



**SINGAPORE FOOD INDUSTRIES LIMITED  
AND ITS SUBSIDIARIES**

**SGX “APPENDIX 7.2” ANNOUNCEMENT**

**AUDITED FINANCIAL STATEMENTS  
AND DIVIDEND ANNOUNCEMENT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR  
ENDED 31 DECEMBER 2007**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Consolidated Income Statements.....</b>	<b>2</b>
<b>Balance Sheets (Group and Company).....</b>	<b>3</b>
<b>Consolidated Cash Flow Statement.....</b>	<b>5</b>
<b>Statements of Changes in Equity.....</b>	<b>7-8</b>
<b>Consolidated Economic Value Added Statement.....</b>	<b>9</b>
<b>Dividends.....</b>	<b>10</b>
<b>Review of Performance of the Group.....</b>	<b>11-12</b>
<b>Additional Notes to the Financial Statements.....</b>	<b>13-15</b>
<b>Outlook for 2008.....</b>	<b>15</b>
<b>Group Segment Information.....</b>	<b>16-17</b>
<b>Interested Persons Transactions.....</b>	<b>18</b>

*This release contains certain statements that are not statement of historical fact, i.e. forward-looking statements. Readers can identify some of these statements by forward-looking terms such as ‘expect’, ‘believe’, ‘plan’, ‘intend’, ‘estimate’, ‘anticipate’, ‘may’, ‘will’, ‘would’, ‘could’ or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are made based on current expectations, projections and assumptions about future events. Although SFI believes that these expectations, projections and assumptions are reasonable at the time of making them, these forward-looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about SFI, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in forward-looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, outbreak of animal diseases, food scares, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sales/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.*

## 1. Consolidated Income Statements

The full year results have been audited.

<b>S\$000</b>						
	<b>4Q 2007</b>	<b>4Q 2006</b>	<b>% Change</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>% Change</b>
Revenue	221,484	196,769	12.6	714,883	636,889	12.2
Cost of sales	(161,022)	(142,451)	13.0	(526,455)	(469,193)	12.2
Gross profit	60,462	54,318	11.3	188,428	167,696	12.4
Gross margin %	27.3%	27.6%	(0.3)	26.4%	26.3%	0.1
Net Other income	1,675	69	2,327.5	6,705	1,948	244.2
Marketing, selling and distribution expenses	(14,916)	(10,888)	37.0	(49,737)	(41,948)	18.6
Administrative expenses	(18,916)	(19,478)	(2.9)	(66,855)	(58,858)	13.6
Other operating expenses	(6,671)	(6,301)	5.9	(24,088)	(21,910)	9.9
Total Operating and Administrative expenses (see para 7.6.1)	(40,503)	(36,667)	10.5	(140,680)	(122,716)	14.6
Profit from operations	21,634	17,720	22.1	54,453	46,928	16.0
Finance income	118	134	(11.9)	1,505	545	176.1
Finance expense	(3,845)	(1,117)	244.2	(7,340)	(4,058)	80.9
Net finance (expense)/income	(3,727)	(983)	279.1	(5,835)	(3,513)	66.1
Profit before joint venture and tax	17,907	16,737	7.0	48,618	43,415	12.0
Share of results of jointly-controlled entity, net of tax	(5)	55	N.M.	(10)	51	N.M.
Profit before income tax	17,902	16,792	6.6	48,608	43,466	11.8
Income tax expense	(5,793)	(5,303)	9.2	(14,711)	(12,977)	13.4
Profit after taxation	12,109	11,489	5.4	33,897	30,489	11.2
Attributable to:						
Equity holders of the Company	11,777	11,784	(0.1)	31,371	30,198	3.9
Minority interests	332	(295)	(212.5)	2,526	291	768.0
Profit after taxation	12,109	11,489	5.4	33,897	30,489	11.2
Profit after tax as a percentage of Turnover	5.5%	5.8%		4.7%	4.8%	
Net profit attributable to equity holders as a percentage of Issued Capital and Reserves at end of period	7.6%	7.9%		20.3%	20.3%	
Earnings per share for profit attributable to the equity holders of the Company during the period						
Basic (cents)	2.3	2.3		6.1	5.9	
Diluted (cents)*	2.3	2.3		6.1	5.9	

\*The weighted average number of ordinary shares have been adjusted for options that would be deemed to have been exercised.

