
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF-YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Consolidated Statement of Comprehensive Income</u>	<u>Group</u>		<u>Increase / (Decrease)</u>
	<u>HY 2010</u> <u>S\$'000</u>	<u>HY 2009</u> <u>S\$'000</u>	<u>%</u>
Revenue	33,583	29,001	15.8%
Cost of sales	(9,766)	(8,871)	10.1%
Gross profit	23,817	20,130	18.3%
<u>Other items of income</u>			
Interest income	6	2	200.0%
Other credits	169	334	(49.4%)
<u>Other items of expense</u>			
Marketing and distribution costs	(643)	(388)	65.7%
Administrative expenses	(14,871)	(12,498)	19.0%
Finance costs	(159)	(43)	269.8%
Other expenses	(8,179)	(6,893)	18.7%
Other charges	(12)	(4)	200.0%
Share of loss from associate	(5)	-	NM
Profit before income tax	123	640	(80.8%)
Income tax expense	(4)	(85)	(95.3%)
Profit for the period	119	555	(78.6%)
<u>Other comprehensive income</u>			
Exchange difference on consolidation	(14)	(1)	1300.0%
Total comprehensive income for the period	105	554	(81.0%)
<u>Profit for the period attributable to:</u>			
Equity holders of the company, net of tax	282	719	(60.8%)
Non-Controlling Interests, net of tax	(163)	(164)	(0.6%)
	119	555	(78.6%)
Total comprehensive income for the period attributable to:			
Equity holders of the company	268	718	(62.7%)
Non-Controlling Interests	(163)	(164)	(0.6%)
	105	554	(81.0%)

NM: Not Meaningful

HY: Half Year

Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease) %
	HY2010	HY2009	
	\$'000	\$'000	
Revenue			
Food and Beverage	31,389	27,057	16.0%
Rental income	2,116	1,890	12.0%
Others	78	54	44.4%
	<u>33,583</u>	<u>29,001</u>	15.8%
Administrative and Other Expenses			
Depreciation and amortisation charges	1,581	1,240	27.5%
Rental charges	4,202	3,115	34.9%
Utilities	1,404	1,080	30.0%
Repair and maintenance	289	222	30.2%
Upkeep of motor vehicles	133	96	38.5%
	<u>1,581</u>	<u>1,240</u>	
Finance Costs			
Interest expense	159	43	269.8%
	<u>159</u>	<u>43</u>	
Other Credit / (Charges)			
Bad debts written back/ (off)	(1)	12	NM
Franchise fees	(10)	-	NM
Loss on disposal of plant and equipment	(1)	(4)	(75.0%)
Government grant - Job Credits	169	322	(47.5%)
	<u>157</u>	<u>330</u>	(52.4%)
Presented in profit or loss:			
Other credits	169	334	(49.4%)
Other charges	(12)	(4)	200.0%
	<u>157</u>	<u>330</u>	(52.4%)

HY: Half Year

NM: Not Meaningful

Government grant - Job Credits: Pursuant to the Jobs Credit Scheme introduced in the Singapore Budget 2009

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

<u>Statements of Financial Position</u>	<u>Group</u>		<u>Company</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>6/30/2010</u>	<u>12/31/2009</u>	<u>6/30/2010</u>	<u>12/31/2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Assets</u>				
<u>Non-Current Assets</u>				
Property, Plant And Equipment, Total	11,486	11,171	1,310	1,368
Investments In Subsidiaries	-	-	13,762	13,362
Investments In Associate	111	116	-	-
Investment Properties	682	697	682	697
Intangible Assets	7,189	7,335	-	-
Other Receivables, Non-Current	-	-	6,065	4,136
Other Financial Assets, Non-Current	82	82	-	-
Total Non-Current Assets	19,550	19,401	21,819	19,563
<u>Current Assets</u>				
Inventories	1,182	1,370	-	-
Trade And Other Receivables, Current	7,215	6,335	2,709	2,468
Other Assets, Current	5,134	2,515	578	320
Cash And Cash Equivalents	4,475	8,104	944	941
Total Current Assets	18,006	18,324	4,231	3,729
Total Assets	37,556	37,725	26,050	23,292
<u>Equity And Liabilities</u>				
<u>Equity</u>				
Share Capital	15,284	15,284	15,284	15,284
Accumulated Losses	(1,225)	(1,507)	(759)	(281)
Foreign Currency Reserve, Total	37	51	-	-
	<u>14,096</u>	<u>13,828</u>	<u>14,525</u>	<u>15,003</u>
Non-Controlling Interests	245	408	-	-
Total Equity	14,341	14,236	14,525	15,003
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	971	1,007	30	30
Other Payables, Non-Current	-	1,765	-	1,765
Other Financial Liabilities, Non-Current	3,862	2,398	2,415	950
Total Non-Current Liabilities	4,833	5,170	2,445	2,745
<u>Current Liabilities</u>				
Income Tax Payable, Current	277	264	-	3
Trade And Other Payables, Current	14,287	13,955	8,098	4,547
Other Financial Liabilities, Current	3,818	4,100	982	994
Total Current Liabilities	18,382	18,319	9,080	5,544
Total Liabilities	23,215	23,489	11,525	8,289
Total Equity And Liabilities	37,556	37,725	26,050	23,292

