
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.

Consolidated Statement of Comprehensive Income	Group		Increase /
	HY 2011	HY 2010	(Decrease)
	S\$'000	S\$'000	%
Revenue	49,120	33,583	46.3%
Cost of sales	(14,638)	(9,766)	49.9%
Gross profit	34,482	23,817	44.8%
Other items of income			
Interest income	5	6	(16.7%)
Other credits	8	169	(95.3%)
Other items of expense			
Marketing and distribution costs	(723)	(643)	12.4%
Administrative expenses	(19,132)	(14,871)	28.7%
Finance costs	(273)	(159)	71.7%
Other expenses	(11,583)	(8,179)	41.6%
Other charges	-	(12)	NM
Share of loss from associate	-	(5)	NM
Profit before income tax	2,784	123	2163.4%
Income tax expense	(362)	(4)	8950.0%
Profit for the period	2,422	119	1935.3%
Other comprehensive income			
Exchange difference on consolidation	(7)	(14)	(50.0%)
Total comprehensive income for the period	2,415	105	2200.0%
Profit for the period attributable to:			
Equity holders of the company, net of tax	2,422	282	758.9%
Non-Controlling Interests, net of tax	-	(163)	NM
	2,422	119	1935.3%
Total comprehensive income for the period attributable to:			
Equity holders of the company	2,415	268	801.1%
Non-Controlling Interests	-	(163)	NM
	2,415	105	2200.0%

NM: Not Meaningful

HY: Half Year

**Notes to Consolidated Statement of
Comprehensive Income**

	<u>Group</u>		Increase/ (Decrease)
	<u>HY 2011</u> S\$'000	<u>HY 2010</u> S\$'000	%
Revenue			
Food and Beverage	46,015	31,389	46.6%
Rental income	2,922	2,116	38.1%
Others	183	78	134.6%
	<u>49,120</u>	<u>33,583</u>	46.3%
Administrative and Other Expenses			
Depreciation and amortisation charges	2,247	1,581	42.1%
Rental charges	5,271	4,202	25.4%
Utilities	2,408	1,404	71.5%
Repair and maintenance	385	289	33.2%
Upkeep of motor vehicles	175	133	31.6%
Finance Costs			
Interest expense	<u>273</u>	<u>159</u>	71.7%
Other Credit / (Charges)			
Bad debts written back/(off)	5	(1)	NM
Gain/(Loss) on disposal of plant and equipment	1	(1)	NM
Inventory written back	2	-	NM
Franchise fees	-	(10)	NM
Government grant - Job Credits	-	169	(100.0%)
	<u>8</u>	<u>157</u>	(94.9%)

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.

Statements of Financial Position	Group		Company	
	As at 30/06/2011 \$'000	As at 31/12/2010 \$'000	As at 30/06/2011 \$'000	As at 31/12/2010 \$'000
Assets				
Non-Current Assets				
Property, Plant And Equipment, Total	16,889	16,411	1,144	1,225
Investments In Subsidiaries	-	-	13,287	12,807
Investment Properties	652	667	652	667
Intangible Assets	6,692	6,797	-	-
Deferred Tax Assets	425	511	100	100
Other Receivables, Non-Current	-	-	3,278	1,896
Other Assets, Non-Current	1,811	1,811	-	-
Total Non-Current Assets	26,469	26,197	18,461	16,695
Current Assets				
Inventories	1,066	1,232	-	-
Trade And Other Receivables, Current	8,199	5,732	6,272	7,070
Other Assets, Current	3,263	2,490	360	181
Assets Classified as Held for Sale	-	1,597	-	480
Cash And Cash Equivalents	3,840	6,703	869	945
Total Current Assets	16,368	17,754	7,501	8,676
Total Assets	42,837	43,951	25,962	25,371
Equity And Liabilities				
Equity				
Share Capital	15,284	15,284	15,284	15,284
Accumulated Losses	(798)	(3,220)	(4,426)	(5,070)
Foreign Currency Reserve, Total	16	23	-	-
Total Equity	14,502	12,087	10,858	10,214
Non-Current Liabilities				
Deferred Tax Liabilities	984	1,088	-	-
Other Financial Liabilities, Non-Current	3,921	3,756	1,385	1,227
Other Liabilities, Non-Current	654	875	-	-
Long-Term Provision	375	375	-	-
Total Non-Current Liabilities	5,934	6,094	1,385	1,227
Current Liabilities				
Income Tax Payable, Current	1,031	836	-	-
Liabilities Directly Associate with Assets Classified as Held for Sale	-	369	-	-
Trade And Other Payables, Current	15,482	16,904	12,442	12,249
Other Financial Liabilities, Current	4,913	6,713	1,277	1,681
Other Liabilities	975	948	-	-
Total Current Liabilities	22,401	25,770	13,719	13,930
Total Liabilities	28,335	31,864	15,104	15,157
Total Equity And Liabilities	42,837	43,951	25,962	25,371

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 30.06.11 S\$'000		As at 31.12.10 S\$'000	
Secured	Unsecured	Secured	Unsecured
3,997	916	4,769	1,944