### Note

Amounts are expressed in Singapore dollars, unless stated otherwise.

N.M. : Not meaningful

## 2. Balance Sheets

S\$'000	Group			Company		
	31.12.2007	30.9.2007	31.12.2006	31.12.2007	30.9.2007	31.12.2006
<b>Non-current assets</b>						
Property, plant & equipment	113,279	119,858	126,868	5,711	5,260	5,467
Intangible assets	69,558	70,107	69,296	0	0	0
Subsidiaries	0	0	0	105,042	108,774	108,774
Jointly controlled entity	276	281	286	50	50	50
Other investments	207	212	198	0	0	0
Other assets	107	107	143	107	107	143
Deferred tax assets	957	950	927	391	359	359
	<b>184,384</b>	191,515	197,718	<b>111,301</b>	114,550	114,793
<b>Current assets</b>						
Inventories	51,029	51,260	38,474	26,633	25,915	14,321
Trade and other receivables	118,698	101,039	100,457	41,534	50,445	34,693
Cash and bank balances	26,221	21,040	21,438	10,888	4,973	3,779
	<b>195,948</b>	173,339	160,369	<b>79,055</b>	81,333	52,793
<b>Total assets</b>	<b>380,332</b>	364,854	358,087	<b>190,356</b>	195,883	167,586
<b>Equity attributable to equity holders of the Company</b>						
Share capital	36,016	36,014	34,496	36,016	36,014	34,496
Reserves	118,288	117,571	113,927	51,836	59,714	64,945
	<b>154,304</b>	153,585	148,423	<b>87,852</b>	95,728	99,441
<b>Minority interest</b>	<b>10,551</b>	10,955	8,546	<b>0</b>	0	0
<b>Total equity</b>	<b>164,855</b>	164,540	156,969	<b>87,852</b>	95,728	99,441
<b>Non-current liabilities</b>						
Financial liabilities	24,632	29,163	36,547	0	0	0
Deferred tax liabilities	3,736	3,994	2,179	0	0	0
	<b>28,368</b>	33,157	38,726	<b>0</b>	0	0
<b>Current liabilities</b>						
Financial liabilities	45,310	40,627	28,224	24,100	15,500	0
Trade and other payables	127,294	114,446	119,370	73,455	79,000	61,197
Current tax payable	14,505	12,084	14,798	4,949	5,655	6,948
	<b>187,109</b>	167,157	162,392	<b>102,504</b>	100,155	68,145
<b>Total liabilities</b>	<b>215,477</b>	200,314	201,118	<b>102,504</b>	100,155	68,145
<b>Total equity and liabilities</b>	<b>380,332</b>	364,854	358,087	<b>190,356</b>	195,883	167,586

**2.1 Net Asset Value Per Ordinary Share**

	Group		Company	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net Asset Value Per Ordinary Share (Cents)	29.9	28.9	17.0	19.3

**2.2 Financial Liabilities**

<b>S\$'000</b>	Group		
	31.12.2007	30.9.2007	31.12.2006
<b><u>Amount repayable within one year:</u></b>			
-Secured bank loans	12,654	16,155	17,257
-Unsecured bank loans	26,146	19,912	4,389
-Finance lease liabilities	468	607	773
-Secured bank overdrafts	3,442	3,953	5,805
-Intra-group financial guarantee contracts	2,600	0	0
	<u>45,310</u>	<u>40,627</u>	<u>28,224</u>
<b><u>Amount repayable after one year but within five years:</u></b>			
-Secured bank loans	23,723	28,073	35,972
-Finance lease liabilities	909	1,090	575
	<u>24,632</u>	<u>29,163</u>	<u>36,547</u>
Total	<u>69,942</u>	<u>69,790</u>	<u>64,771</u>

