

**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 2006</u></b>	<b><u>FY 2005</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>53,066</b>	<b>51,780</b>	<b>2.5%</b>
Cost of sales	(19,168)	(19,504)	(1.7%)
<b>Gross profit</b>	<b>33,898</b>	<b>32,276</b>	<b>5.0%</b>
Financial income and (expense)	(276)	(204)	35.3%
Distribution costs	(658)	(767)	(14.2%)
Administrative expenses	(20,388)	(19,889)	2.5%
Other expenses	(11,618)	(10,780)	7.8%
Other credits / (charges)	(120)	(233)	(48.5%)
<b>Profit before income tax</b>	<b>838</b>	<b>403</b>	<b>107.9%</b>
Income tax expense	(288)	(377)	(23.6%)
<b>Net profit for the year</b>	<b>550</b>	<b>26</b>	<b>nm</b>

**Notes to Income Statement****FY 2006**  
**S\$ '000****FY 2005**  
**S\$ '000**Revenue

Sale of food and beverage	49,579	49,905
Rental income from properties	3,364	1,545
Others	123	330
	<u>53,066</u>	<u>51,780</u>

Financial Income / (Expenses)

Bad debts - trade	(70)	(37)
Interest income - non-related companies	7	12
Interest expenses - non-related companies	(212)	(176)
Others	(1)	(3)
	<u>(276)</u>	<u>(204)</u>

Other Credits/(Charges)

Loss on disposal of plant and equipment	(70)	(134)
Loss on cash	(50)	(61)
Loss on impairment of property	-	(38)
	<u>(120)</u>	<u>(233)</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>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	2,109	2,700	768	754
Trade and other receivables	7,827	7,288	3,399	2,494
Inventories	345	444	60	42
<b>Total current assets</b>	<b>10,281</b>	<b>10,432</b>	<b>4,227</b>	<b>3,290</b>
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	4,199	3,704
Property, plant and equipment	9,994	11,385	4,271	4,616
Other assets	-	-	2,098	1,595
<b>Total non-current assets</b>	<b>9,994</b>	<b>11,385</b>	<b>10,568</b>	<b>9,915</b>
<b>Total assets</b>	<b>20,275</b>	<b>21,817</b>	<b>14,795</b>	<b>13,205</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short term borrowings	1,921	1,107	640	360
Trade and other payables	8,292	9,832	4,148	2,513
Income tax payable	199	336	-	-
Current portion of long-term borrowings	803	838	469	503
Current portion of finance leases	100	58	100	58
<b>Total current liabilities</b>	<b>11,315</b>	<b>12,171</b>	<b>5,357</b>	<b>3,434</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	498	567	251	319
Long-term borrowings	1,161	1,887	1,106	1,501
Finance leases	69	48	69	48
<b>Total non-current liabilities</b>	<b>1,728</b>	<b>2,502</b>	<b>1,426</b>	<b>1,868</b>
<b>Capital and reserves:</b>				
Issued capital	6,423	6,423	6,423	6,423
Other reserves	32	123	-	-
Retained earnings	777	598	1,589	1,480
<b>Total equity</b>	<b>7,232</b>	<b>7,144</b>	<b>8,012</b>	<b>7,903</b>
<b>Total liabilities and equity</b>	<b>20,275</b>	<b>21,817</b>	<b>14,795</b>	<b>13,205</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 31.12.06		As at 31.12.05	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
\$2,824	NIL	\$2,003	NIL

