

FINANCIAL STATEMENTS 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>FY 2007</u>	<u>FY 2006</u>	<u>Increase /</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>(Decrease)</u>
			<u>%</u>
Revenue	45,049	53,103	(15.2%)
Cost of sales	(15,826)	(19,165)	(17.4%)
Gross profit	29,223	33,938	(13.9%)
Financial income	108	7	1442.9%
Financial expense	(685)	(398)	72.1%
Distribution costs	(442)	(649)	(31.9%)
Administrative expenses	(18,490)	(20,323)	(9.0%)
Other operating expenses	(10,158)	(11,604)	(12.5%)
Other charges	(760)	(186)	308.6%
(Loss)/profit before income tax	(1,204)	785	(253.4%)
Income tax expense	(112)	(525)	(78.7%)
(Loss)/profit for the year	(1,316)	260	(606.2%)

Notes to Income Statement

	<u>FY 2007</u>	<u>FY 2006</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>
<u>Revenue</u>		
Sale of food and beverage	40,933	49,466
Rental income from properties	3,651	3,165
Others	465	472
	<u>45,049</u>	<u>53,103</u>
<u>Financial Income</u>		
Interest income	<u>108</u>	<u>7</u>
<u>Financial Expenses</u>		
Interest expenses	(128)	(214)
Bad debts written off from trade receivables	(251)	(184)
Inter-company loans written off	(306)	-
	<u>(685)</u>	<u>(398)</u>
<u>Other Charges</u>		
Loss of cash	-	(50)
Provision for impairment of plant and equipment	(773)	-
Profit/(Loss) on disposal of plant and equipment	13	(136)
	<u>(760)</u>	<u>(186)</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> 31/12/2007 <u>S\$ '000</u>	<u>As at</u> 31/12/2006 <u>S\$ '000</u>	<u>As at</u> 31/12/2007 <u>S\$ '000</u>	<u>As at</u> 31/12/2006 <u>S\$ '000</u>
ASSETS				
Current assets:				
Cash and cash equivalents	8,180	2,277	5,218	768
Trade and other receivables	6,819	7,359	1,670	2,823
Inventories	340	385	45	60
Total current assets	15,339	10,021	6,933	3,651
Non-current assets:				
Investment in subsidiaries	-	-	1,545	2,860
Investment Properties	758	-	758	-
Property, plant and equipment	7,952	10,250	2,921	4,271
Other assets	-	-	3,574	2,256
Total non-current assets	8,710	10,250	8,798	9,387
Total assets	24,049	20,271	15,731	13,038
LIABILITIES AND EQUITY				
Current liabilities:				
Short term borrowings	488	1,932	110	638
Trade and other payables	9,135	8,281	3,983	3,652
Current tax payable	662	732	-	-
Current portion of long-term borrowings	737	737	404	404
Current portion of finance leases	85	86	83	86
Total current liabilities	11,107	11,768	4,580	4,780
Non-current liabilities:				
Deferred tax liabilities	253	253	94	94
Long-term borrowings	494	1,226	772	1,171
Finance leases	-	84	-	84
Total non-current liabilities	747	1,563	866	1,349
Capital and reserves:				
Issued capital	13,315	6,423	13,315	6,423
Other reserves	104	30	-	-
(Accumulated losses)/retained earnings	(1,224)	487	(3,030)	486
Total equity	12,195	6,940	10,285	6,909
Total liabilities and equity	24,049	20,271	15,731	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 31.12.07 S\$'000		As at 31.12.06 S\$'000	
Secured	Unsecured	Secured	Unsecured
\$ 1,310	NIL	\$2,755	NIL

Amount repayable after one year

As at 31.12.07 S\$'000		As at 31.12.06 S\$'000	
Secured	Unsecured	Secured	Unsecured
\$ 494	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 S\$814,000 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 S\$451,000;
5. Facilities are covered by 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 2007</u> <u>S\$ '000</u>	<u>FY 2006</u> <u>S\$ '000</u>
Cash flows from operating activities		
(Loss)/profit after income tax	(1,316)	260
Adjustments for:		
Income tax expense	112	525
Depreciation expense	1,970	2,086
Impairment for plant and equipment	773	-
Interest expense	128	214
Interest income	(108)	(7)
(Gain)/loss on disposal of plant and equipment	(13)	136
Operating profit before working capital changes	<u>1,546</u>	<u>3,214</u>
Restricted cash	450	-
Trade and other receivables	540	(71)
Inventories	45	59
Trade and other payables	854	(1,551)
Cash generated from operations	<u>3,435</u>	<u>1,651</u>
Income tax paid	(182)	(443)
Net cash from operating activities	<u>3,253</u>	<u>1,208</u>
Cash flows from investing activities		
Disposal of plant and equipment	19	148
Purchase of plant and equipment	(1,209)	(1,124)
Interest received	108	7
Net cash used in investing activities	<u>(1,082)</u>	<u>(969)</u>
Cash flows from financing activities		
Decrease in borrowings	(735)	(790)
Decrease in finance lease	(85)	(94)
Dividend paid	(395)	(371)
Proceeds from issuing shares, net of expenses	6,892	-
Interest paid	(128)	(214)
Net cash from/(used) in financing activities	<u>5,549</u>	<u>(1,469)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>74</u>	<u>(46)</u>
Net increase in cash and cash equivalents	7,794	(1,276)
Cash and cash equivalents at beginning of year	(112)	1,164
Cash and cash equivalents at end of year	<u>7,682</u>	<u>(112)</u>