### 3. Consolidated Cash Flow Statement

S\$'000	4Q 2007	4Q 2006	FY 2007	FY 2006
<b>Profit before income tax</b>	<b>17,902</b>	<b>16,792</b>	<b>48,608</b>	<b>43,466</b>
Adjustments for:				
Depreciation of property, plant and equipment	5,555	5,908	19,413	18,782
Amortisation of intangibles	497	0	2,029	0
Interest expense	1,333	1,157	4,691	3,713
Interest income	(186)	(194)	(512)	(639)
Share of results of jointly-controlled entity	5	(55)	10	(51)
<b>EBITDA</b>	<b>25,106</b>	<b>23,608</b>	<b>74,239</b>	<b>65,271</b>
Gain on disposal of property, plant and equipment	(956)	(159)	(1,228)	(191)
Gain on disposal of intangible assets	0	0	0	(705)
Allowance for stock obsolescence	943	437	2,799	1,309
Allowance for doubtful receivables	(87)	(37)	49	345
Impairment of intangible assets	20	666	1,132	666
Provision for obligation under a financial guarantee	2,600	0	2,600	0
Loss on liquidation of a subsidiary	0	0	0	648
Equity compensation costs	102	104	238	665
<b>Operating profits before working capital changes</b>	<b>27,728</b>	<b>24,619</b>	<b>79,829</b>	<b>68,008</b>
Changes in working capital:				
Inventories	(1,224)	(5,609)	(15,440)	1,977
Trade and other receivables	(19,496)	(5,197)	(19,106)	(2,285)
Trade and other payables	12,388	8,073	15,015	(1,496)
Cash generated from operations	19,396	21,886	60,298	66,204
Income taxes paid	(3,446)	(2,766)	(15,483)	(15,522)
<b>Cash flows from operating activities</b>	<b>15,950</b>	<b>19,120</b>	<b>44,815</b>	<b>50,682</b>
<b>Investing Activities</b>				
Purchase of property, plant and equipment	(2,716)	(2,489)	(8,876)	(9,880)
Acquisition of subsidiary, net of cash acquired	0	(22,085)	0	(22,085)
Settlement of deferred and contingent consideration on acquisition of subsidiary	(5,196)	0	(6,327)	0
Interest received	186	194	512	639
Dividends received	0	(64)	0	0
Proceeds from disposal of intangible assets	0	0	0	1,773
Proceeds from disposal of property, plant and equipment	832	795	1,717	882
<b>Cash flows from investing activities</b>	<b>(6,894)</b>	<b>(23,649)</b>	<b>(12,974)</b>	<b>(28,671)</b>
<b>Financing Activities</b>				
Proceed from issuance of new shares	1	417	1,520	2,621
Proceeds from bank loans	5,526	19,166	21,757	26,985
Repayment of bank loans and finance lease obligations	(7,112)	(16,223)	(19,347)	(19,150)
Interest paid	(1,333)	(1,157)	(4,691)	(3,713)
Dividends paid	0	(1)	(25,559)	(25,423)
Dividends paid to minority shareholders of a subsidiary	(627)	(627)	(627)	(627)
<b>Cash flows from financing activities</b>	<b>(3,545)</b>	<b>1,575</b>	<b>(26,947)</b>	<b>(19,307)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,511</b>	<b>(2,954)</b>	<b>4,894</b>	<b>2,704</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>21,040</b>	<b>24,385</b>	<b>21,438</b>	<b>18,810</b>
<b>Effect of exchange rate changes on balances held in foreign currencies</b>	<b>(330)</b>	<b>7</b>	<b>(111)</b>	<b>(76)</b>
<b>Cash &amp; cash equivalents at end of the year</b>	<b>26,221</b>	<b>21,438</b>	<b>26,221</b>	<b>21,438</b>

#### 3.1 Notes to Consolidated Cash Flow Statement

Net operating cash flows were positive but lower for the quarter and for the full year due to higher inventory and receivables levels. Capital expenditure totalled \$8.9 million for the year and were mainly incurred for the UK/Europe operations. The

additional payment of investment in a subsidiary of \$6.3 million relates to the final payment for Farmhouse Fare, acquired in October last year. The proceeds of \$1.7 million from disposal of Property, Plant and Equipment relate to the disposal of fishing vessels in an Australia subsidiary and disposal of a property in another Australian subsidiary.

