

**OLD CHANG KEE LTD.**  
 (Company Registration No.: 200416190W)  
 (Incorporated in the Republic of Singapore on 16 December 2004)

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**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE HALF YEAR ENDED 30 JUNE 2008**

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**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

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

	Group		
	Half Year Ended		Increase /
	30-06-2008	30-06-2007	(Decrease)
	S\$'000	S\$'000	%
<b>Revenue</b>	22,825	19,039	19.9
Cost of sales	(9,226)	(7,918)	16.5
<b>Gross profit</b>	13,599	11,121	22.3
Other operating income	231	285	(18.9)
Selling and distribution expenses	(8,327)	(6,657)	25.1
Administrative expenses	(3,175)	(2,201)	44.3
Other operating expenses	(437)	(512)	(14.6)
Finance costs	(83)	(22)	277.3
IPO costs <sup>(1)</sup>	(638)	-	NM
<b>Profit before taxation</b>	1,170	2,014	(41.9)
Taxation	(472)	(394)	19.8
<b>Net profit attributable to shareholders</b>	698	1,620	(56.9)

NM : Not Meaningful

Note :

(1) Initial Public Offering ("IPO") costs were one-off expenses charged to the income statement following the withdrawal of the Statement of Recommended Accounting Practice 9 ("RAP 9" - IPO Costs) which require the adjustments to be made retrospectively.

**1(a)(ii) Notes to income statement**

1. Profit before taxation is arrived at after charging/(crediting) the following:

	Group Half Year Ended		
	30-06-2008	30-06-2007	Increase / (Decrease)
	S\$'000	S\$'000	%
Amortisation of intangible assets	38	38	-
Depreciation of property, plant and equipment	943	758	24.4
Loss in foreign exchange	97	185	(47.6)
Interest income from short term deposits	(25)	(35)	(28.6)
Gain on disposal of property, plant and equipment	(60)	(148)	(59.5)

2. The major components of taxation comprise:

	Group Half Year Ended		
	30-06-2008	30-06-2007	Increase / (Decrease)
	S\$'000	S\$'000	%
Current income tax			
- Current income taxation	359	313	14.7
Deferred income tax			
- Movement in temporary differences	113	179	(36.9)
- Over provision in respect of prior years	-	(41)	(100.0)
- Change in tax rate	-	(57)	(100.0)
Taxation recognised in income statement	472	394	19.8

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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30-06-2008</b>	<b>31-12-2007</b>	<b>30-06-2008</b>	<b>31-12-2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	10,664	9,361	-	-
Intangible assets	250	255	-	-
Investment in subsidiary companies	-	-	5,700	5,700
Amount due from associated company	58	-	58	-
Long term deposits	1,225	820	-	-
	<u>12,197</u>	<u>10,436</u>	<u>5,758</u>	<u>5,700</u>
<b>Current Assets</b>				
Inventories	561	534	-	-
Trade and other receivables	624	602	41	-
Deposits	459	745	-	-
Prepayments	199	577	3	25
Amount due from subsidiary company	-	-	7	-
Amount due from associated company	9	-	-	-
Cash and bank balances	9,158	4,893	3,775	11
	<u>11,010</u>	<u>7,351</u>	<u>3,826</u>	<u>36</u>
<b>Current Liabilities</b>				
Trade and other payables	4,433	4,070	65	504
Other liabilities	64	49	-	-
Provisions	115	172	-	-
Bank loans	693	693	-	-
Finance lease liabilities	243	234	-	-
Club membership payable - current	11	15	-	-
Provision for taxation	749	820	-	-
	<u>6,308</u>	<u>6,053</u>	<u>65</u>	<u>504</u>
<b>Net Current Assets/(Liabilities)</b>	<b>4,702</b>	<b>1,298</b>	<b>3,761</b>	<b>(468)</b>
<b>Non-Current Liabilities</b>				
Bank loans	717	1,063	-	-
Finance lease liabilities	894	501	-	-
Club membership payable - long term	-	5	-	-
Deferred tax liabilities	810	697	-	-
	<u>2,421</u>	<u>2,266</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<b>14,478</b>	<b>9,468</b>	<b>9,519</b>	<b>5,232</b>
<b>Equity Attributable to Equity Holders of the Company</b>				
Share capital	10,013	5,700	10,013	5,700
Reserves	4,465	3,768	(494)	(468)
<b>Total Equity</b>	<b>14,478</b>	<b>9,468</b>	<b>9,519</b>	<b>5,232</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30-06-2008</b>		<b>As at 31-12-2007</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
936	-	927	-

**Amount repayable after one year**

<b>As at 30-06-2008</b>		<b>As at 31-12-2007</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
1,611	-	1,564	-

**Details of any collateral**

The Group's borrowings are secured as follows:

1. Bank loans are secured by a first legal mortgage on the leasehold property owned by a company in the Group and personal guarantee by a director.
2. Finance lease obligations are secured by the lessors' title to the respective leased assets.