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

Amount repayable in one year or less, or on demand

As at 30.06.10 S\$'000		As at 31.12.09 S\$'000	
Secured	Unsecured	Secured	Unsecured
\$ 3,818	NIL	\$ 4,100	NIL

Amount repayable after one year

As at 30.06.10 S\$'000		As at 31.12.09 S\$'000	
Secured	Unsecured	Secured	Unsecured
\$ 3,862	NIL	\$ 2,398	NIL

Details of any collaterals:

1. Our properties at Senoko Crescent and Bedok North, with the net book value of \$1,223,000 and \$682,000 respectively as at the end of the current financial period, are mortgaged to the banks as security for term loans and bank over-draft facilities.
2. The banks have a charge over \$1,327,000 cash fixed deposits placed with the banks for term loans and bank over-draft facilities.
3. Obligations under finance lease are secured by the lessor's charge over the leased assets, which have a net book value of \$815,000 as at the end of the current financial period.
4. Facilities are covered by corporate guarantees from the Company and its subsidiaries.
5. Loans from a financial institution are secured by fixed and floating charges over all assets of certain subsidiaries.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Cashflow Statement for the period ending 30/06/2010

	<u>HY 2010</u> <u>S\$ '000</u>	<u>HY 2009</u> <u>S\$ '000</u>
Cash flows from operating activities		
Profit before income tax	123	640
Adjustments for:		
Depreciation expense	1,435	1,198
Amortisation expense	146	42
Interest expense	159	43
Interest income	(6)	(2)
Loss on disposal of plant and equipment	1	4
Share of Loss from Associate	5	
Operating profit before working capital changes	<u>1,863</u>	<u>1,925</u>
Trade and other receivables	(880)	534
Other assets, current	(2,619)	(481)
Inventories	188	310
Trade and other payables	<u>(1,433)</u>	<u>(930)</u>
Cash generated from operations	<u>(2,881)</u>	<u>1,358</u>
Income tax paid	(8)	(204)
Net cash (used in) from operating activities	<u>(2,889)</u>	<u>1,154</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	7	2
Purchase of plant and equipment	(1,098)	(2,296)
Other assets, non-current	-	(82)
Technical know-how expense	-	(218)
Interest received	6	2
Net cash used in investing activities	<u>(1,085)</u>	<u>(2,592)</u>
Cash flows from financing activities		
Restricted cash	-	(1)
Increase in other financial liabilities	278	847
Interest paid	(159)	(43)
Net cash from financing activities	<u>119</u>	<u>803</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(32)</u>	<u>71</u>
Net decrease in cash and cash equivalents	<u>(3,887)</u>	<u>(564)</u>
Cash and cash equivalents at beginning of period	<u>5,705</u>	<u>3,823</u>
Cash and cash equivalents at end of period	<u><u>1,818</u></u>	<u><u>3,259</u></u>

Notes to Cash Flow Statement

	<u>HY 2010</u> <u>S\$ '000</u>	<u>HY 2009</u> <u>S\$ '000</u>
Cash and cash equivalents as per Statement of Financial Position 1(b)(i)	4,475	5,269
Less restricted cash	(1,327)	(827)
Bank overdrafts	(1,330)	(1,183)
Cash and cash equivalents as per above	<u><u>1,818</u></u>	<u><u>3,259</u></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

Statements Of Changes In Equity

<u>Group</u>	<u>Total Equity</u> S\$ '000	<u>Attributable to Parent Sub-Total</u> S\$ '000	<u>Share Capital</u> S\$ '000	<u>Retained Earnings/ (Accumulated Losses)</u> S\$ '000	<u>Foreign Currency Reserves</u> S\$ '000	<u>Non- Controlling Interests</u> S\$ '000
<u>Current period:</u>						
Balance as at 1 January 2009	13,735	13,171	15,284	(2,180)	67	564
<u>Movement in equity:</u>						
Total comprehensive income (loss) for the period	3	257	-	273	(16)	(254)
Owner's contribution to Hotel Operation	400	400	-	400	-	-
Issue of share capital	98	-	-	-	-	98
Balance as at 31 December 2009	14,236	13,828	15,284	(1,507)	51	408
<u>Movement in equity:</u>						
Total comprehensive income (loss) for the period	105	268	-	282	(14)	(163)
Balance as at 30 June 2010	14,341	14,096	15,284	(1,225)	37	245
<u>Previous period:</u>						
Balance as at 1 January 2008	12,081	12,081	13,315	(1,338)	104	-
<u>Movement in equity:</u>						
Total comprehensive income (loss) for the period	(942)	(879)	-	(842)	(37)	(63)
Issue of share capital	2,596	1,969	1,969	-	-	627
Balance as at 31 December 2008	13,735	13,171	15,284	(2,180)	67	564
<u>Movement in equity:</u>						
Total comprehensive income (loss) for the period	554	718	-	719	(1)	(164)
Balance as at 30 June 2009	14,289	13,889	15,284	(1,461)	66	400