#### 4. Statement of Changes in Equity

The Group (\$S'000)	Share capital	Share Premium	Capital Reserve	Merger Reserve	Employee share options reserve	Equity compensation reserve	Treasury shares	Other reserve	Accumulated profits	Foreign currency translation reserve	Total attributable to equity holders of the parent	Minority interest	Total equity
At 1 January 2006	25,528	15,559	0	2,245	644	553	(1,439)	0	91,651	3,505	138,246	9,040	147,286
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	0	0	0	1,543	1,543	(158)	1,385
Net profit for the year	0	0	0	0	0	0	0	0	30,198	0	30,198	291	30,489
Total recognised income and expense for the year	0	0	0	0	0	0	0	0	30,198	1,543	31,741	133	31,874
Issue of shares under share options	2,621	0	0	0	0	0	0	0	0	0	2,621	0	2,621
Transfer from share premium upon implementation of the Companies (Amendment) Act 2005	6,347	(15,559)	9,212	0	0	0	0	0	0	0	0	0	0
Performance shares issued	0	0	0	0	0	(312)	721	(409)	0	0	0	0	0
Liquidation of subsidiary	0	0	0	0	0	0	0	0	0	553	553	0	553
Value of employee services received for grant of share options and performance shares	0	0	0	0	360	305	0	0	0	0	665	0	665
Dividends received on treasury shares	0	0	0	0	0	0	64	0	0	0	64	0	64
Dividends	0	0	0	0	0	0	0	0	(25,467)	0	(25,467)	(627)	(26,094)
<b>At 31 December 2006</b>	<b>34,496</b>	<b>0</b>	<b>9,212</b>	<b>2,245</b>	<b>1,004</b>	<b>546</b>	<b>(654)</b>	<b>(409)</b>	<b>96,382</b>	<b>5,601</b>	<b>148,423</b>	<b>8,546</b>	<b>156,969</b>

The Group (\$S'000)	Share capital	Capital Reserve	Merger Reserve	Employee share options reserve	Equity compensation reserve	Treasury shares	Other reserve	Accumulated profits	Foreign currency translation reserve	Total attributable to equity holders of the parent	Minority interest	Total equity
At 1 January 2007	34,496	9,212	2,245	1,004	546	(654)	(409)	96,382	5,601	148,423	8,546	156,969
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	0	0	(1,431)	(1,431)	106	(1,325)
Net profit for the year	0	0	0	0	0	0	0	31,371	0	31,371	2,526	33,897
Total recognised income and expense for the year	0	0	0	0	0	0	0	31,371	(1,431)	29,940	2,632	32,572
Issue of shares under share options	1,520	0	0	0	0	0	0	0	0	1,520	0	1,520
Fair value adjustment (Note 1)	0	0	0	0	109	0	(109)	0	0	0	0	0
Value of employee services received for grant of share options and performance shares	0	0	0	296	(58)	0	0	0	0	238	0	238
Dividends	0	0	0	0	0	0	0	(25,817)	0	(25,817)	(627)	(26,444)
<b>At 31 December 2007</b>	<b>36,016</b>	<b>9,212</b>	<b>2,245</b>	<b>1,300</b>	<b>597</b>	<b>(654)</b>	<b>(518)</b>	<b>101,936</b>	<b>4,170</b>	<b>154,304</b>	<b>10,551</b>	<b>164,855</b>

#### Note 1

The \$109K relates to the fair value adjustment for the 2003 Performance Share Plan awards.

#### 4. Statement of Changes in Equity (Continued)

The Company (S\$'000)	Share capital	Share premium	Employee share options reserve	Equity compensation reserve	Treasury shares	Other reserve	Accumulated profits	Total equity
At 1 January 2006	25,528	6,347	644	553	(1,439)	0	65,544	97,177
Net profit for the year representing income and expense for the year	0	0	0	0	0	0	24,381	24,381
Issue of shares under share options	2,621	0	0	0	0	0	0	2,621
Transfer from share premium upon implementation of the Companies (Amendment) Act 2005	6,347	(6,347)	0	0	0	0	0	0
Performance shares issued	0	0	0	(312)	721	(409)	0	0
Value of employee services received for grant of share options and performance shares	0	0	360	305	0	0	0	665
Dividends received on treasury shares	0	0	0	0	64	0	0	64
Dividends	0	0	0	0	0	0	(25,467)	(25,467)
<b>At 31 December 2006</b>	<b>34,496</b>	<b>0</b>	<b>1,004</b>	<b>546</b>	<b>(654)</b>	<b>(409)</b>	<b>64,458</b>	<b>99,441</b>
At 1 January 2007	34,496	0	1,004	546	(654)	(409)	64,458	99,441
Net profit for the year representing income and expense for the year	0	0	0	0	0	0	12,470	12,470
Issue of shares under share options	1,520	0	0	0	0	0	0	1,520
Fair value adjustment (Note 1)	0	0	0	109	0	(109)	0	0
Value of employee services received for grant of share options and performance shares	0	0	296	(58)	0	0	0	238
Dividends	0	0	0	0	0	0	(25,817)	(25,817)
<b>At 31 December 2007</b>	<b>36,016</b>	<b>0</b>	<b>1,300</b>	<b>597</b>	<b>(654)</b>	<b>(518)</b>	<b>51,111</b>	<b>87,852</b>

