

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	FY 2005	FY 2004	Increase /
	S\$ '000	S\$ '000	(Decrease)
			%
Revenue	51,992	43,303	20.1%
Cost of sales	(19,571)	(16,493)	18.7%
Gross profit	32,421	26,810	20.9%
Financial income and (expense)	(262)	(57)	359.6%
Distribution costs	(738)	(450)	64.0%
Administrative expenses	(19,939)	(16,169)	23.3%
Other expenses	(10,825)	(8,103)	33.6%
Other credits / (charges)	(192)	(127)	51.2%
Profit before income tax	465	1,904	(75.6%)
Income tax expense	(377)	(501)	(24.8%)
Net profit for the year	88	1,403	(93.7%)

Notes to Income Statement**FY 2005**
S\$ '000**FY 2004**
S\$ '000Revenue

Sale of food and beverage	50,118	43,036
Income derived from rental related activities	1,874	267
	<u>51,992</u>	<u>43,303</u>

Financial Income / (Expenses)

Bad debts - trade	(97)	(25)
Interest income - non-related companies	11	2
Interest expenses - non-related companies	(176)	(134)
Others	-	100
	<u>(262)</u>	<u>(57)</u>

Others include a one-time rebate of \$62,155 in FY 2004

Other Credits/(Charges)

Loss on impairment of property	(58)	-
Loss on disposal of plant and equipment	(134)	(13)
Preliminary expense written off	-	(114)
	<u>(192)</u>	<u>(127)</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.

	Group		Company	
	As at 31/12/2005 S\$ '000	As at 31/12/2004 S\$ '000	As at 31/12/2005 S\$ '000	As at 31/12/2004 S\$ '000
ASSETS				
Current assets:				
Cash and cash equivalents	2,700	5,417	754	3,926
Trade and other receivables	7,313	5,106	4,884	3,050
Inventories	524	388	42	48
Total current assets	10,537	10,911	5,680	7,024
Non-current assets:				
Investment in subsidiaries	-	-	1,310	1,310
Property, plant and equipment	11,364	10,941	4,595	5,101
Other assets	-	-	1,595	959
Total non-current assets	11,364	10,941	7,500	7,370
Total assets	21,901	21,852	13,180	14,394
LIABILITIES AND EQUITY				
Current liabilities:				
Short term borrowings	1,107	357	360	-
Trade and other payables	9,853	8,949	2,528	3,486
Income tax payable	334	372	-	-
Current portion of long-term borrowings	838	706	503	428
Current portion of finance leases	58	33	58	33
Total current liabilities	12,190	10,417	3,449	3,947
Non-current liabilities:				
Deferred tax liabilities	567	492	319	359
Long-term borrowings	1,887	2,222	1,501	1,910
Finance leases	48	53	48	53
Total non-current liabilities	2,502	2,767	1,868	2,322
Capital and reserves:				
Issued capital	6,422	4,172	6,422	4,172
Reserves	787	4,496	1,441	3,953
Total equity	7,209	8,668	7,863	8,125
Total liabilities and equity	21,901	21,852	13,180	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 31.12.05 S\$'000		As at 31.12.04 S\$'000	
Secured	Unsecured	Secured	Unsecured
2,003	NIL	\$1,096	NIL

Amount repayable after one year

As at 31.12.05 S\$'000		As at 31.12.04 S\$'000	
Secured	Unsecured	Secured	Unsecured
1,935	NIL	\$2,275	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 \$696,502 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 \$1,029,756
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.