Amount repayable after one year

As at 30.06.11 S\$'000		As at 31.12.10 S\$'000	
Secured	Unsecured	Secured	Unsecured
1,527	2,394	1,220	2,536

Details of any collaterals:

1. Our properties at Senoko Crescent and Bedok North, with the net book value of \$1,088,000 and \$652,000 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 \$1,542,000 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 \$720,000 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 30/06/2011

	<u>HY 2011</u> <u>S\$ '000</u>	<u>HY 2010</u> <u>S\$ '000</u>
Cash flows from operating activities		
Profit before income tax	2,784	123
Adjustments for:		
Depreciation of property, plant and equipment	2,142	1,435
Amortisation of other intangible assets	105	146
Interest expense	273	159
Interest income	(5)	(6)
(Gain)/Loss on disposal of plant and equipment	(1)	1
Share of loss from associate	-	5
Operating profit before working capital changes	<u>5,298</u>	<u>1,863</u>
Trade and other receivables	(1,063)	(880)
Other assets	(773)	(2,619)
Inventories	166	188
Trade and other payables	(1,539)	(1,433)
Other liabilities	(194)	-
Cash generated from operations	<u>1,895</u>	<u>(2,881)</u>
Income tax paid	(68)	(8)
Net cashflow from (used in) operating activities	<u>1,827</u>	<u>(2,889)</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	7
Purchase of plant and equipment	(2,605)	(1,098)
Net cash outflow on disposal of a subsidiary	(175)	-
Interest received	5	6
Net cashflow used in investing activities	<u>(2,775)</u>	<u>(1,085)</u>
Cash flows from financing activities		
(Decrease)/Increase in other financial liabilities	(2,172)	278
Interest paid	(273)	(159)
Net cashflow (used in) from financing activities	<u>(2,445)</u>	<u>119</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(7)</u>	<u>(32)</u>
Net decrease in cash and cash equivalents	(3,400)	(3,887)
Cash and cash equivalents at beginning of period	<u>4,227</u>	<u>5,705</u>
Cash and cash equivalents at end of period	<u>827</u>	<u>1,818</u>

Notes to Cash Flow Statement

	<u>HY 2011</u> <u>S\$ '000</u>	<u>HY 2010</u> <u>S\$ '000</u>
Cash and cash equivalents as per Statement of Financial Position 1(b)(i)	3,840	4,475
Less restricted cash	(1,542)	(1,327)
Bank overdrafts	(1,471)	(1,330)
Cash and cash equivalents as per above	<u>827</u>	<u>1,818</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>	<u>Attributable to Parent Sub-Total</u>	<u>Share Capital</u>	<u>Retained Earnings/ (Accumulated Losses)</u>	<u>Foreign Currency Reserves</u>	<u>Non-Controlling Interests</u>
	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>	<u>S\$ '000</u>
<u>Current period:</u>						
Balance as at 1 January 2010	14,236	13,828	15,284	(1,507)	51	408
<u>Movement in equity:</u>						
Total comprehensive income (loss) for the period	(2,149)	(1,741)	-	(1,713)	(28)	(408)
Balance as at 31 December 2010	12,087	12,087	15,284	(3,220)	23	-
<u>Movement in equity:</u>						
Total comprehensive income (loss) for the period	2,415	2,415	-	2,422	(7)	-
Balance as at 30 June 2011	14,502	14,502	15,284	(798)	16	-
<u>Previous 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

Statements Of Changes In Equity

<u>Company</u>	<u>Total Equity S\$ '000</u>	<u>Share Capital S\$ '000</u>	<u>Retained Earnings/ (Accumulated Losses) S\$ '000</u>
<u>Current period:</u>			
Balance as at 1 January 2010	15,003	15,284	(281)
<u>Movement in equity:</u>			
Total comprehensive loss for the period	(4,789)	-	(4,789)
Balance as at 31 December 2010	10,214	15,284	(5,070)
<u>Movement in equity:</u>			
Total comprehensive income for the period	644	-	644
Balance as at 30 June 2011	10,858	15,284	(4,426)

	<u>Total Equity S\$ '000</u>	<u>Share Capital S\$ '000</u>	<u>Retained Earnings/ (Accumulated Losses) S\$ '000</u>
<u>Previous period:</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)

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 2011, the Company's issued capital is 142,380,400 shares. There has been no change in the Company's share capital between 31 December 2010 and 30 June 2011. There were no outstanding convertibles and treasury shares as at 30 June 2011.

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 2011, the total number of issued Shares is 142,380,400 (31 December 2010: 142,380,400). There were no treasury shares as at 30 June 2011 and 31 December 2010.

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 2011 are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2011.

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 the revised Singapore Financial Reporting Standards that are mandatory for the financial year beginning on or after 1 January 2011 and which are applicable to the Group.

FRS 24 (2010) Related Party Disclosure

FRS 24 (2010) changes certain requirements for related party disclosure for entities under control, joint control or significant influence of a government ("government-related entities"). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party.