Amount repayable after one year

As at 31.12.06		As at 31.12.05	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
\$1,230	NIL	\$1,935	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 \$801,987 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 \$1,239,044
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 2006</u> <u>S\$ '000</u>	<u>FY 2005</u> <u>S\$ '000</u>
<b>Cash flows from operating activities</b>		
Profit after income tax	550	26
Adjustments for:		
Income tax expense	288	377
Depreciation expense	2,116	1,740
Interest expense	212	176
Interest income	(7)	(12)
Provision for impairment of property	-	38
Loss on disposal of plant and equipment	70	134
Operating profit before working capital changes	<u>3,229</u>	<u>2,479</u>
Restricted cash	-	11
Trade and other receivables	(827)	(2,182)
Inventories	99	(56)
Trade and other payables	<u>(1,540)</u>	<u>883</u>
Cash generated from operations	961	1,135
Income tax paid	<u>(206)</u>	<u>(338)</u>
Net cash from operating activities	<u>755</u>	<u>797</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant and equipment	-	130
Purchase of plant and equipment	(637)	(2,339)
Interest received	7	12
Net cash used in investing activities	<u>(630)</u>	<u>(2,197)</u>
<b>Cash flows from financing activities</b>		
Increase / (decrease) in borrowings	(789)	(188)
Decrease of finance lease	(95)	(48)
Dividend paid	(371)	(1,576)
Proceeds from issuing shares, net of listing expenses	-	(43)
Interest paid	(212)	(176)
Net cash used in financing activities	<u>(1,467)</u>	<u>(2,031)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>		
	<u>(91)</u>	<u>(9)</u>
Net decrease in cash and cash equivalents	(1,433)	(3,440)
Cash and cash equivalents at beginning of year	<u>1,164</u>	<u>4,604</u>
Cash and cash equivalents at end of year	<u>(269)</u>	<u>1,164</u>

**Notes to Cash Flow Statement**

	<u>FY 2006</u> <u>S\$ '000</u>	<u>FY 2005</u> <u>S\$ '000</u>
Cash and cash equivalents as per Balance Sheet 1(b)(i)	2,109	2,700
Less restricted cash	(801)	(801)
Bank overdrafts	<u>(1,577)</u>	<u>(735)</u>
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u>(269)</u>	<u>1,164</u>

Additions to plant and equipment during the year amounting to \$158,000 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>Issued</u>	<u>Share</u>	<u>Foreign</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Capital</u>	<u>Premium</u>	<u>Currency</u>	<u>Profits</u>	<u>Total</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>Translation</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
			<u>Reserves</u>		
			<u>S\$ '000</u>		
Balance as at 1 January 2005	4,172	2,294	54	2,148	8,668
Exchange differences on translating foreign subsidiaries	-	-	69	-	69
Net income recognised directly in equity	-	-	69	-	69
Profit for the year	-	-	-	26	26
Total recognised income for the year	-	-	69	26	95
Dividends paid	-	-	-	(1,576)	(1,576)
Listing expenses	-	(43)	-	-	(43)
Transferred to share capital	2,251	(2,251)	-	-	-
Balance as at 31 December 2005	6,423	-	123	598	7,144
Exchange differences on translating foreign subsidiaries	-	-	(91)	-	(91)
Net income recognised directly in equity	-	-	(91)	-	(91)
Profit for the year	-	-	-	550	550
Total recognised income for the year	-	-	(91)	550	459
Dividends paid	-	-	-	(371)	(371)
Balance as at 31 December 2006	6,423	-	32	777	7,232

<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>Total</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
Balance as at 1 January 2005	4,172	2,294	1,659	8,125
Profit for the year	-	-	1,397	1,397
Total recognised income for the year	-	-	1,397	1,397
Dividends paid	-	-	(1,576)	(1,576)
Listing expenses	-	(43)	-	(43)
Transferred to share capital	2,251	(2,251)	-	-
Balance as at 31 December 2005	6,423	-	1,480	7,903
Profit for the year	-	-	480	480
Total recognised income for the year	-	-	480	480
Dividends paid	-	-	(371)	(371)
Balance as at 31 December 2006	6,423	-	1,589	8,012

**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.**

Reference to the announcements made on 2 November 2006 and 28 December 2006 in relation to the Subscription Agreement (“**Agreement**”) with Alimento Holdings Limited (“**Subscriber**”) pursuant to which the Subscriber has agreed to subscribe for, and Select has agreed to allot and issue to the Subscriber, an aggregate of 39,000,000 new ordinary shares in the capital of the Company (“**Subscription Shares**”) at an aggregate consideration of S\$7,020,000 on the basis of S\$0.18 (“**Issue Price**”) per Subscription Share (“**Subscription**”), the 39,000,000 new ordinary shares in the capital of the Company (“**New Shares**”) at S\$0.18 per Subscription Share have been allotted and issued pursuant to the Agreement.

The new shares were allotted and issued on 23 January 2007 and have been 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.

**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 Group has adopted all the new Singapore Financial Reporting Standards (“FRS”) that are mandatory for financial years beginning on or after 1 January 2006.