##### Note 1

The \$109K relates to the fair value adjustment for the 2003 Performance Share Plan awards.

#### 4.1 Changes in Company's Capital

During the year, the Company issued and allotted 1,962,300 ordinary shares for cash at prices ranging from \$0.55 to \$0.99 under the Company's Share Option Plan. The issued shares were ranked pari passu in all respects with the existing issued ordinary shares of the Company.

As at 31 December 2007, there were unexercised options for 25,490,755(31 December 2006: 23,234,650) ordinary shares under the SFI Share Option Plan.

## 5. Consolidated Economic Value Added (“EVA”) Statement

S\$'000	<b>FY 2007</b>	<b>FY 2006</b>
Profit Before Taxation	<b>48,608</b>	43,466
Adjustments for:		
Increase/(Decrease) in allowance for doubtful debts	<b>(218)</b>	(314)
Increase/(Decrease) in allowance for stock obsolescence	<b>152</b>	(1)
Amortisation of intangible assets	<b>2,029</b>	0
Interest expense	<b>4,691</b>	3,713
Interest expense on non-capitalised leases	<b>108</b>	110
Adjusted Earnings Before Income Tax	<b>55,370</b>	46,974
Less Cash Operating Taxes	<b>15,710</b>	13,519
Net Operating Profit After Tax (NOPAT)	<b>39,660</b>	33,455
Average EVA Capital Employed	<b>242,576</b>	221,398
Weighted Average Cost of Capital	<b>6.9%</b>	7.0%
Capital Charge	<b>16,738</b>	15,498
Economic Value Added (EVA)	<b>22,922</b>	17,957

### 5.1 Notes on EVA Statement

EVA for FY 2007 at \$22.9million was 27.6 per cent higher than FY 2006 in line with higher operating profits reported. Capital charge was higher due to higher average EVA Capital as a result of higher revenue reserves and bank borrowings taken to finance the acquisition of Farmhouse Fare in October 2006. The return on EVA Capital during the year is 16.3 per cent compared with 15.1 per cent for FY 2006. This gives an EVA Spread (Return on EVA Capital less WACC) of 9.4 per cent (FY 2006: 8.1 per cent).

## 6. Dividends

The Directors are pleased to announce that a final dividend of 3.2 cents per share tax exempt (one-tier) [2006: final dividend of 3.2 cents per share tax exempt (one-tier)], has been proposed in respect of the financial year ended 31 December 2007. This is subject to the approval of shareholders at the Company's coming Annual General Meeting. The proposed dividend payable has taken into consideration the Group's present cash position, its operating cash-flows and projected capital requirements.

### Annual General Meeting

The Company's Annual General Meeting is planned for 22 April 2008.

### Books closure date

Subject to any further announcement to the contrary, it is anticipated that Registrable Transfers received by the Company's Share Registrar, M&C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 27 May 2008 will be registered for entitlements to the interim dividend. The Register of Transfer and Register of Members of the Company will be closed on 28 May 2008 for this purpose. The proposed dividend is scheduled to be paid on 12 June 2008.

### Annual dividend

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim dividend paid 1.8 cents per share tax exempt (one-tier) (2006: 2.2 cents per share less tax of 20%)	9,288	9,030
Proposed final dividend 3.2 cents per share tax exempt (one-tier) [2006: 3.2 cents per share tax-exempt (one-tier) ]	16,512	16,529
	25,800	25,559

The proposed dividend for FY 2007 has not been provided for.