Notes to Cash Flow Statement

	<u>FY 2007</u> <u>S\$ '000</u>	<u>FY 2006</u> <u>S\$ '000</u>
Cash and cash equivalents as per Balance Sheet 1(b)(i)	8,180	2,277
Less restricted cash	(351)	(801)
Bank overdrafts	(147)	(1,588)
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u>7,682</u>	<u>(112)</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 Capital</u> S\$ '000	<u>Foreign Currency Translation Reserves</u> S\$ '000	<u>Retained Earnings/ (Accumulated Losses)</u> S\$ '000	<u>Total</u> S\$ '000
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	-	74	-	74
Net income recognised directly in equity	-	74	-	74
Loss for the year	-	-	(1,316)	(1,316)
Total recognised income for the year	-	74	(1,316)	(1,242)
Dividends paid	-	-	(395)	(395)
Issuance of new shares	6,892	-	-	6,892
Balance as at 31 December 2007	13,315	104	(1,224)	12,195

<u>Company</u>	<u>Share Capital</u> S\$ '000	<u>Retained Earnings/ (Accumulated Losses)</u> S\$ '000	<u>Total</u> S\$ '000
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	-	(3,121)	(3,121)
Total recognised loss for the year	-	(3,121)	(3,121)
Dividends paid	-	(395)	(395)
Issuance of new shares	6,892	-	6,892
Balance as at 31 December 2007	13,315	(3,030)	10,285

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 at the Extraordinary General Meeting held on 22 January 2007, approving the Subscription Agreement between Select Group Limited (formerly known as Select Catering Services Ltd) and Alimento Holdings Limited, whereby the new shares were subscribed at an aggregate consideration of \$7,020,000 (before expenses). 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 financial year ended 31 December 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, except for a leasehold property, which is solely used to collect rental income, has been reclassified to investment property for FY2007.

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 2007	FY 2006
(i) Based on number of ordinary share in issue	(1.02) cents	0.28 cents
(ii) On a fully diluted basis	(1.02) cents	0.28 cents

Earnings per share for FY2007 was calculated by dividing the net profit after tax by the weighted average number of ordinary shares of 129,255,866 for the year and FY2006 have been calculated by dividing the net profit after tax by ordinary shares of 92,713,400 in issue for the year.

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

	31.12.07	31.12.06
Net asset value backing per ordinary share based on number of shares in issue at end of year	7.81 cents	7.45 cents

Group

	31.12.07	31.12.06
Net asset value backing per ordinary share based on number of shares in issue at end of year	9.25 cents	7.49 cents

The ordinary shares in issue at the end of FY2007 and FY2006 are 131,713,400 shares and 92,713,400 shares respectively.

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 2007 ("FY2007"), the Group recorded a 15.2% decrease in revenue compared to the previous corresponding financial year ("FY2006"), mainly due to reduction in sales for the institutional catering operations, in both local and Suzhou, China, and local food retail operations.

Loss incurred for FY2007 was due mainly to provision for impairment losses of non-current assets in three foreign wholly owned subsidiaries, located in Suzhou, China, Malaysia and Thailand, totaling S\$0.8 million. The bulk of the loss came from the operations in Suzhou, China. On 20 February 2008, the Group had announced that it had taken steps to dispose all fixed assets of this loss making subsidiary in Suzhou, China thereby curtailing future losses from this subsidiary.

Offshore catering had just kicked off in November 2007 and recorded a loss of S\$0.4 million for FY2007. The loss incurred was mainly due to the initial set-up costs for this segment, such as manpower costs at headquarter from February to October 07 and training costs (rescue & survival training) incurred for operational staff. These costs are partly non-recurring or may only be incurred again over a long period of time.

Although the sales of the Group's food catering division decreased by S\$3.2 million or 27.6% as a result of targeted sales of premium buffet packages, there was improvement in the profitability from this division in terms of absolute dollar value and margin for FY2007.

In the food retail segment, sales declined by S\$1.9 million or 11.4%. 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 S\$6.9 million to S\$12.2 million subsequent to the issuance of the new shares during FY2007.

