

Press Release – 1H 2005 Results

Homegrown SGX-Listed Select Catering Makes Foray Into Uniformed Services and Education Sector; Secures Contracts Worth S\$3.5 million

- Awarded Two New Contracts by Uniformed Services Group and Prestigious Tertiary Institution
- Select to Grow New Market Segments in Public Sector
- First Half FY05 Turnover Rises 18.6% To S\$23.93 Million; Expects Stronger Second Half Earnings

Singapore, 12 August 2005 – Singapore Exchange SESDAQ-listed Select Catering Services Limited (“Select”), a leading homegrown integrated food catering and management services provider, announced today that the Group has been awarded two new catering contracts worth S\$3.5 million, marking its foray into the public sector’s uniformed services and the education sector.

The uniformed services group awarded Select a three-year contract while a prestigious private tertiary institution has awarded Select a one-year contract. Both catering contracts have commenced in August 2005.

Managing Director, Vincent Tan, said: “This is a landmark development for Select that bodes well for our future prospects. The penetration of the uniformed services sector is a major step forward in our strategy to develop public sector catering in addition to existing private sector catering and our recent expansion to China.”

Mr Tan said: “We have long recognized the opportunities in the uniformed services and tertiary institutions segment. Today, we are pleased that our brand is being recognized by the government sector based on the Group’s 15-year

track record in food catering and management services to multinationals, local companies and households in Singapore.”

Releasing its results for the half year ended 30 June 2005 (“1H FY05”), the Group announced that its turnover rose 18.6% to S\$23.93 million, driven by increased orders from Institutional Catering and Food Retail divisions.

The Group’s revenues from its core divisions – Institutional Catering and Food Retail – grew 35% or S\$2.5 million to S\$9.6 million, and 12% or S\$1.0 million to S\$9.7 million respectively in 1H FY05.

Select’s net profit decreased 59.3% to S\$0.44 million compared to 1H FY04 due to start-up costs incurred in setting up its central kitchen facility in China; costs of setting up its food and beverage hub, **Flavours East**; and the opening of two Thai cuisine restaurants, **Lerk Thai**.

The Group recorded earnings per share (“EPS”) of 0.47 cents for 1H FY05 compared to 1.44 cents for 1H FY04 while Net Asset Value fell to 8.09 cents as at June 30, 2005 compared to 9.35 cents as at 31 December, 2004. The decline in Net Asset Value was mainly due to the 1.70 cents net dividend payout in May 2005.

At the end of 2004, the Group had invested S\$1.9 million in its Suzhou central kitchen, located in the fastest growing electronics manufacturing zone, to leverage on its central kitchen facilities to grow its Institutional Catering in China. The Suzhou facility currently accounts for 4.0% or S\$0.95 million of Group revenues.

Mr Tan, said: “China and Singapore contributed significantly to the Group’s growth in 1H FY05. Our state-of-the-art Suzhou Industrial Park kitchen facility scored an important milestone when it clinched its first on-site staff canteen management contract. The remaining contracts are supported by the central kitchen.”

“In the last few months we have been strengthening our foundation with expansion in China and in Singapore. This will build a stronger and better Select to position it for the next stage of growth. With the foundations in place, we are confident the Group will perform better in the second half of FY05, thereby achieving better performance for FY05 compared to FY04,” he added.

“The expansion is in line with the Group’s strategy of expanding Institutional Catering into regional markets, starting off first with China’s Yangtze Basin where many multinationals are located. We expect our Suzhou facility to contribute to the Group’s bottomline in 2H FY05. We are well-positioned to leverage on the Institutional Catering market in Suzhou, Wuxi and Shanghai where MNCs rank highly employees’ welfare, food standards and hygiene,” said Mr Tan.

On a segmental basis, the Group's Institutional Catering, Food Retail and Food Catering divisions accounted for 40.2%, 40.5% and 19.3% respectively of the Group's 1H FY05 revenues.

Despite investments of S\$3.1 million for leasehold building, plant and equipment, **Flavours East** has attained a break-even operating position and is expected to contribute positively in 2H FY05. **Flavours East**, launched in April 2005, comprises 13 food outlets that are operated and managed by the Group.

The Food Catering division's revenues rose 5% to S\$4.6 million in 1H FY05 compared to 1H FY04. The growth in Food Catering revenues is attributable largely to catering revenues of Flavours East, which was offset by a decline in home catering and home delivery. Select is also the appointed official food caterer for the Singapore Expo.

The Food Retail division saw sales driven by existing food court outlets and nine new food court outlets that made their maiden contributions. The Group currently operates a total of 46 food retail establishments.

The Group intends to expand its **Lerk Thai** operations in Singapore and the region. Two **Lerk Thai** restaurants opened in 1H FY05 at Marina Square and Singapore Expo, bringing the total outlets in the **Lerk Thai** chain to three.

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Issued on behalf of Select Catering Services by WeR1 Consultants Pte Ltd

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About Select Catering Services Limited (www.select.com.sg)

Select Catering Services, listed on SGX SESDAQ since December 2004, is a leading integrated food catering and management services provider in Singapore, with operations in Malaysia and China.

Headquartered in Singapore, Select's core businesses include :

Institutional Catering – providing food management services to corporate customers, including Agilent Technologies, Infineon Technologies Asia Pacific,

Maxtor Peripherals, Motorola Electronics, Seagate Technology International, and Advanced Micro Devices (Singapore) Pte Ltd.

Food Retail – operating 41 food court outlets (39 in Singapore and 2 in Malaysia) and 2 public cafeterias in Singapore. Select also operates three Thai cuisine restaurants in Singapore.

Food Catering – providing events catering services for corporate, community or private functions, in addition to its daily meal delivery services to workplaces and family units.