## 7. Review of Performance of the Group

### Summary by Geographical Regions

#### **TURNOVER**

##### **S\$'000**

	4Q 2007	4Q 2006	+ / (-) %	FY 2007	FY 2006	+ / (-) %
Singapore	<b>66,012</b>	52,889	24.8	<b>246,530</b>	225,598	9.3
UK/Europe	<b>136,542</b>	128,595	6.2	<b>423,311</b>	369,899	14.4
Others	<b>18,930</b>	15,285	23.8	<b>45,042</b>	41,392	8.8
Total Overseas	<b>155,472</b>	143,880	8.1	<b>468,353</b>	411,291	13.9
Total	<b>221,484</b>	196,769	12.6	<b>714,883</b>	636,889	12.2

#### **PBT**

##### **S\$'000**

	4Q 2007	4Q 2006	+ / (-) %	FY 2007	FY 2006	+ / (-) %
Singapore	<b>2,798</b>	5,506	(49.2)	<b>23,074</b>	22,873	0.9
UK/Europe	<b>13,443</b>	11,198	20.0	<b>22,007</b>	19,728	11.6
Others	<b>1,666</b>	33	4,948. 5	<b>3,537</b>	814	334.5
Total Overseas	<b>15,109</b>	11,231	34.5	<b>25,544</b>	20,542	24.4
Total	<b>17,907</b>	16,737	7.0	<b>48,618</b>	43,415	12.0

### 7.1 Overview

For the full year, Group turnover increased 12.2 per cent to \$714.9 million with profit before tax ("PBT") increasing correspondingly (12.0 per cent) to \$48.6 million. For 4Q 2007, Group turnover increased 12.6 per cent to \$221.5 million while PBT increased 7.0 per cent to \$17.9 million.

### 7.2 Singapore Operations

Sales grew 9.3 per cent for the full year 2007, with all three business sectors reporting higher turnover. Food Distribution grew 8.6 per cent, Food Catering 6.9 per cent and Abattoir and auction 26.0 per cent. PBT in Singapore was affected by a \$2.6 million charge on fair value recognition of financial guarantees given in respect of bank borrowings by Shanghai STFI ("SSTFI"). Without this, PBT from Singapore would have shown a 12.2 per cent increase over FY2006, in line with the 9.3 per cent sales growth.

In 4Q 2007, all three core businesses in Singapore saw significant growth in sales, growing 24.8 per cent over 4Q 2006. Without the charge for SSTFI, 4Q 2007 PBT would have been \$5.4 million, comparable to \$5.5 million in 4Q 2006. There was also a \$0.5 million provision for slow-moving stock, included in the results.

Food Distribution sales continued to do well since the turnaround in 3Q 2007, registering an increase of 36.8 per cent in 4Q 2007. This increase was led by growth in chilled pork sales, as supply arrangements with a key supplier in Australia helped

stabilise margins of this key product. The restoration of a key supply agency for frozen poultry and pork also helped sales growth. PBT however was lower by \$0.3 million due to higher operating expenses, which included a \$0.5 million stock provision.

Food Catering sales grew \$1.8 million (8.9 per cent) for the quarter as a result of higher consumption at higher prices. PBT was flat vis-à-vis 2006 due to higher operating expenses.

Abattoir and Hog Auction revenues saw an increase of 19.3 per cent for the quarter due to higher pig numbers and higher slaughter fees that was effective from April this year. Abattoir and auction PBT was up 24.0 per cent over 4Q 2006.

### **7.3 UK/Europe Operations**

For the full year, UK/Europe sales had grown by 14.4 per cent to \$423.3 million while PBT had increased 11.6 per cent to 22.0 million. Turnover from UK/Europe operations in 4Q 2007 increased 6.2 per cent, while profit increased 20.0 per cent.

Daniels PBT for 4Q 2007 increased \$3.3 million (or 33.7 percent), on sales growth of 13.0 per cent. Farmhouse Fare, which was acquired in October 2006, registered sales of \$10.4 million in 4Q2007 compared with \$5.0 million in 4Q 2006, but registered a loss of \$0.3 million (versus \$1.3 million profit in 4Q 2006) due to higher raw material costs, and an amortisation charge of \$0.5 million for intangibles. From 2H 2007, raw material cost increased significantly, doubling or tripling especially for flour and dairy products. This especially had a great impact on Farmhouse Fare margins. Price increases were implemented progressively during the quarter to mitigate the impact.

