
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

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

Group Income Statements	<u>HY 2006</u> <u>S\$ '000</u>	<u>HY 2005</u> <u>S\$ '000</u>	<u>Increase /</u> <u>(Decrease)</u> <u>%</u>
Revenue	27,380	24,733	10.7%
Cost of sales	(9,884)	(9,212)	7.3%
Gross profit	17,496	15,521	12.7%
Financial income	4	21	(81.0%)
Financial expenses	(147)	(73)	101.4%
Distribution costs	(244)	(266)	(8.3%)
Administrative expenses	(10,316)	(9,669)	6.7%
Other operating expenses	(5,917)	(4,933)	19.9%
Other charges	(74)	(29)	155.2%
Profit before income tax	802	572	40.2%
Income tax expense	(202)	(132)	53.0%
Net profit for the year	600	440	36.4%

Notes to Income Statement

	<u>HY 2006</u> <u>\$ '000</u>	<u>HY 2005</u> <u>\$ '000</u>
<u>Financial Income</u>		
Interest income from non-related companies	4	7
Others	-	14
	<u>4</u>	<u>21</u>
<u>Other Credits/(Charges)</u>		
Loss on disposal of plant and equipment	(74)	(29)
<u>Finance Expenses</u>		
Interest expense to non-related companies	(107)	(73)
Provision for impairment on trade receivables	(40)	-
	<u>(147)</u>	<u>(73)</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	
	6/30/2006	12/31/2005	6/30/2006	12/31/2005
	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS				
Current assets:				
Cash and cash equivalents	2,199	2,700	751	754
Trade and other receivables	7,507	7,288	3,007	2,494
Inventories	396	444	46	42
Total current assets	10,102	10,432	3,804	3,290
Non-current assets:				
Investment in subsidiaries	-	-	4,112	3,704
Property, plant and equipment	10,805	11,385	4,493	4,616
Other assets	-	-	1,722	1,595
Total non-current assets	10,805	11,385	10,327	9,915
Total assets	20,907	21,817	14,131	13,205
LIABILITIES AND EQUITY				
Current liabilities:				
Short term borrowings	1,416	1,107	795	360
Trade and other payables	8,754	9,832	4,122	2,513
Income tax payable	307	336	-	-
Current portion of long-term borrowings	803	838	469	503
Current portion of finance leases	89	58	89	58
Total current liabilities	11,369	12,171	5,475	3,434
Non-current liabilities:				
Deferred tax liabilities	567	567	319	319
Long-term borrowings	1,557	1,887	1,335	1,501
Finance leases	94	48	94	48
Total non-current liabilities	2,218	2,502	1,748	1,868
Capital and reserves:				
Issued capital	6,423	6,423	6,423	6,423
Reserves	897	721	485	1,480
Total equity	7,320	7,144	6,908	7,903
Total liabilities and equity	20,907	21,817	14,131	13,205

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

Amount repayable in one year or less, or on demand

As at 30.06.06 \$'000		As at 31.12.05 \$'000	
Secured	Unsecured	Secured	Unsecured
2,308	NIL	2,003	NIL

Amount repayable after one year

As at 30.06.06 \$'000		As at 31.12.05 \$'000	
Secured	Unsecured	Secured	Unsecured
1,651	NIL	1,935	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\$800,684 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 \$1,079,018
5. Corporate guarantees from the company and subsidiaries.