Statements Of Changes In Equity

<u>Company</u>	<u>Total Equity</u>	<u>Share Capital</u>	<u>Retained Earnings/ (Accumulated Losses)</u>
<u>Current period:</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
Balance as at 1 January 2009	12,100	15,284	(3,184)
<u>Movement in equity:</u>			
Total comprehensive income for the period	2,903	-	2,903
Balance as at 31 December 2009	15,003	15,284	(281)
<u>Movement in equity:</u>			
Total comprehensive loss for the period	(477)	-	(477)
Balance as at 30 June 2010	14,526	15,284	(758)

<u>Previous period:</u>	<u>Total Equity</u>	<u>Share Capital</u>	<u>Retained Earnings/ (Accumulated Losses)</u>
<u>Current period:</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
Balance as at 1 January 2008	10,071	13,315	(3,244)
<u>Movement in equity:</u>			
Total comprehensive income for the period	60	-	60
Issue of share capital	1,969	1,969	-
Balance as at 31 December 2008	12,100	15,284	(3,184)
<u>Movement in equity:</u>			
Total comprehensive loss for the period	(901)	-	(901)
Balance as at 30 June 2009	11,199	15,284	(4,085)

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 well as the number of shares held as treasury shares of the issuer, 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.

As at 30 June 2010, the Company's issued capital is 142,380,400 shares. There has been no change in the Company's share capital between 31 December 2009 and 30 June 2010. There were no outstanding convertibles and treasury shares as at 30 June 2010.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 June 2010, the total number of issued Shares is 142,380,400 (31 December 2009: 142,380,400). There were no treasury shares as at 30 June 2010 and 31 December 2009.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as there were no treasury 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 the Company's 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 2010 are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2010.

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 revised Singapore Financial Reporting Standards that are mandatory for the financial year beginning on or after 1 January 2010 and which are applicable to the Group. The revised FRS which are applicable to the Group are:

FRS 1 Presentation of Financial Statements – Revised Presentation

FRS 1 requires an entity to present, in a statement of changes in equity, all owners changes in equity. All non-owner changes in equity (i.e. comprehensive income) are presented in a statement of comprehensive income. The Balance Sheet is presented as Statement of Financial Position and the Cash Flow Statement is called Statement of Cash Flow.

FRS 108 Operating Segments - Revised

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker.

The revised standards did not require any material modification of the measurement method of the financial statements and it did not have any impact on the results and financial position of the Group.

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:

- (a) based on the weighted average number of ordinary shares in issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).**

Earnings Per Share Period Ended 30 June	<u>Cents</u>	
	<u>2010</u>	<u>2009</u>
Based on the weighted average number of ordinary share in issue (Basic)	<u>0.20</u>	<u>0.50</u>
On a fully diluted basis (Diluted)	<u>0.20</u>	<u>0.50</u>

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share:

	<u>Group</u>	
	<u>2010</u> \$'000	<u>2009</u> \$'000
<u>Numerator: Earnings attributable to Equity</u>		
Profit for the year attributable to the equity holders of the Company	<u>282</u>	<u>719</u>
<u>Denominator: Weighted average number of equity shares</u>		
Weighted average number of ordinary shares	<u>142,380</u>	<u>142,380</u>

The weighted average number of equity shares refers to shares in circulation during the period.

The numerators and denominators used are the same for both basic and diluted earnings per share.

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

	30.06.10	31.12.09
Net asset value (S\$'000)	\$14,525	\$15,003
No. of ordinary shares (excluding treasury shares)	142,380,400	142,380,400
Net asset value backing per ordinary share (cents)	10.20	10.54

Group

	30.06.10	31.12.09
Net asset value (S\$'000)	\$14,096	\$13,828
No. of ordinary shares (excluding treasury shares)	142,380,400	142,380,400
Net asset value backing per ordinary share (cents)	9.90	9.71

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.**

Consolidated Statement of Comprehensive Income

For the financial period ended 30 June 2010 (“**HY2010**”), the Group recorded a 15.8% or \$4.58 million increase in revenue compared to the previous corresponding financial period (“**HY2009**”), mainly due to the contribution of revenue from two food retail outlets, a Peach Garden restaurant and a Universal Dining food court, both of which were launched in the second half of 2009. Consequently, the increase of revenue has resulted in a higher gross profit.