International Cuisine Limited's PBT increased \$0.2 million to \$2.4 million in 4Q 2007 due to a 6.0 per cent increase in sales and improved manufacturing efficiencies. Cresset in Ireland registered a lower loss of \$1.3 million compared with a \$2.0 million loss for 4Q 2006. This was helped by foreign currency translation gains of \$0.8 million taken in 4Q 2007. While growth in sales of chilled ready meals continued to make-up for the loss in ambient meals sales, the business still needs to increase sales significantly to a viable level to operate profitably.

### **7.4 Other Overseas Operations**

Revenues for FY 2007, from the other overseas operations in China and Australia, increased 8.8 per cent to \$45.0 million, while PBT increased \$2.7 million to \$3.5 million. Revenues in 4Q 2007 increased 23.8 per cent to \$18.9 million while PBT increased to \$1.7 million.

4Q 2007 revenues from Australian operations increased 29.3 per cent to \$16.9 million while PBT increased to \$2.2 million (4Q 2006: \$0.2 million). The 4Q 2007 results included \$0.8 million gain on disposal of a property. In China, Shanghai STFI's turnover was \$2.0 million versus 2006's \$2.2 million. SSTFI registered a loss of \$0.7 million for 4Q 2007 which included \$0.1 million of asset impairment and losses on asset disposals.

## 7.6 Notes to the Consolidated Income Statement

### 7.6.1 Operating and Administrative expenses

<u>S\$'000</u>	<u>4Q 2007</u>	<u>4Q 2006</u>	<u>Change %</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>Change %</u>
Marketing, selling and distribution expenses	14,916	10,888	37.0	49,737	41,948	18.6
Administrative expenses	18,916	19,478	(2.9)	66,855	58,858	13.6
Other operating expenses	6,671	6,301	5.9	24,088	21,910	9.9
Total Operating and Administrative expenses	40,503	36,667	10.5	140,680	122,716	14.6

Increase in Total Operating and Administrative expenses is due to:

<u>S\$'000</u>	<u>4Q 2007 vs 4Q 2006</u>	<u>FY 2007 vs FY 2006</u>
Higher exchange rates	342	3,121
Inclusion of expenses of newly acquired Farmhouse Fare (Note 1)	1,232	3,796
Restructuring costs for Cresset	0	890
Amortisation of intangibles relating to Farmhouse Fare	497	2,029
SSTFI-stock write-downs/provisions	0	712
SSTFI-impairment/disposal of fixed assets	117	117
<b>Total Non-recurring/one-offs</b>	<b>2,188</b>	<b>10,665</b>
Increase in operational activities (Note 2)	1,648	7,299
Total Increase	3,836	17,964

Note 1: Acquired in October 2006

Note 2: % increase over prior period

4.5%

5.9%

#### 4Q 2007 vs 4Q 2006

The increase in marketing expenses relate to the marketing and promotion of the Farmhouse Fare brand for chilled desserts which was absent in 2006 as well as higher level of Advertising and Promotions for NCG soup. Higher selling and distribution expenses were incurred by ICL relating to the launch of the NCG chilled ready meals and listing fees for new lines.

The higher operating expenses include \$0.5m amortisation charge for intangibles relating to acquisition of Farmhouse Fare during the quarter.

#### FY 2007 vs FY 2006

Marketing expenses has increased during the year due to new marketing activities relating to Farmhouse Fare and higher A&P for NCG soup. Selling and distribution expenses were also higher at Cresset for the distribution of chilled ready meals and soup. Singapore also had higher warehousing and logistical costs due to the higher level of imports and higher stock holdings during the year.

Administrative expenses were higher due to full year inclusion of Farmhouse Fare.

The higher operating expenses include a \$2.0m amortisation charge for the intangible assets relating to Farmhouse Fare and higher depreciation expenses (\$0.6 million).

