinary shares of \$1.00 each to \$10,350,000 divided into 10,350,000 ordinary shares of \$1.00 each;
2. a bonus issue of 1,540,598 new ordinary shares of \$1.00 each, credited as fully paid upon the capitalisation of \$1,540,598 out of the share premium account of the company ("Bonus");
3. the consolidation of nine ordinary shares of \$1.00 each in the authorised and issued and paid-up share capital of our company into one ordinary share of \$9.00 each ("Share Consolidation");
4. the division of each ordinary share of \$9.00 each in the capital of the company into 200 ordinary shares of \$0.045 each such that the authorised share capital is \$10,350,000 divided into 230,000,000 shares of \$0.045 each of which 75,213,400 ordinary share of \$0.045 each are issued and fully paid-up ("Share Split");
5. the issue of 17,500,000 new ordinary shares of S\$0.045 each at a consideration of \$0.235 for each share pursuant to the company's initial public offer of its shares on 30 November 2004.

**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 financial year ended 31 December 2004 are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2003.

**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.**

There are no changes in accounting policies and methods of computation for the preparation of the financial statements for the financial year ended 31 December 2004.

**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.**

	31.12.04	31.12.03
(i) Based on weighted average number of ordinary share in issue	1.85 cents	1.21 cents
(ii) On a fully diluted basis	1.85 cents	1.21 cents

Earnings per share for the financial year ended 31 December 2004 have been calculated by dividing the Group's net profit for the year by the weighted average number of ordinary share in issue, which comprised of 75,213,400 shares of \$0.045 for 350 days and 92,713,400 shares of S\$0.045 for 15 days.

Earnings per share for the financial year ended 31 December 2003 have been calculated by dividing the Group's net profit for the year by the number of ordinary share in issue, on the basis that the shares comprised of 75,213,400 shares of \$0.045 for 365 days.

**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

	31.12.04	31.12.03
Net asset value backing per ordinary share based on number of shares in issue at end of year	8.76 cents	2.23 cents

Group

	31.12.04	31.12.03
Net asset value backing per ordinary share based on number of shares in issue at end of year	9.35 cents	3.16 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 year ended 31 December 2004 ("FY04"), the Group achieved a 54% jump in net profit after tax to \$1.4 million compared to the previous corresponding period FY03, on the back of a 27% rise in revenue to S\$43.0 million.

The significant improvement in net profit after tax was underpinned by the \$9.2 million growth in revenue, which was largely driven by higher sales achieved in FY04 by both the Group's Institutional Catering division and Food Retail division.

Operating profit margins improved in FY04 to 4.74% from 4.57% previously. Corporate overheads were lowered with greater economies of scale – administrative expenses amounted to 37.6% of sales, compared to 38.4% of sales in FY03.

On a segmental basis, the Group's Institutional Catering division grew significantly by \$3.9 million or 32% to \$15.8m attributed to existing contracts and new contracts secured during FY04 in Singapore. In addition, the Group penetrated into the China market when its first central kitchen within Suzhou Industrial Park became operational during 3Q FY04. Initial contracts for up to 6,000 meals secured by the new operations have started to contribute to Group revenue in 4Q FY04.

The Group's Food Retail division grew substantially by S\$4.4m or 33% to S\$17.8m. This significant increase was largely driven by higher sales generated by existing food court outlets, which included seven outlets that were started in FY03 as well as maiden contributions from eight new food court outlets that were opened in FY04. In addition, the Group marked a significant milestone in 2Q FY04 with the opening of its first restaurant, Lerk Thai, a mid-market restaurant specialising in Thai cuisine located in Bugis Village, which was well received and boosted Group sales. This encouraged the Group to proceed with the setting up of a second Lerk Thai restaurant in Singapore Expo, Singapore's premier international exhibitions and conventions centre. The Group operated a total of 43 food establishments as at 31 December 2004.

The Group's Food Catering division grew by S\$1.0 million or 12% to S\$9.4m, largely attributed to organic growth in its catering sales business. In addition, September 2004 marked another significant milestone for the Group as it commenced operation of the new Expo Food & Beverage Hub ("Expo F&B Hub") in Singapore Expo, thereby generating some initial contributions to FY04 group revenue. The Group was awarded the contract in June 2004 to operate, manage and develop the hub which when fully operational in 2Q FY05 will house a total of 13 food establishments ranging from food court and fast-food outlets to cafeterias, restaurants and pubs.

#### Balance Sheet

As a result of the capital restructuring (ref. paragraph 1(d)(ii)) carried out in conjunction with the Company's initial public offering ("IPO") exercise on 30 November 2004, issued capital increased to S\$4.2 million as at 31 December 2004 from S\$1.7 million as at 31 December 2003. The Group's reserves increased to S\$4.5 million from S\$0.7 million a year ago due to the IPO and FY04 net profit.

Year-end current assets and current liabilities balances increased to S\$11.0 million and S\$10.5 million respectively, in line with the Group's 27% increase in revenue. Non-current liabilities were maintained at S\$2.8 million and long-term debt to equity ratio improved to 0.32 from 1.15 as at 31 December 2003. The Group has thus strengthened its financial position, reversing from a net current liability position as at 31 December 2003 to a net current asset position and reducing its dependence on borrowings to grow the business.