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

	<u>HY 2006</u> <u>\$ '000</u>	<u>HY 2005</u> <u>\$ '000</u>
Cash flows from operating activities		
Profit for 6-month period	600	440
Adjustments for:		
Income tax expense	202	132
Depreciation expense	1,033	869
Loss on disposal of plant and equipment	74	29
Interest income	(4)	(7)
Interest expense	107	73
Operating profit before working capital changes	<u>2,012</u>	<u>1,536</u>
Restricted cash	-	12
Trade and other receivables	(219)	(1,034)
Decrease / (increase) in inventories	48	(3)
Trade and other payables	<u>(1,078)</u>	<u>(534)</u>
Cash generated from / (used in) operations	763	(23)
Income tax paid	<u>(231)</u>	<u>(295)</u>
Net cash (used in) / from operating activities	<u>532</u>	<u>(318)</u>
Cash flows from investing activities		
Disposal of plant and equipment	-	15
Purchase of plant and equipment	(427)	(1,644)
Interest received	4	7
Net cash used in investing activities	<u>(423)</u>	<u>(1,622)</u>
Cash flows from financing activities		
(Decrease) / increase in borrowings	(387)	59
Decrease of finance lease	(23)	(21)
Dividend paid	(371)	(1,576)
Listing expense	-	(87)
Interest paid	<u>(107)</u>	<u>(73)</u>
Net cash (used in) / from financing activities	<u>(888)</u>	<u>(1,698)</u>
Net effect of exchange rate changes in consolidating subsidiaries		
	<u>(53)</u>	<u>56</u>
Net decrease in cash and cash equivalents	(832)	(3,582)
Cash and cash equivalents at beginning of period	1,164	4,604
Cash and cash equivalents at end of period	<u>332</u>	<u>1,022</u>

Notes to Cash Flow Statement

	<u>HY 2006</u> <u>\$ '000</u>	<u>HY 2005</u> <u>\$ '000</u>
Cash and cash equivalents as per Balance Sheet 1(b)(i)	2,199	2,474
Less restricted cash	(800)	(800)
Bank overdrafts	<u>(1,067)</u>	<u>(652)</u>
Cash and cash equivalents as per Cash Flow Statement 1(c)	<u>332</u>	<u>1,022</u>

During the period the group acquired property, plant and equipment with an aggregate cost of \$527,000 of which \$100,000 was acquired by means of finance lease. Cash payment of \$427,000 were made to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Issued	Share	Foreign	Accumulated	Total
	Capital	Premium	Currency	Profits	
	S\$ '000	S\$ '000	Translation Reserves	S\$ '000	S\$ '000
Balance as at 1 January 2005	4,172	2,294	54	2,148	8,668
Exchange differences on translating foreign subsidiaries	-	-	56	-	56
Net income recognized directly in equity	-	-	56	-	56
Profit for the period	-	-	-	440	440
Total recognized income for the period	-	-	56	440	496
Dividends paid	-	-	-	(1,576)	(1,576)
Listing expense	-	(87)	-	-	(87)
Balance as at 30 June 2005	4,172	2,207	110	1,012	7,501
Balance as at 1 January 2006	6,423	-	123	598	7,144
Exchange differences on translating foreign subsidiaries	-	-	(53)	-	(53)
Net income recognized directly in equity	-	-	(53)	-	(53)
Profit for the period	-	-	-	600	600
Total recognized income for the period	-	-	(53)	600	547
Dividends paid	-	-	-	(371)	(371)
Balance as at 30 June 2006	6,423	-	70	827	7,320

Company	Issued	Share	Accumulated	Total
	Capital	Premium	Profits	
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 January 2005	4,172	2,294	1,659	8,125
Profit for the period	-	-	794	794
Total recognized income for the period	-	-	794	794
Dividends paid	-	-	(1,576)	(1,576)
Listing expenses	-	(87)	-	(87)
Balance as at 30 June 2005	4,172	2,207	877	7,256
Balance as at 1 January 2006	6,423	-	1,480	7,903
Profit for the period	-	-	(624)	(624)
Total recognized income for the period	-	-	(624)	(624)
Dividends paid	-	-	(371)	(371)
Balance as at 30 June 2006	6,423	-	485	6,908

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation for the preparation of the financial statements for the 6-month financial period ended 30 June 2006 are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2005.

5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes in accounting policies and methods of computation for the preparation of the financial statements for the 6-month financial period ended 30 June 2006.

6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	HY 2006	HY 2005
(i) Based on number of ordinary share in issue	0.65 cents	0.47 cents
(ii) On a fully diluted basis	0.65 cents	0.47 cents

Earnings per share for both the 6-month financial periods ended 30 June 2006 and 30 June 2005 have been calculated by dividing the Group's net profit after tax for the period by the 92,713,400 shares in issue.

