
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 2005</u> <u>S\$ '000</u>	<u>HY 2004</u> <u>S\$ '000</u>	<u>Increase /</u> <u>(Decrease)</u> <u>%</u>
Revenue	23,934	20,179	18.6%
Cost of sales	(9,212)	(7,533)	22.3%
Gross profit	14,722	12,646	16.4%
Other operating income	820	71	1054.9%
Distribution costs	(266)	(175)	52.0%
Administrative expenses	(9,669)	(7,414)	30.4%
Other operating expenses	(4,933)	(3,690)	33.7%
Other charges	(29)	(16)	81.3%
Profit from operations	645	1,422	(54.6%)
Finance costs	(73)	(62)	17.7%
Profit before income tax	572	1,360	(57.9%)
Income tax expense	(132)	(280)	(52.9%)
Net profit for the year	440	1,080	(59.3%)

NM – Not meaningful

Notes to Income Statement	<u>HY 2005</u> <u>\$ '000</u>	<u>HY 2004</u> <u>\$ '000</u>
<u>Other operating income</u>		
Rental income	799	-
Interest income from non-related companies	7	1
Others	14	70
	<u>820</u>	<u>71</u>
Others include a one-time rebate of \$62,155 in HY 2004		
<u>Other Credits/(Charges)</u>		
Foreign exchange adjustment gain	-	1
Loss on disposal of plant and equipment	(29)	(17)
	<u>(29)</u>	<u>(16)</u>
<u>Finance Costs</u>		
Interest expense to non-related companies	73	62

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>30/06/2005</u>	<u>31/12/2004</u>	<u>30/06/2005</u>	<u>31/12/2004</u>
	<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>
ASSETS				
Current assets:				
Cash and cash equivalents	2,474	5,417	782	3,926
Trade receivables	4,447	3,840	918	716
Other receivables and prepayments	1,693	1,266	4,299	2,334
Inventories	391	388	31	48
Total current assets	9,005	10,911	6,030	7,024
Non-current assets:				
Investment in subsidiaries	-	-	1,310	1,310
Property, plant and equipment	11,706	10,941	4,930	5,101
Other assets	-	-	1,362	959
Total non-current assets	11,706	10,941	7,602	7,370
Total assets	20,711	21,852	13,632	14,394
LIABILITIES AND EQUITY				
Current liabilities:				
Short term borrowings	1,019	357	86	-
Trade payables and accrued liabilities	7,848	8,441	2,521	3,030
Other payables	567	508	1,230	456
Income tax payable	252	372	-	-
Current portion of long-term borrowings	831	706	496	428
Current portion of finance leases	46	33	46	33
Total current liabilities	10,563	10,417	4,379	3,947
Non-current liabilities:				
Deferred tax liabilities	449	492	318	359
Long-term borrowings	2,145	2,222	1,626	1,910
Finance leases	53	53	53	53
Total non-current liabilities	2,647	2,767	1,997	2,322
Capital and reserves:				
Issued capital	4,172	4,172	4,172	4,172
Reserves	3,329	4,496	3,084	3,953
Total equity	7,501	8,668	7,256	8,125
Total liabilities and equity	20,711	21,852	13,632	14,394

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

Amount repayable in one year or less, or on demand

As at 31.12.04		As at 30.06.05	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
1,096	NIL	1,896	NIL

Amount repayable after one year

As at 31.12.04		As at 30.06.05	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
2,275	NIL	2,198	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\$799,714 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 \$987,428
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 2005</u> <u>\$ '000</u>	<u>HY 2004</u> <u>\$ '000</u>
Cash flows from operating activities		
Profit before income tax	572	1,360
Adjustments for:		
Depreciation expense	869	559
Loss on disposal of plant and equipment	29	17
Interest income	(7)	(1)
Interest expense	73	62
Operating profit before working capital changes	<u>1,536</u>	<u>1,997</u>
Restricted cash	12	-
Trade receivables	(607)	(633)
Other receivables and prepayments	(427)	(61)
Inventories	(3)	(159)
Trade payables and accrued liabilities	(593)	160
Other payables	59	(92)
Cash (used in) / generated from operations	<u>(23)</u>	<u>1,212</u>
Interest paid	(73)	(62)
Interest received	7	1
Income tax paid	(295)	(193)
Net cash (used in) / from operating activities	<u>(384)</u>	<u>958</u>
Cash flows from investing activities		
Disposal of plant and equipment	15	70
Purchase of plant and equipment	(1,644)	(1,258)
Net cash used in investing activities	<u>(1,629)</u>	<u>(1,188)</u>
Cash flows from financing activities		
Increase / (decrease) in borrowings	59	(93)
Decrease of finance lease	(21)	(73)
Dividend paid	(1,576)	-
Listing expense	(87)	-
Proceeds from issuing shares	-	1,725
Net cash (used in) / from financing activities	<u>(1,625)</u>	<u>1,559</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>56</u>	<u>1</u>
Net (decrease) / increase in cash and cash equivalents	(3,582)	1,330
Cash and cash equivalents at beginning of year	4,604	129
Cash and cash equivalents at end of year	<u><u>1,022</u></u>	<u><u>1,459</u></u>