1(c)

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

	<b>Group</b>	
	<b>Period Ended</b>	
	<b>30-06-2008</b>	<b>30-06-2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	1,170	2,014
Adjustments for:		
Amortisation of intangible assets	38	38
Currency realignment	(1)	(1)
Depreciation of property, plant and equipment	943	758
Gain on disposal of property, plant and equipment	(60)	(148)
Interest expense	83	22
Interest income	(25)	(35)
<b>Operating profit before changes in working capital</b>	<b>2,148</b>	<b>2,648</b>
Increase in inventories	(27)	(80)
(Increase)/Decrease in trade and other receivables	(22)	1,182
Increase in deposits	(119)	(160)
Decrease/(Increase) in prepayments	378	(516)
Increase/(Decrease) in trade and other payables	363	(714)
Increase in other liabilities	15	3
(Decrease)/Increase in provisions	(57)	20
Decrease in amount due to a related party	-	(2)
Increase in amount due from associated company	(9)	(7)
<b>Cash flows from operations</b>	<b>2,670</b>	<b>2,374</b>
Tax paid	(430)	(395)
<b>Net cash flows from operating activities</b>	<b>2,240</b>	<b>1,979</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,605)	(4,300)
Purchase of intangible assets	(33)	(3)
Proceeds from disposal of property, plant and equipment	79	204
Interest received	25	36
Payment for club membership	(9)	(7)
Advances to associated company	(58)	(29)
<b>Net cash flows used in investing activities</b>	<b>(1,601)</b>	<b>(4,099)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of new shares	4,313	-
Repayment of finance lease liabilities	(258)	(298)
Interest paid	(83)	(22)
Repayment of bank loans	(346)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>3,626</b>	<b>(320)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,265</b>	<b>(2,440)</b>
Cash and cash equivalents at the beginning of the financial period	3,893	5,392
<b>Cash and cash equivalents at the end of the financial period</b>	<b>8,158</b>	<b>2,952</b>

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.

	Attributable to equity holders of the Company						
	Share Capital	Share Application Money	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Accumulated Profits	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>							
At 1-1-2007	700	100	263	-	6,576	6,839	7,639
Issuance of ordinary shares for cash	100	(100)	-	-	-	-	-
Revaluation of building	-	-	(119)	-	-	(119)	(119)
Net expense recognised directly in equity	-	-	(119)	-	-	(119)	(119)
Profit for the period	-	-	-	-	1,620	1,620	1,620
Total recognised income and expense for the period	-	-	(119)	-	1,620	1,501	1,501
<b>At 30-06-2007</b>	<b>800</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>8,196</b>	<b>8,340</b>	<b>9,140</b>
Capitalisation of accumulated profits for bonus issue of shares	4,900	-	-	-	(4,900)	(4,900)	-
Net effect of exchange differences	-	-	-	4	-	4	4
Net income recognised directly in equity	-	-	-	4	-	4	4
Profit for the period							
- as previously stated	-	-	-	-	1,343	1,343	1,343
- prior year adjustment	-	-	-	-	(319)	(319)	(319)
- as restated	-	-	-	-	1,024	1,024	1,024
Total recognised income for the period	-	-	-	4	1,024	1,028	1,028 (A) + (B)
Dividends on ordinary shares	-	-	-	-	(700)	(700)	(700)
<b>At 31-12-2007</b>	<b>5,700</b>	<b>-</b>	<b>144</b>	<b>4</b>	<b>3,620</b>	<b>3,768</b>	<b>9,468</b>
At 1-1-2008							
- as previously stated	5,700	-	144	4	3,939	4,087	9,787
- prior year adjustment	-	-	-	-	(319)	(319)	(319)
- as restated	5,700	-	144	4	3,620	3,768	9,468
Issuance of ordinary shares for cash	5,000	-	-	-	-	-	5,000
Share issue expense	(687)	-	-	-	-	-	(687)
Net effect of exchange differences	-	-	-	(1)	-	(1)	(1)
Net expense recognised directly in equity	-	-	-	(1)	-	(1)	(1)
Profit for the period	-	-	-	-	698	698	698
Total recognised income and expense for the period	-	-	-	(1)	698	697	697
<b>At 30-06-2008</b>	<b>10,013</b>	<b>-</b>	<b>144</b>	<b>3</b>	<b>4,318</b>	<b>4,465</b>	<b>14,478</b>