The new FRSs did not have a material financial impact on the results and retained earnings of the Group and of the Company for FY06. In addition, the new standards did not require any material modification of the measurement method or the presentation in the financial statements.

**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 has been no change to accounting policies and methods of computation.

**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.**

	FY 2006	FY 2005
(i) Based on weighted average number of ordinary share in issue (based on 92,713,400 shares)	0.59 cents	0.03 cents
(ii) Based on enlarged number of shares following the share placement mentioned in point 1(d)(ii) (based on 131,713,400 shares)	0.42 cents	0.02 cents
(iii) On a fully diluted basis (based on 92,713,400 shares)	0.59 cents	0.03 cents

Earnings per share for both FY06 and FY05 have been calculated by dividing the Group’s net profit after tax for the period by the 92,713,400 shares in issue. As for point 6(ii), the earnings per share have been calculated by dividing the Group’s net profit after tax for the period by the enlarged number of shares following the share placement on 23 January 2007.

**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

	31.12.06	31.12.05
(i) Net asset value backing per ordinary share based on number of shares in issue at end of year	8.64 cents	8.52 cents
(ii) Adjusted net asset value backing per ordinary share based on enlarged number of shares following new shares issued on 23 January 2007	11.32 cents	11.24 cents

Group

	31.12.06	31.12.05
(i) Net asset value backing per ordinary share based on number of shares in issue at end of year	7.80 cents	7.71 cents
(ii) Adjusted net asset value backing per ordinary share based on enlarged number of shares following new shares issued on 23 January 2007	10.73 cents	10.66 cents

- (i) Net asset value backing per ordinary share has been calculated by dividing the Group's and Company's net asset value as at 31 December 2006 and 31 December 2005 respectively by the 92,713,400 shares in issue.
- (ii) For purpose of comparison, adjusted net asset value backing per ordinary share has been calculated by dividing the Group's and Company's net asset value as at 31 December 2006 and 31 December 2005 respectively by the 131,713,400 shares following the new shares issue on 23 January 2007.

**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 FY06, the Group's turnover was up 2.5% to \$53.1m compared to the previous corresponding year FY05. In line with increase in sales, the gross profit also increased by 5.0%. The improvement in gross profit margin of FY06 63.9% from FY05 62.3% was attributed to the higher rental income earned in FY06 of \$3.4m as compared to FY05 of \$1.5m. The group's profit after tax improved from \$26,000 in FY05 to \$550,000 in FY06. This was mainly due to better control over costs for the group.

On a segmental basis, the Group's Institutional Catering division grew by \$1.4m or 6.9% to \$21.0m in terms of sales. The growth came from the Suzhou market offset by a minor decrease in Singapore market. The increased sales reduced the loss suffered in Suzhou market.

The Group's Food Retail division gave up on non-performing outlets resulting in sales decline of \$3.1m or 15.7% to \$16.9m. There is a focus to increase exposure to Lerk Thai restaurant business and the group added an outlet in Whitesand Mall in FY06. In Jan FY07, the group added another outlet in the new Square2 shopping mall. Including the existing 3 outlets in Bugis Village, Singapore

Expo and Marina Square, the total number of Lerk Thai restaurants is 5 as at Feb FY07. The Group operated a total of 32 food retail establishments (including 2 foodcourts) as at 31 December 2006.

The Group's Food Catering division grew by \$1.5m or 14.4% to \$11.7m, with sales out of both Senoko central kitchen and Flavours East in Singapore Expo contributing to the growth. Besides generating food and beverage catering sales, Singapore Expo also houses restaurant tenants and generates rental income.

#### Balance Sheet

Current assets decreased by \$0.2 million or 1.4% mainly due to the dividends paid in May 2006 offset by increase in receivables.

The decrease in value of property, plant and equipment resulted mainly from the annual depreciation offset by purchase of plant and machinery in the ordinary course of business.

Current liabilities decreased by \$0.9 million due to decrease in funding from trade payables offset by higher short-term working capital financing.

Non-current liabilities decreased as the Group made payments to reduce the loan outstanding. As at end of FY06, the Group maintained a healthy net gearing at 0.27.

Reserves increased marginally by \$0.1m to \$7.2m due to current year profit offset by the dividend paid in May 2006.