Notes to Cash Flow Statement

	<u>HY 2005</u> <u>\$ '000</u>	<u>HY 2004</u> <u>\$ '000</u>
Cash and cash equivalents as per Balance Sheet 1(b)(i)	2,474	2,214
Less restricted cash	(800)	(662)
Bank overdrafts	(652)	(93)
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u><u>1,022</u></u>	<u><u>1,459</u></u>

During the period the group acquired property, plant and equipment with an aggregate cost of \$1,678,000 of which \$34,000 was acquired by means of finance lease. Cash payment of \$1,644,000 were made to purchase property, plant and equipment.

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 1 January 2004	1,660	-	(25)	745	2,380
Foreign currency translation differences	-	-	1	-	1
Issue of share capital	184	1,541	-	-	1,725
Net profit for the period	-	-	-	1,080	1,080
Balance as at 30 June 2004	1,844	1,541	(24)	1,825	5,186
Balance as at 1 January 2005	4,172	2,294	54	2,148	8,668
Foreign currency translation differences	-	-	56	-	56
Listing expense	-	(87)	-	-	(87)
Dividends paid	-	-	-	(1,576)	(1,576)
Net profit for the period	-	-	-	440	440
Balance as at 30 June 2005	4,172	2,207	110	1,012	7,501

<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 1 January 2004	1,660	-	14	1,674
Issue of share capital	184	1,541	-	1,725
Net profit for the period	-	-	191	191
Balance as at 30 June 2004	1,844	1,541	205	3,590
Balance as at 1 January 2005	4,172	2,294	1,659	8,125
Listing expense	-	(87)	-	(87)
Dividends paid	-	-	(1,576)	(1,576)
Net profit for the period	-	-	794	794
Balance as at 30 June 2005	4,172	2,207	877	7,256

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.

No change to share capital for the financial period under review.

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 2005 are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2004 except for the following.

The group has revised the depreciation rate for the leasehold building at Singapore Expo. The change is from a rate of 20% used in last reported financial year ended 31 December 2004 to 10% used in the current reported 6-month financial period ended 30 June 2005. This is to fairly reflect the value of the building which external professional opinion is that it will last for more than 10 years.

The effect of the change in depreciation rate is an increase in the group profit before tax by \$101,561 for the 6-month financial period ended 30 June 2005.

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 6-month financial period ended 30 June 2005 except for that highlighted in point 4.

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 2005	HY 2004
(i) Based on number of ordinary share in issue	0.47 cents	1.44 cents
(ii) On a fully diluted basis	0.47 cents	1.44 cents

Earnings per share for the 6-month financial period ended 30 June 2005 have been calculated by dividing the Group's net profit after tax for the period by the 92,713,400 shares in issue.

Earnings per share for the 6-month financial period ended 30 June 2004 have been calculated by dividing the Group's net profit after tax for the period by the 75,213,400 shares in issue.

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

	30.06.05	31.12.04
Net asset value backing per ordinary share based on number of shares in issue at end of year	7.83 cents	8.76 cents

Group

	30.06.05	31.12.04
Net asset value backing per ordinary share based on number of shares in issue at end of year	8.09 cents	9.35 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 2005 ("1H FY05"), the Group achieved a 19% increase in revenue compared to the previous corresponding period 1HY FY04, driven by increased orders from Institutional Catering and Food Retail divisions. However, due to the cost incurred for the startup of operations in Suzhou and Singapore Expo, net profit after tax decreased 59% for 1H FY05 compared to 1H FY04.

The 2 new startups, market entry into Suzhou and setup of Singapore Expo food and beverage hub ("Flavours East"), started in second half of financial year 2004 served to increase the Group's revenue but did not contribute positively to the Group's bottom-line. While Flavours East achieved a breakeven position, the Suzhou startup recorded losses amounting to \$280,000 for 1H FY05.