In FY04, the Group invested a total of S\$4.9 million for the purchase of plant and equipment and renovation costs in conjunction with the establishment of a new central kitchen production facility in Suzhou to penetrate the China market, as well as the contract relating to the Expo F&B Hub and development of new food retail outlets. As a result, the Group's fixed assets have increased to S\$10.9 million as at 31 December 2004 from S\$7.3 million a year ago.

#### Cash Flow

Net cash from operating activities increased by S\$1.6m or 69% from financial year ended 31 December 2003 to financial year ended 31 December 2004. The increase is attributed to the following:

- a) Higher profit level which increased the operating cash inflow
- b) Higher short-term funding from trade and other payables

The cash generated from share issues and loans of S\$5.3m was invested primarily for the purchase of plant and equipment of S\$4.8m.

The Group achieved a net cash inflow of S\$4.5m for financial year ended 31 December 2004 as compared to S\$0.5m for financial year ended 31 December 2003.

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

Not applicable

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

In line with the prospectus for our recent Initial Public Offering, the Group has put in place a strategy to expand its Institutional Catering business in Singapore and China. The current financial year will see the Group's Institutional Catering Sales division leveraging on its new central kitchen production facilities in Suzhou, China, which became operational in 3Q FY04.

The Group is well-positioned to tap the growing number of multi-national companies ("MNCs") operating in Suzhou, Wuxi and Shanghai. These cities are a part of the Yangtze Basin industrial zone, which has emerged as a major electronics manufacturing zone. MNCs here place comparatively greater emphasis on staff welfare and are often willing to appoint better catering companies to ensure higher standards of food quality and hygiene.

Select Catering will leverage on its Singapore branding and proven track record in servicing MNC companies with large staff base in Singapore and its state-of-the-art Suzhou central kitchen, currently the most advanced facility of its kind in Suzhou and able to handle up to 35,000 meals daily.

Since the Group's recent entry into the Suzhou market, Select Catering has already secured initial contracts for up to 6,000 meals per day and is optimistic of building on this momentum to rapidly increase this scale from existing and new customers.

Going forward, the Group will continue to grow its established Institutional Catering sales division in Singapore by seeking out opportunities in new market segments which include healthcare institutions, uniformed (home defence) services and tertiary institutions in the public sector.

In addition, the Expo F&B Hub is on track to be fully operational by 2Q FY05. This will have a positive impact on the Group's Food Catering division.

The Group's Food Retail division will be boosted by the opening of the second Lerk Thai restaurant on 15 January 2005 located in the Expo F&B Hub, which will ride on the popularity of the Group's first Lerk Thai restaurant in Bugis Village. The Group intends to open a third restaurant in the second half of FY05.

With economies of scale, integrated IT system and innovative staff incentive schemes, the Group will continue to improve internal efficiencies.

In view of the above developments and barring any unforeseen circumstances, the directors are confident the Group will perform better in FY05.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? **Yes**

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.38 cents per ordinary shares
Par Value of shares	S\$0.045
Tax Rate	One-tier tax exempt
Name of Dividend	Special
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.40 cents less tax per ordinary shares
Par Value of shares	S\$0.045
Tax Rate	20%

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

**None**

Name of Dividend

Dividend Type

Dividend Amount per Share (in cents)

Optional:- Dividend Rate (in %)

Par Value of shares

Tax Rate

**(c) Date payable**

The date the dividend is payable is **18 May 2005**

**(d) Books closure date**

Registrable Transfers received by the Company up to 5.00 p.m. on **6 May 2005** will be registered before entitlements to the dividend are determined.

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

Not applicable

**13. 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.**

	Institutional Catering		Food Catering		Food Retail		Total	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Revenue - external</b>	15,765	11,905	9,433	8,437	17,838	13,448	43,036	33,790
<b>Results</b>								
Segment result	997	714	96	339	902	432	1,995	1,485
Unallocated expenses								
Operating profit							195	27
Other (charges)/credits							(152)	33
Finance costs							(134)	(169)
Profit before income tax for ongoing operation							1,904	1,376
Discontinued operation							-	(111)
Income tax expense							(501)	(352)
Net profit after tax							1,403	913
<b>Other Information</b>								
Segment assets	1,477	708	1,091	752	1,302	660	3,870	2,120
Unallocated assets							18,012	10,069
Consolidated total assets							21,882	12,189
Segment liabilities - unallocated							13,214	9,809
Capital expenditure - unallocated							4,916	1,700
Depreciation - allocated	449	375	269	266	508	423	1,226	1,064
Depreciation - unallocated							48	-
Depreciation expense							1,274	1,064

**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**

Food catering earnings decreased from S\$0.3m for financial year ended 31 December 2003 to S\$0.1m for financial year ended 31 December 2004. This was mainly due to negative contribution from the start-up catering business in Singapore Expo of S\$0.3m segment loss. Otherwise, the food catering segment would have grown its earnings in line with its sales growth.

Please refer to paragraph 8 for the segmental sales performance review.

**15. A breakdown of sales**

	Group		
	S\$'000		%
	Latest period	Previous corresponding period	Increase / (Decrease)
Sales reported for first half year	20,179	15,328	31.6
Operating profit reported for first half year	1,080	9	NM
Sales reported for second half year	22,857	18,462	23.8
Operating profit reported for second half year	323	904	(64.3)

NM – not meaningful

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

	Latest Year S\$ '000	Previous Year S\$ '000
Ordinary	1,576	0
Preference	0	0
Total	1,576	0

BY ORDER OF THE BOARD