The Group posted a profit after tax of \$282K (excluding non-controlling interest) for HY2010 as compared to a profit after tax of \$719K (excluding non-controlling interest) for the corresponding HY2009. The decrease in profit after tax was mainly due to the losses incurred in the hotel operations, with the Klapsons Hotel being officially launched in the second half of 2009.

The two new food retail outlets as mentioned in the first paragraph and a Universal Dining concept food court converted from an existing food court were fully operational only in the second half of 2009 and the financials of these outlets were not available for consolidation for the corresponding period of HY2009. As a result, Marketing and Distribution costs, Administrative expenses (inclusive of depreciation expenses) and Other expenses increased by 65.7%, 19.0% and 18.7% respectively in comparison to the corresponding HY2009.

Other Credit/(Charges) has decreased by 52.4% or \$173K as compared to the corresponding financial period of HY2009, mainly due to the decrease in Government Grant of Job Credits receipts during the current financial period. The increase in finance costs of \$116K or 269.8% was mainly due to increase in bank borrowings for HY2010.

Statement of Financial Position

Property, Plant and Equipment registered an increase of \$315K. The increase is mainly due to the cost of investment incurred for the setup of a new dessert outlet, Sun Kee Hong Kong Dessert, during the current financial period. The slight decrease of \$146K in intangible assets was due to amortization.

Other Assets, Current increased from \$2.5 million to \$5.1 million mainly due to the prepayments and deposits paid for the two new student canteens in the Institute of Technical Education, a new Texas Chicken outlet and a new Sun Kee Dessert outlet of \$1.5 million, \$0.6 million and \$0.5 million respectively for HY2010. All these new outlets are expected to be fully operational in the second half of 2010. The increase in trade and other receivables was due to increase of revenue during HY2010.

There was no major change in total liabilities for HY2010. However, certain liabilities had been reclassified between current and non-current, such as Other Payables, during the current financial period.

Statement of Cash Flow

The Group's operations in HY2010 generated a cashflow of \$1.86 million from operating activities as compared to a cashflow of \$1.92 million from operating activities in HY2009. The decrease was in line with the decline in profits as comparing to the corresponding HY2009.

The decrease of cash used in investing activities is mainly due to fewer investments in new food retail outlets during HY2010 as compared to HY2009. The decline in cash from financing activities is mainly due to the decrease in bank borrowings for HY2010 as compared to HY2009.

The decline in cash balance is mainly due to the prepayments and deposits paid during HY2010 as mentioned above and the investments in a new Peach Garden restaurant, a new Universal Dining food court and the conversion of an existing food court to a Universal Dining concept food court during the current financial period.

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

The Group did not make any forecast or prospect statement relating to the first half of 2010 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 expects the operating environment in the next 12 months to remain challenging as market competition will be more intense, especially for the food retail segment. The Group will continue to manage its costs and business expansion prudently in order to leverage on its brand equities built up over the years.

The Group's Peach Garden Restaurants will remain as the main revenue drivers and profit contributors for the Group. However, the Group will continue to build up the brand equity of the LerkThai chain of restaurants and bistro to capture the mass market. The Group is also actively looking for franchise partners in the ASEAN region. More efforts will be put on improving product margins and operation efficiency and effectiveness.

In the next 12 months, the Group will focus on developing the fast food segment in Singapore by branching out its first Quick Service Restaurant (QSR), Texas Chicken, which is the second largest franchised chicken QSR brand in the United States of America, The Group believes that the vibrant and growing fast food segment in Singapore would contribute positively to the Group's business growth as a whole.

The Group will continue to assess its business segments against the market conditions in order to maintain a high degree of financial and operational flexibility.

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? **No**

(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 period ended 30 June 2010.

**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.

INTERESTED PARTY TRANSACTIONS – RULE 920(1)(a) OF SECTION B: RULES OF CATALIST

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (S\$'000)
Emas Offshore Construction and Production Pte. Ltd. (An associate of controlling shareholder, Jit Sun Investments Pte. Ltd.)	270	NIL

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF SECTION B: RULES OF CATALIST

We, Tan Chor Khoon and Tan Choh Peng, being two directors of Select Group Ltd (“the Company”) do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the six months ended 30 June 2010 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Tan Chor Khoon
Managing Director

Tan Choh Peng
Executive Director

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the “Exchange”). The Company’s Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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