	FY 2005	FY 2004
	S\$ '000	S\$ '000
Cash flows from operating activities		
Profit after income tax	88	1,403
Adjustments for:		
Income tax expense	377	501
Depreciation expense	1,810	1,274
Interest expense	176	134
Interest income	(11)	(2)
Provision for impairment of property	58	-
Loss on disposal of plant and equipment	134	13
Operating profit before working capital changes	<u>2,632</u>	<u>3,323</u>
Restricted cash	115	(150)
Trade and other receivables	(2,324)	(2,053)
Inventories	(136)	(270)
Trade and other payables	904	3,426
Cash generated from operations	<u>1,191</u>	<u>4,276</u>
Income tax paid	(223)	(272)
Net cash from operating activities	<u>968</u>	<u>4,004</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	171	97
Purchase of plant and equipment	(2,527)	(4,916)
Interest received	11	2
Net cash used in investing activities	<u>(2,345)</u>	<u>(4,817)</u>
Cash flows from financing activities		
Increase / (decrease) in borrowings	(187)	615
Decrease of finance lease	(49)	(79)
Dividend paid	(1,576)	-
Proceeds from issuing shares, net of listing expenses	(44)	4,806
Interest paid	(176)	(134)
Net cash used in financing activities	<u>(2,032)</u>	<u>5,208</u>
Net effect of exchange rate changes in consolidating subsidiaries		
	<u>73</u>	<u>80</u>
Net increase in cash and cash equivalents	(3,336)	4,475
Cash and cash equivalents at beginning of year	4,604	129
Cash and cash equivalents at end of year	<u>1,268</u>	<u>4,604</u>

Notes to Cash Flow Statement

	FY 2005	FY 2004
	S\$ '000	S\$ '000
Cash and cash equivalents as per Balance Sheet 1(b)(i)	2,700	5,417
Less restricted cash	(697)	(812)
Bank overdrafts	(735)	(1)
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u>1,268</u>	<u>4,604</u>

Additions to plant and equipment during the year amounting to \$68,000 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

Group	Issued	Share	Foreign	Accumulated	Total
	Capital	Premium	Currency	Profits	
	S\$ '000	S\$ '000	Translation	S\$ '000	S\$ '000
			Reserves		
			S\$ '000		
Balance as at 1 January 2004	1,660	-	(25)	745	2,380
Foreign currency translation differences	-	-	79	-	79
Issue of share capital	972	4,865	-	-	5,837
Bonus issue by way of capitalisation	1,540	(1,540)	-	-	-
Listing expenses	-	(1,031)	-	-	(1,031)
Net profit for the year	-	-	-	1,403	1,403
Balance as at 31 December 2004	4,172	2,294	54	2,148	8,668
Foreign currency translation differences	-	-	73	-	73
Dividends paid	-	-	-	(1,576)	(1,576)
Listing expenses	-	(44)	-	-	(44)
Transferred to share capital	2,250	(2,250)	-	-	-
Net profit for the year	-	-	-	88	88
Balance as at 31 December 2005	6,422	-	127	660	7,209

Company	Issued	Share	Accumulated	Total
	Capital	Premium	Profits	
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 January 2004	1,660	-	14	1,674
Issue of share capital	972	4,865	-	5,837
Bonus issue by way of capitalisation	1,540	(1,540)	-	-
Listing expenses	-	(1,031)	-	(1,031)
Net profit for the year	-	-	1,645	1,645
Balance as at 31 December 2004	4,172	2,294	1,659	8,125
Dividends paid	-	-	(1,576)	(1,576)
Listing expenses	-	(44)	-	(44)
Dividend income from subsidiaries	-	-	2,200	2,200
Transferred to share capital	2,250	(2,250)	-	-
Net profit for the year	-	-	(842)	(842)
Balance as at 31 December 2005	6,422	-	1,441	7,863

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.

With the changes to the Companies Act, Cap 50, effective from 30 January 2006, there is the removal of the concept of par value and authorized capital and there is no share premium account. The

company had a share premium account balance of \$2,250,000 at the end of the year. This amount has now been included in share capital as required by the changes to the Companies Act.

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 Group has adopted all the new Singapore Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after 1 January 2005.

The new FRSs did not have a material financial impact on the results and retained earnings of the Group and of the Company for FY05. In addition, the new standards did not require any material modification of the measurement method or the presentation in the financial statements.

The group has revised the depreciation rate for the building at Singapore Expo. The change is from a rate of 20% used in last reported financial year ended 31 December 2004 ("FY04") to 10% used in the current reported FY05. This is to fairly reflect the value of the building which external professional opinion is that it will last for more than 10 years. Please refer to point 5 on the financial impact.