FRS 107 Financial Instruments: Disclosures - Revised

FRS 107 requires entities to disclose the significance of financial instruments for an entity's financial position and performance and its qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

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	Cents	
	2011	2010
Based on the weighted average number of ordinary share in issue (Basic)	<u>1.70</u>	<u>(1.20)</u>
On a fully diluted basis (Diluted)	<u>1.70</u>	<u>(1.20)</u>

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

	Group	
	2011 \$'000	2010 \$'000
<u>Numerator: Earnings attributable to Equity</u> Profit (Loss) for the year attributable to the equity holders of the Company	<u>2,422</u>	<u>(1,713)</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

	30.06.11	31.12.10
Net asset value (S\$'000)	10,858	10,214
No. of ordinary shares (excluding treasury shares)	142,380,400	142,380,400
Net asset value backing per ordinary share (cents)	7.62	7.17

Group

	30.06.11	31.12.10
Net asset value (S\$'000)	7,810	5,290
No. of ordinary shares (excluding treasury shares)	142,380,400	142,380,400
Net asset value backing per ordinary share (cents)	5.48	3.72

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 2011 (“HY2011”), the Group recorded a 46.3% or \$15.5 million increase in revenue compared to the previous corresponding financial period (“HY2010”), mainly due to the contribution of revenue from one LerkThai restaurant, one Peach Garden restaurant, one Peach Garden noodle house, two food courts at the Institute of Technical Education, six Sheng Kee Dessert stores and five fast food franchise restaurants (Texas Chicken). All these food establishments were launched during the second half of year 2010. During the current financial period, there were one food court at Singapore Flyer and one Sheng Kee Dessert store launched. Event Catering also experienced strong growth in revenue during the current financial period. Consequently, the increase of revenue has resulted in a higher gross profit.

The Group posted a profit after tax of \$2,422K (excluding non-controlling interest) for HY2011 as compared to a profit after tax of \$282K (excluding non-controlling interest) for the corresponding HY2010. The increase in profit after tax was mainly due to the strong growth of revenue. The disposal of loss making subsidiary, Wisteria Hotel, and the liquidation of another loss making subsidiary, Select Cafe Pte. Ltd., with 51% shareholdings in the second half of year 2010 also help to boost the bottom line.

As a result of business growth, Marketing and Distribution costs, Administrative expenses (inclusive of depreciation expenses) and Other expenses increased by 12.4%, 28.7% and 41.6% respectively in comparison to the corresponding HY2010. The increase in finance costs of \$114K or 71.7% was mainly due to increase in bank borrowings in the second half of year 2010. Other credit decreased from \$169K as of HY2010 to \$8K for the current financial period because there was no government grant – job credits received during HY2011.

The increase of income tax expense was mainly attributable to the increase of profit for HY2011.

Statement of Financial Position

Property, Plant and Equipment registered an increase of \$478K. The increase was mainly due to the cost of investment incurred for the setup of a new dessert outlet, Sheng Kee Dessert, and a food court as mentioned above during the current financial period. The slight decrease of \$105K in intangible assets was due to amortization.

Trade And Other Receivables, Current increased by \$2,467K or 43% in comparison to the corresponding HY2010 mainly due to the growth in revenue. Other Assets, Current increased from \$2,490K to \$3,263K mainly due to the prepayments and deposits paid for the two new food establishments during HY2011 as mentioned above. Assets Classified as Held for Sales pertained to a subsidiary, Wisteria Hotel, which was disposed at the end of year 2010.

Total liabilities has decreased during HY2011 mainly due to the repayment of bank borrowings of approximately \$2,172K and the final cash payment of \$1,800K for the acquisition of Peach Garden Group of restaurants in accordance with the Sales and Purchase Agreement signed in year 2008. Liabilities Directly Associated with Assets Classified as Held for Sale pertained to a subsidiary, Wisteria Hotel, which was disposed at the end of year 2010.

Statement of Cash Flow

The Group's operations in HY2011 generated a cashflow of \$1,827K from operating activities as compared to a negative cashflow of \$2,889K from operating activities in HY2010. The increase was in line with the increase in profits as comparing to the corresponding HY2010.

The increase of \$1,690K cash used in investing activities was mainly due to new investments in a new dessert store and a food court as mentioned above during HY2011 as compared to HY2010. The net cash used in financing activities was mainly due to the repayment of bank loans during HY2011.

The decline in cash balance was mainly due to the repayment of bank loans and purchases of plant and equipment for the food establishments launched during HY2011 as mentioned above.

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 2011 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 outlook of F&B industry in the next 12 months to remain challenging as concerns over increasing market competition, rising costs and manpower shortages continue, 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 will focus on improving product margins and operation efficiency and effectiveness through innovative product development, streamline its operations and improve its productivity by adopting new technologies, improving customer service quality through on-going staff training.

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 2011.

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) (\$\$'000)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (\$\$'000)
Emas Offshore Construction and Production Pte. Ltd. (An associate of controlling shareholder, Jit Sun Investments Pte. Ltd.)	NIL	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 2011 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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