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

	30.06.06	31.12.05
Net asset value backing per ordinary share based on number of shares in issue at end of year	7.45 cents	8.52 cents

Group

	30.06.06	31.12.05
Net asset value backing per ordinary share based on number of shares in issue at end of year	7.89 cents	7.70 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

Income Statement

For the financial period ended 30 June 2006 ("1H FY06"), the Group achieved a 11% increase in revenue compared to the previous corresponding period 1H FY05, mainly driven by increased orders from Institutional Catering operation in Suzhou, PRC. Net profit after tax increased 36% for 1H FY06 compared to 1H FY05.

On a segmental basis, sales of the Group's Institutional Catering division grew by \$969,000 or 10% to \$10.6m. The sales generated in our Suzhou operation increased at an encouraging rate of 146% to \$2.3m for 1H FY06 as compared to sales of \$953,000 for 1H FY05. At this level, the Suzhou operation sales constitute 9% of the overall Group's revenue for 1H FY06 as compared to 4% for 1H FY05. The higher sales translated to lower losses for 1H FY06 which partially improved the overall Group profit for the period. While the sales in Singapore have declined by \$422,000 or 5% to \$8.2m for 1H FY06, the Singapore operation continues to contribute positively to the Group's profit.

The sales of the Group's Food Retail division declined by \$655,000 or 7% to \$9.0m. The number of food retail establishments declined from 45 as at 30 June 2005 to 32 as at 30 June 2006. With this decrease, the sales have declined correspondingly. Out of the 32 food retail establishments, there are 4 Lerk Thai restaurants and the latest addition is the outlet at Whitesand mall. The contribution from this restaurant is not felt in 1H FY06 as it only began operation towards end of June 2006.

The Group's Food Catering division grew by \$348,000 or 9% to \$4.2m. The growth was attributed to organic growth in the traditional business of catering to corporate and retail customers. The Group changed its tactical approach to marketing to better target customers, thereby resulting in positive response.

In 1H FY06, the Group announced the creation of a new segment known as Hospitality and Clubs division. This segment is created to allow the Group to target the country and recreational clubs business including managing Flavours East at Singapore Expo. For 1H FY06, sales improved by \$1.1m or 145% to \$1.9m as compared to 1H FY05.

Balance Sheet

The Group's reserves increased marginally to \$7.3m from \$7.1m mainly due to the 1H FY06 profit offset by the dividends paid out.

Current assets remained largely unchanged at \$10.1m as compared to \$10.4 as at end of FY05. Current liabilities declined slightly to \$11.4m from \$12.2m mainly due to lower level of trade and other payables. Non-current liabilities declined slightly to \$2.2m from \$2.5m as the Group paid down its bank borrowings.

The Group's fixed assets decreased slightly to \$10.8m from \$11.4m mainly due to normal depreciation offset by purchase of plant and machinery in the ordinary course of business.

Cash Flow

Net cash from operating activities increased by \$850,000 in 1H FY06 as compared to 1H FY05 mainly because of higher profit level and higher short-term funding in working capital.

The Group invested less in fixed asset in 1H FY06 as compared to 1H FY05 as the investment in Flavours East was mainly done in the last corresponding period.

Cash used in financing activities was mainly for the repayment of bank borrowings and payout of dividends in May 2006.

With the above-mentioned reasons, the Group recorded a net cash decrease of \$832,000 for 1H FY06.

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

The Group did not make any forecast or prospect statement relating to 1H FY06 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 is focusing its effort to improve the performance of Suzhou operation. The directors believe that this foothold in the PRC market is important for the future growth of the Group's business in the Institutional Catering segment, even though at current sales level, the Suzhou operation only constitutes 9% of the overall Group's revenue for 1H FY06.

In Singapore, the Group is building the brand equity of the Lerk Thai restaurant chain. With the latest addition of restaurant located at Whitesand mall, the chain has a total of 4 restaurants. The other 3 restaurants are located at Singapore Expo, Marina Square shopping mall and Bugis Village.

The Food Catering segment remains competitive with many fragmented players in the market. The Group will constantly monitor its marketing strategies to better realize the impact of targeting the right customers. In addition, the Group also leverages on its branding to market its services to corporate customers for more sizeable events.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **No**

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None

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

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend is declared for the period 1H FY06

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable

15. A breakdown of sales

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

Tan Chor Khoon
Director