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.

With reference to point 4 on the change in accounting estimate, the effect of the change in depreciation rate for the building at Singapore Expo is to revise upwards the group profit before tax by \$230,551 for FY05.

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 2005	FY 2004
(i) Based on weighted average number of ordinary share in issue	0.10 cents	1.85 cents
(ii) On a fully diluted basis	0.10 cents	1.85 cents

Earnings per share for FY05 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 FY04 have been calculated by dividing the Group's net profit for the year by the weighted average number of ordinary share in issue, which comprised of 75,213,400 shares of \$0.045 for 350 days and 92,713,400 shares of S\$0.045 for 15 days.

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

	31.12.05	31.12.04
Net asset value backing per ordinary share based on number of shares in issue at end of year	8.48 cents	8.76 cents

Group

	31.12.05	31.12.04
Net asset value backing per ordinary share based on number of shares in issue at end of year	7.78 cents	9.35 cents

Net asset value backing per ordinary share has been calculated by dividing the Group's and Company's net asset value as at 31 December 2005 and 31 December 2004 respectively by the 92,713,400 shares in issue.

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 FY05, the Group's turnover was up 20% to \$52.0m compared to the previous corresponding year FY04. Due to teething problems in Suzhou, its operation recorded a loss of \$0.6m. Even though sales were climbing, the Suzhou operation did not operate at above breakeven capacity resulting in full year loss. Management has taken steps to address the issues in Suzhou and is focusing to further increase sales and control costs. Overall, the Group recorded a decline in profit for FY05 to \$88,000 versus a profit after tax of \$1.4m achieved in FY04.

The second startup of the Group, which was the setup of Singapore Expo food and beverage hub ("Flavours East"), recorded a FY05 loss of \$0.2m. As part of the startup, the Group incurred a one-time \$0.2m in launch cost. In addition, an amount of \$55,744 was accrued as intra-group interest expense as funding cost from the parent company.

A provision for impairment for two of the Group's properties was made which amounted to \$58,000. This was done in accordance with FRS36 (revised)

On a segmental basis, the Group's Institutional Catering division grew by \$4.0 million or 26% to \$19.8m. The growth came from both the new Suzhou market and existing Singapore market. The Group penetrated into a new market segment, uniform service, for the first time in FY05 within the Singapore market. This would serve as a platform for the Group to target other accounts within this market segment.

The Group's Food Retail division grew by \$2.3m or 13% to \$20.1m. This increase was largely driven by higher sales generated by existing and new food court outlets that were opened in FY04 and FY05. 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 40 food retail establishments as at 31 December 2005.

The Group's Food Catering division grew by \$0.8m or 8% to \$10.2m, growth attributed to its new Flavours East in Singapore Expo. The Group caters exclusively to the captive market within Singapore Expo for all its catering needs in support of its exhibition and convention events. Within Flavours East, the Group also 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.

Balance Sheet

Current assets decreased by \$0.4 million or 3% mainly due to the dividends paid in May 2005 offset by increase in receivables in line with the growth in sales from FY04 to FY05.

The increase in value of property, plant and equipment resulted mainly from the building cost in Flavours East and purchase of plant and machinery in the ordinary course of business.

Current liabilities increased by \$1.8 million due to increase in short-term working capital financing.

Non-current liabilities decreased as the Group made payments to reduce the loan outstanding. As at end of FY05, the Group maintained a healthy net gearing at 0.17.

Issued capital increased by \$2.3 million as this amount was transferred from share premium account to share capital (please refer to point 1(d)(ii)). Reserves decreased by \$3.7 million due to the transfer of \$2.3 million out to share capital and \$1.5 million dividend paid in May 2005.

Cash Flow

Net cash from operating activities decreased by \$3.0m or 76% from FY04 to FY05. The decrease is attributed to the following:

- a) Lower profit level which decreased the operating cash inflow
- b) Lower short-term funding from trade and other payables

The Group invested a total of \$2.3m in purchase of plant and equipment mainly for building cost in Flavours East, fitting out costs for new restaurant and food court stall outlets, motor vehicles and kitchen equipments.