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. (Cont'd)

	Share Capital	Share Application Money	Accumulated Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>				
At 1-1-2007	-	100	(230)	(130)
Issuance of ordinary shares for cash	100	(100)	-	-
Loss for the period, representing total recognised expense for the period	-	-	(3)	(3)
<b>At 30-06-2007</b>	<b>100</b>	<b>-</b>	<b>(233)</b>	<b>(133)</b>
Issue of ordinary shares for cash	5,600	-	-	5,600
Loss for the period, representing total recognised expense for the period				
- as previously stated	-	-	(169)	(169)
- prior year adjustment	-	-	(66)	(66)
- as restated	-	-	(235)	(235)
<b>At 31-12-2007</b>	<b>5,700</b>	<b>-</b>	<b>(468)</b>	<b>5,232</b>
At 1-1-2008				
- as previously stated	5,700	-	(402)	5,298
- prior year adjustment	-	-	(66)	(66)
- as restated	5,700	-	(468)	5,232
Issuance of ordinary shares for cash	5,000	-	-	5,000
Share issue expense	(687)	-	-	(687)
Profit for the period, representing total recognised income for the period	-	-	(26)	(26)
<b>At 30-06-2008</b>	<b>10,013</b>	<b>-</b>	<b>(494)</b>	<b>9,519</b>

- 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, if any, against the total number of issued shares excluding 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.**

On 14 January 2008, the Company issued 25,000,000 new ordinary shares in the capital of the Company at an issue price of S\$0.20 for each new ordinary share. The total 93,400,000 ordinary shares were admitted to the official list of the Catalist on 16 January 2008 under the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System ("SGX-SESDAQ") rules, the Company have a two year transition period to comply with the Catalist rules including the engagement of an approved sponsor.

There were no unissued ordinary shares that may be issued on conversion of outstanding convertibles as at 30 June 2008 (31 December 2007 : Nil) and there were no treasury shares held as at 30 June 2008 (31 December 2007 : Nil).

- 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.**

	<b>30-06-2008</b>	<b>31-12-2007</b>
Total number of issued shares (excluding treasury shares)	93,400,000	68,400,000

- 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.

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

The figures in this announcement have not been audited or reviewed by the 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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2007, except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became mandatory from 1 January 2008.

- 5 If there are 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.**

Following the withdrawal of the Statement of Recommended Accounting Practice 9 ("RAP 9"), it resulted in a prior year adjustment of approximately S\$319,000 charged to retained earnings of the Group and an amount of approximately S\$638,000 charged as expenses in the half year under review. Other than that, the adoption of the revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies.



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

Earnings per ordinary share of the Group after deducting any provision for preference dividends:-	Group Half Year Ended	
	30-06-2008	30-06-2007
(a) Based on weighted average number of ordinary shares in issue;	0.76 cts	209.03 cts
(b) On a fully diluted basis; and	0.76 cts	209.03 cts
(c) Based on Pre-invitation share capital	1.02 cts	2.37 cts

Basic earnings per ordinary share is computed based on the followings weighted average number of ordinary shares in issue during the respective financial period:

	Group Half Year Ended	
	30-06-2008	30-06-2007
(a) Based on weighted average number of ordinary shares in issue;	92,358,333	775,001
(b) On a fully diluted basis; and	92,358,333	775,001
(c) Based on Pre-invitation share capital	68,400,000	68,400,000

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding convertibles. As there were no outstanding convertibles during the financial periods reported on, fully diluted earnings per share was the same as the basic earnings per share.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	30-06-2008	31-12-2007	30-06-2008	31-12-2007
Net asset value per ordinary share based on issued share capital as at the end of the financial period reported on	S\$0.15	S\$0.14	S\$0.10	S\$0.08
Issue share capital as at the end of period	93,400,000	68,400,000	93,400,000	68,400,000

**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 financial period reported on.**

#### **Revenue**

Our revenue increased by approximately S\$3.8 million (or 19.9%) from S\$19.0 million in 1H2007 to S\$22.8 million in 1H2008. The increase in revenue was mainly attributed to higher revenue from existing outlets and an addition of 11 new outlets in 1H2008. We operate a total of 69 outlets in Singapore as at 30 June 2008 as compared to 58 outlets as at 31 December 2007. Our signature curry puffs remained the major contributor to our revenue and accounted for 35.7% of our revenue in 1H2008.