#### Cash Flow

Net cash from operating activities maintained at \$0.8m for both FY06 and FY05. The cash flow is attributed to the following:

- a) Higher operating profit which increased the operating cash inflow offset by
- b) Lower short-term funding from receivables and payables

The Group invested a total of \$0.6m for purchase of plant and equipment mainly for new retail outlets and motor vehicles purchased during the year.

In terms of financing activities, cash was used to reduce borrowings and to make dividend payout of \$371,000 in May 2006.

The Group recorded a net cash outflow of \$1.4m for FY06 due to the above-mentioned reasons.

#### **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 Jan 2007, the Group made share placement to Alimento Holdings Limited and generated net proceeds of \$6.9m. This will strengthen the balance sheet of the Group and provide the Group with financial resource to explore new business opportunities.

The Group has secured a contract to operate the canteen at Changi Airport Terminal 1. There will be a total of 30 stalls including 2 beverage stalls. The Group will be able to generate rental income from the tenanted stalls and directly generate food and beverage sales from the 2 Group-operated beverage stalls. Including the Changi Airport Terminal 1 foodcourt, the Group will operate a total of 3 foodcourts. The other 2 existing foodcourts are located in Changi Airport Terminal 2 and at Singapore Expo. This is significant for the Group in its drive to secure and operate more foodcourts.

The Group has opened its 5<sup>th</sup> Lerk Thai restaurant (which serves Thai cuisine in casual setting) at Square 2 shopping mall in Jan 2007. This is another milestone for the Group as it drives to strengthen the brand equity for its Lerk Thai brand. The Group will seek out more locations to increase its Lerk Thai chain of restaurants. In the drive to expand the chain, the Group will also explore opportunities in overseas countries.

As the Group continues to drive business growth, it will continue to identify cost-saving opportunities in all 3 business segments, namely institutional, retail and food catering segments.

**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)	0.30 cents per ordinary share
Tax Rate	One-tier tax exempt

**(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	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.40 cents per ordinary share
Tax Rate	One-tier tax exempt

**(c) Date payable**

The date of dividend payable is to be announced at a later date

**(d) Books closure date**

The books closure date is to be announced at a later date

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

Not applicable

**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.**

	<u>2005</u>					<u>2006</u>				
	<u>IC</u> <u>S\$'000</u>	<u>FC</u> <u>S\$'000</u>	<u>FR</u> <u>S\$'000</u>	<u>Rental</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>	<u>IC</u> <u>S\$'000</u>	<u>FC</u> <u>S\$'000</u>	<u>FR</u> <u>S\$'000</u>	<u>Rental</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
<b>Revenue - external</b>	19,611	10,198	20,096	1,875	51,780	20,965	11,665	16,949	3,487	53,066
<b>Results</b>										
Segment result	(141)	178	627	-	664	78	(36)	349	760	1,150
Financial income					12					7
Financial expense					(277)					(333)
Unallocated income					4					14
Profit before income tax					403					838
Income tax expense					(377)					(288)
Profit for the year					26					550
<b>Other Information</b>										
Segment assets	1,449	1,521	900	1,100	4,970	2,573	1,496	1,013	1,359	6,441
Segment assets - unallocated					16,847					13,834
Consolidated total assets					21,817					20,275
Segment liabilities - unallocated					14,673					13,043
Capital expenditure - unallocated					2,407					795
Depreciation	576	308	593	263	1,740	744	415	533	419	2,111
Depreciation - unallocated					-					5
					1,740					2,116

**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**

The institutional catering segment ("IC") reversed its loss as a result of lower loss recorded in Suzhou IC operation. Food catering segment ("FC") recorded a loss as the catering business in Singapore Expo did not contribute positively to the business. Food retail segment ("FR") recorded lower profit in line with lower sales generated during the year. Rental segment includes the net income generated from Singapore Expo and Changi Airport Terminal 2 tenants. The improvement resulted from full year operation in FY06 compared to 9-month operation in FY05.

**15. A breakdown of sales**

	Group		
	S\$'000		%
	2006	2005	Increase/ (Decrease)
Sales reported for first half year	27,380	23,934	14.4%
Operating profit reported for first half year	600	440	36.4%
Sales reported for second half year	25,686	27,846	(7.8%)
Operating profit reported for second half year	(50)	(414)	NM

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.**

	2006 S\$ '000	2005 S\$ '000
Ordinary	395	371
Preference	-	-
Total	395	371

BY ORDER OF THE BOARD