In May 2005, the Group paid out dividend of \$1.6m to shareholders.

The Group recorded a net cash outflow of \$3.3m for FY05 due to the above-mentioned reasons.

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

The actual results of Group are in line with the profit warning made on 17 February 2006.

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.

With tighter controls implemented in Suzhou operation, the directors are of the view that the PRC market is still important to the future growth of the Group's institutional catering segment.

In Singapore, the Group succeeded in penetrating the uniform services segment and won a 2-year catering contract. The Group also succeeded in penetrating the tertiary institution segment after securing a catering contract with a boarding house. In the second half of FY05, the Group was awarded a 3-year catering contract to serve a global MNC. The full year financial impact of these contracts would be felt in financial year ended 31 December 2006.

In the retail segment, the Group focused its effort to strengthen the Lerk Thai restaurant chain. In FY05, the Group added 2 Lerk Thai restaurant outlets, one in Marina Square and the other in Singapore Expo. As at end of FY05, the Group operated 3 Lerk Thai restaurant outlets. As the Group works towards increasing the number of Lerk Thai restaurant outlets, the brand equity will be strengthened.

The Group's foray into Singapore Expo created a captive food catering market created by the exhibition and convention events. In the general buffet catering environment, the Group continues to compete keenly with many small to large players. The Group will constantly review its advertising and marketing campaigns, quality control procedures and customers' service standards in such a competitive environment.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **Yes**

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.40 cents per ordinary share
Tax Rate	One-tier tax exempt

(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)	1.38 cents per ordinary shares
Par Value of shares	S\$0.045
Tax Rate	One-tier tax exempt

Name of Dividend	Special
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.40 cents per ordinary shares
Par Value of shares	S\$0.045
Tax Rate	20%

(c) Date payable

The date the dividend is payable is 16 May 2006

(d) Books closure date

Registrable Transfers received by the Company up to 5.00 p.m. on 2 May 2006 will be registered before entitlements to the dividend are determined.

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

Not applicable

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.

	Institutional Catering		Food Catering		Food Retail		Total	
	FY2005 S\$'000	FY2004 S\$'000	FY2005 S\$'000	FY2004 S\$'000	FY2005 S\$'000	FY2004 S\$'000	FY2005 S\$'000	FY2004 S\$'000
Revenue - external	19,824	15,765	10,198	9,433	20,096	17,838	50,118	43,036
Results								
Segment result	(43)	997	160	96	626	902	743	1,995
Unallocated expenses								
Financial expense							(262)	(57)
Unallocated expenses							(16)	(34)
Profit before income tax for ongoing operation							465	1,904
Income tax expense							(377)	(501)
Net profit after tax							88	1,403
Other Information								
Segment assets	1,449	1,477	1,521	1,091	900	1,302	3,870	3,870
Unallocated assets							18,031	17,982
Consolidated total assets							21,901	21,852
Segment liabilities - unallocated							14,692	13,184
Capital expenditure - unallocated							2,527	4,916
Depreciation - allocated	600	449	308	269	593	508	1,501	1,226
Depreciation - unallocated							309	48
Depreciation expense							1,810	1,274

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 recorded a loss of \$43,000 in FY05 as compared to \$1.0 million profit in FY04. This is mainly due to the loss recorded in the Group's operation in Suzhou and sharing of higher corporate overhead costs in FY05.

15. A breakdown of sales

	Group		
	S\$'000		%
	2005	2004	Increase/ (Decrease)
Sales reported for first half year	23,934	20,179	18.6%
Operating profit reported for first half year	440	1,080	(59.3%)
Sales reported for second half year	26,184	22,857	14.6%
Operating profit reported for second half year	(352)	323	NM

NM – not meaningful

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

	2005 S\$ '000	2004 S\$ '000
Ordinary	371	1,576
Preference	-	-
Total	371	1,576

BY ORDER OF THE BOARD

Tan Chor Khooon
Director