#### **Cost of sales and gross profit margin**

Our cost of sales increased by 16.5% from S\$7.9 million in 1H2007 to S\$9.2 million in 1H2008. The increase can be attributed to an increase in cost of raw materials (including contract manufacturing costs) to meet the increase in sales. Our gross profit increased by 22.3% from S\$11.1 million in 1H2007 to S\$13.6 million in 1H2008, and our gross profit margin increased from 58.4% in 1H2007 to 59.6% in 1H2008.

#### **Profit before taxation**

Our profit before taxation decreased by approximately S\$844,000 (or 41.9%) from S\$2.0 million in 1H2007 to S\$1.2 million in 1H2008. The decrease in margin was mainly due to higher costs incurred such as marketing expenses, rental expenses, employee benefits expenses and administrative costs. There were also a one-off IPO costs of approximately S\$638,000 charged to the income statement following the withdrawal of the Statement of Recommended Accounting Practice 9 ("RAP 9") which require the IPO costs relating to the listing of existing shares to be recognised as expenses.

#### **Cash flow**

In 1H2008, we generated an operating profit before working capital changes of approximately S\$2.1 million. Together with net cash inflow of S\$522,000 from working capital changes and tax paid of S\$430,000, we registered net cash generated from operating activities of S\$2.2 million in 1H2008. The net cash inflow of S\$522,000 from working capital changes arose mainly from decrease in prepayments of S\$378,000 and net increase in trade payables and other liabilities of S\$321,000 respectively. The reduction in prepayments was due to IPO expenses paid and reclassified to net off against IPO proceeds raised in January 2008. The cash inflow was offset by increase in inventories, trade and other receivables, deposits and amount due from associated company of S\$27,000, S\$22,000, S\$119,000 and S\$9,000 respectively.

In 1H2008, net cash used in investing activities amounted to S\$1.6 million. This was mainly attributed to a cash outflow of S\$1.6 million relating to the acquisition of computer equipment and plant and equipment for our new outlets. We also made advances of approximately S\$58,000 to an associated company. These were offset by cash inflow of S\$104,000, being interest income of approximately S\$25,000 from short term interest-bearing deposits and proceeds from the disposal of vehicles of approximately S\$79,000.

Net cash from financing activities amounted to approximately S\$3.6 million in 1H2008. This comprised mainly net cash inflow of approximately S\$4.3 million from the IPO of 25,000,000 new ordinary shares. This was offset by cash outflow due to repayment of finance lease liabilities of approximately S\$258,000, interest paid of approximately S\$83,000 and repayment of bank loans amounting to approximately S\$346,000.

#### **Working capital**

As at 30 June 2008, we had a net working capital of approximately S\$4.7 million and our cash and cash equivalents stood at S\$8.2 million. As at 30 June 2008, we had total bank and finance lease facilities of S\$6.9 million of which S\$3.4 million were utilised and the balance S\$3.5 million remained unutilised. The finance lease liabilities incurred effective interest rates of 4.15% to 6.68% per annum, with a repayment period of between 10 and 82 months from 30 June 2008.

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

The Group's revenue was in line with the revenue forecast as announced on SGXNET on 6 March 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.**

The Group expects the cost of operations to increase due to rising raw materials costs, rental rates and higher logistics costs and employee benefits expenses. We will continue to focus on managing such costs.

**11 Dividend.**

**(a) Current financial period reported on.**

Whether an interim (final) ordinary dividend has been declared (recommended) for the current financial period reported on?

None.

**(b) Corresponding period of the immediately preceding financial year.**

Whether an interim (final) ordinary dividend has been declared (recommended) for the previous corresponding period?

None.

**(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 interim dividend for the half year ended 30 June 2008 has been recommended.

**13 Interest person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual.**

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
Not applicable	Not applicable	Not applicable

**14 Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual**

We, Han Keen Juan and Lim Tao-E William, being two of the Directors of Old Chang Kee Ltd. (the "Company"), do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year results for the financial period ended 30 June 2008 to be false or misleading in any material respects.

On behalf of the Board of Directors:

Han Keen Juan  
Director

Lim Tao-E William  
Director

**BY ORDER OF THE BOARD**

**Chew Mei Li**  
**Company Secretary**

14 August 2008

Westcomb Capital Pte. Ltd. ("Westcomb") is the issue manager and the sponsor of Old Chang Kee Ltd.'s (the "Company") initial public offering. This announcement has been prepared and released by the Company. Westcomb has not been involved in the preparation or release of this announcement and has not verified the accuracy, completeness or adequacy of the information contained herein. Accordingly, Westcomb does not accept responsibility for, and disclaims any liability with respect to, the accuracy, completeness or adequacy of the information contained in this announcement or incorporated by reference herein.