Current assets increased significantly from S\$10.0 million to S\$15.3 million with the increase in cash balance as a result of the cash consideration received for the subscription of the new shares placed out. Non-current liabilities declined from S\$1.6 million to S\$0.7 million were mainly due to repayment of long-term borrowings.

Cash Flow

Net cash from operating activities was S\$3.3 million for FY2007, substantially higher than S\$1.2 million for FY2006 as a result of tightening of credit control during FY2007 and better leveraging of the credit terms given by the suppliers. The Group's cash business in nature, except for institutional catering, also contributed positively to the operating cash flows.

The proceeds from the new shares placement was S\$6.9 million net of expenses had contributed to the overall increases from financing activities and the cash balance at the end of FY2007.

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 the financial year ended 2007 in its previous announcement. However, the Group had made a profit warning announcement on the 15th February 2008.

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.

Amongst the new contracts secured during FY2007 for institutional catering, the Group has managed to secure a catering contract from a reputable school-boarding house. This is important to the Group as it seeks to strengthen its reach into this key segment of institutional catering market. However, as the existing core customers in the electronic industry continue to downsize their business activities in Singapore, it would be challenging for this segment to achieve a better result.

In the retail front, the Group has added 3 new Lerk Thai restaurants and 2 new Lerk Thai food outlets in FY2007. As at the year end, the Group operates 6 restaurants and bistro. These are located at Bugis Village, Singapore Expo, Marina Square shopping mall, Whitesand shopping mall, Square2 shopping mall, Woodlands Civic Centre and Ang Mo Kio Hub. In January 2008, the LerkThai bistro and LerkThai restaurant commenced operations at Changi Airport Terminal 3. The Group will continue to build up the brand equity of LerkThai chain of restaurants and bistro to capture the increasing demands for casual dining locally. The Group is also actively looking for franchise partners in the Asian Pacific region.

As the economic landscape in Singapore is moving up on the value chain, consumers are becoming more sophisticated and lifestyle oriented. The upcoming integrated resorts and continuing influx of foreign talents will increase the demands for fine dining concept restaurants. The Group is actively searching and evaluating every possible opportunity to position itself to capture this market.

Offshore catering has just kicked off with the first contract begun in November 2007 and a second contract had been confirmed in February 2008. The Group is expecting two more contracts to be signed by the first half of 2008. As the oil & gas industry continues its boom, the Group expects the demands for offshore catering will continue.

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? **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

(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 financial year ended 2007.

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.

	2007						2006				
	IC S\$'000	FC S\$'000	FR S\$'000	OS S\$'000	Others S\$'000	Total S\$'000	IC S\$'000	FC S\$'000	FR S\$'000	Others S\$'000	Total S\$'000
Revenue - external	17,215	8,445	15,012	261	4,116	45,049	20,955	11,672	16,949	3,527	53,103
Results											
Segment result	(253)	225	693	(387)	434	712	(32)	7	568	753	1,296
Financial income						108					7
Financial expense						(685)					(398)
Unallocated income/(expenses)						(1,339)					(120)
Profit before income tax						(1,204)					785
Income tax expense						(112)					(525)
Profit for the year						(1,316)					260
Other Information											
Segment assets	3,999	2,376	1,617	362	2,682	11,036	4,645	3,092	1,854	3,075	12,666
Segment assets - unallocated						13,013					7,605
Consolidated total assets						24,049					20,271
Segment liabilities - unallocated						11,854					13,331
Capital expenditure - unallocated						1,305					1,282
Impairment loss on property						-					-
Depreciation	349	593	639	10	314	1,905	715	398	579	351	2,043
Depreciation - unallocated						65					43
						1,970					2,086

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") registered a larger loss as a result of the losses incurred by Suzhou, China operations. Food catering segment ("FC") recorded a higher profit as the catering business in Singapore Expo reversed its loss to profit. Food retail segment ("FR") registered a higher profit as a result of relinquishing under-performing outlets. Offshore catering had just kicked off in November 2007, losses were mainly attributable to initial set-up costs. Others include the rental income generated from Singapore Expo, Changi Airport Terminal 1 and 2 tenants and other incomes.

15. A breakdown of sales

	Group		
	S\$'000		%
	2007	2006	Increase/ (Decrease)
Sales reported for first half year	21,702	27,380	(20.7%)
Operating profit reported for first half year	88	600	(85.3%)
Sales reported for second half year	23,347	25,723	(9.2%)
Operating losses reported for second half year	(1,404)	(340)	312.9%

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

	2007 S\$ '000	2006 S\$ '000
Ordinary	-	395
Preference	-	-
Total	-	395

BY ORDER OF THE BOARD

Tan Chor Khoo
Managing Director