On a segmental basis, the Group's Institutional Catering division grew significantly by \$2.5 million or 35% to \$9.6m. The growth is attributable to both the new Suzhou market and existing Singapore market. The Group made a significant breakthrough in Suzhou by securing the first on-site staff canteen management contract in 1H FY05 while the other existing contracts were supported by the central kitchen. China contributed 4% of Group's revenue for 1H FY05 while the Singapore market registered healthy growth and positive contribution to the Group's bottom-line.

The Group's Food Retail division grew by \$1.0m or 12% to \$9.7m. This increase was largely driven by higher sales generated by existing food court outlets, which included maiden contributions from nine new food court outlets that were opened after 1H FY04. In addition, the Group added another 2 Lerk Thai restaurants specialising in Thai cuisine located in Singapore Expo and Marina Square. The Group operated a total of 45 food retail establishments as at 30 June 2005.

The Group's Food Catering division grew by \$227,000 or 5% to \$4.6m. The growth was attributed to its new Flavours East in Singapore Expo where the Group operates and manages the food and beverage hub which houses a total of 13 food establishments ranging from food court and fast-food outlets to cafeterias, restaurants and pubs. The growth in sales from Flavours East was offset by sales decline in household catering and home delivery catering. This slowdown in existing food catering business contributed a negative profit variance of \$470,000 comparing 1H FY05 against 1H FY04.

Balance Sheet

The Group's reserves declined to \$7.5 million after the Group paid dividends of \$1.6 million in 1H FY05 offset by net profit of \$440,000 in 1H FY05.

Current assets decreased to \$9.0 million as a result of the dividends payout in May 2005 while current liabilities increased marginally to \$10.6 million. Non-current liabilities decreased slightly to \$2.6 million as on-going loan repayments were offset by fresh borrowing to partially fund Flavours East's startup. The Group maintains a healthy net gearing at 0.22.

The Group's fixed assets increased by \$765,000 to \$11.7 million mainly due to the building cost in Flavours East and purchase of plant and machinery in the ordinary course of business.

Cash Flow

Net cash from operating activities decreased by \$384,000 in 1H FY05. The decrease is attributed to the following:

- a) Lower profit level which decreased the operating cash inflow
- b) Lower short-term funding in working capital

The Group invested about \$1m in Flavours East startup while the rest of the fixed asset purchase was for new stores renovation and equipment in the ordinary course of business.

In May 2005, the Group paid out dividend of \$1.6m and the net cash decrease was \$3.6m for 1H FY05.

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 FY05 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 will focus on Institutional Catering 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. The Group's Suzhou operations scored a milestone when it secured its first on-site catering contract in 1H FY05 in addition to food delivered out of its central kitchen production facilities.

The Group will continue to seek out new opportunities in new segments. The Group strategic initiatives to extend its brand and market footprint has yielded positive results and is expected to benefit the overall performance of the Group going forward, namely its successful entry into the uniformed services and tertiary institutions where it secured two catering contracts worth \$3.5 million. Marking its foray into new business segments yet untapped by the Group, the uniformed services group, part of the public sector, awarded Select a three-year catering contract worth \$3.0 million while a prestigious tertiary institution awarded Select a one-year catering contract valued at \$0.5 million. Both catering contracts will commence in 2H FY05.

The Group's strategy of expanding the Lerk Thai restaurant chain within the Food Retail division will strengthen its brand. The Lerk Thai chain has facilitated the Group's debut entry into mid-market niche restaurants that offer a value-for-money proposition to customers. This initiative underpins the

management's commitment to gradually develop a recognisable brand in food retail leveraging on its vast experience in catering and food management to create innovative dining concepts. The Group continues to explore opportunities to grow the Lerk Thai restaurant chain in Singapore and overseas. As at 30 June 2005, the Group operated 3 Lerk Thai restaurants.

Within the Food Retail division, the Group continues to explore new product offerings, innovative food retail concepts and cuisines to meet the demands of consumers.

The Food Catering division faces keen competition from both small and large competitors. The Group constantly revisits its advertising and marketing campaigns, quality control procedures and customers' service standards to maintain and grow the market share.

Flavours East was officially launched in April 2005 and the full impact of the start-up was not felt in 1H FY05. With operation fully launched, Flavours East would contribute positively in second half of 2005.

Barring any unforeseen circumstances, the directors are confident the Group will perform better in second half of FY05, thereby achieving better performance for FY05 compared to FY04.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **None**

Name of Dividend
Dividend Type
Dividend Amount per Share (in cents)
Par Value of shares
Tax Rate

(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

Not applicable

(d) Books closure date

Not applicable

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

No dividend is declared for the financial period under review.

**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