**7.6.2 Profit before taxation includes the following:-****(a) Net Other Income**

<b><u>S\$'000</u></b>	<b><u>4Q 2007</u></b>	<b><u>4Q 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2006</u></b>
Gain/(loss) on disposal of property, plant and equipment	956	159	1,228	191
Grant received	132	319	4,974	1,040
Gain on disposal of intangible assets	0	0	0	705
Loss on liquidation of a subsidiary	0	0	0	(648)
Impairment of intangible assets	(7)	(666)	(1,132)	(666)
Miscellaneous income	594	257	1,635	1,326
	<b>1,675</b>	<b>69</b>	<b>6,705</b>	<b>1,948</b>

**(b) Expenses**

<b><u>S\$'000</u></b>	<b><u>4Q 2007</u></b>	<b><u>4Q 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2006</u></b>
Depreciation	5,555	5,908	19,413	18,782
Amortisation of intangible assets	497	0	2,029	0
Bad debts written off	48	62	243	68
Bad debts recovered (trade)	(10)	(8)	(60)	(48)
Provision for stock obsolescence	943	437	2,799	1,309
Value of employee services received for grant of share options and performance shares	102	104	238	665

**(c) Net Finance (Expense)/Income**

<b><u>S\$'000</u></b>	<b><u>4Q 2007</u></b>	<b><u>4Q 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2006</u></b>
<b><u>Finance Income</u></b>				
Interest income from cash and cash equivalents	186	194	512	639
Fair value of forward contracts/exchange gain/(losses)	(68)	(60)	993	(94)
	<b>118</b>	<b>134</b>	<b>1,505</b>	<b>545</b>
<b><u>Finance expense</u></b>				
Interest expenses on borrowings	1,333	1,157	4,691	3,713
Impairment loss on trade receivables	(88)	(40)	49	345
Loss on re-measurement of financial guarantee	2,600	0	2,600	0
	<b>3,845</b>	<b>1,117</b>	<b>7,340</b>	<b>4,058</b>
<b>Net finance (expense)/income</b>	<b>(3,727)</b>	<b>(983)</b>	<b>(5,835)</b>	<b>(3,513)</b>

**7.6.3 Exceptional items**

	<b><u>4Q 07</u></b>	<b><u>FY 07</u></b>
	<b><u>\$'m</u></b>	<b><u>\$'m</u></b>
GBRMPA Restructure Grant received by an Australian subsidiary	-	4.4
Impairment loss on fishing licences	-	(1.1)
Restructuring costs in Cresset for the ambient business	-	(0.9)
Stock write-down by SSTFI related to the suspension of poultry exports to Singapore.	-	(0.7)
SSTFI impairment of assets/loss on disposal	(0.1)	(0.1)
Loss on re-measurement of financial guarantee	(2.6)	(2.6)
Gain on sale of a property in Australia.	0.8	0.8
	<b>(1.9)</b>	<b>(0.2)</b>

FY 2006 exceptional item of \$0.6 million relate to loss on liquidation of a dormant subsidiary in Malaysia.

### 7.6.4 Sales and Net Profit after Tax

	2007	2006	+ / (-)	+ / (-)
	S\$'000	S\$'000	S\$'000	%
Sale reported for first half year	331,415	297,214	34,201	11.5
Profit after tax before minority interests reported for first half year	15,907	14,488	1,419	9.8
Sale reported for second half year	383,468	339,675	43,793	12.9
Profit after tax before minority interests reported for second half year	17,990	16,001	1,989	12.4
Sale reported for full year	714,883	636,889	77,994	12.2
Profit after tax before minority interests reported for full year	33,897	30,489	3,408	11.2

### 7.6.5 Seasonal Operations

The Group's results are subject to seasonal variations in sales and profits especially in the UK/Europe businesses. The current business mix (especially in the UK), results in sales and profit levels being significantly higher in the first and last quarters of each financial year.

## 8 Outlook for 2008

### 8.1 Singapore Operations

The performance in Singapore for 2008 is dependent on the renewal of a key contract in its Catering business, at end of 1Q 2008. The improvement in our Food Distribution business in 2H 2007 will continue into 2008, while profitability should be maintained in our Abattoir and Hog Auction business.

### 8.2 Overseas Operations

The UK/Europe businesses as a whole is expected to show growth over FY2007. Escalation in raw material costs will continue to impact on margins but measures are being taken to mitigate this.

Management will continue to review the operations of Cresset in 2008.

The Group is reviewing various strategies to exit from SSTFI in China.

In Australia, the exit of its commercial fishing subsidiary is pending the receipt of another restructuring grant from the Australian government.

### 8.3 Overall Outlook for FY 2008

Subject to the renewal of a key contract in the Catering business, we expect FY 2008 to be better than FY2007.

## 9. Material or unusual events after Balance Sheet date

At the date of this announcement, the Directors of the Company are not aware of any item or event of a material or unusual nature that has occurred between the date to which the report refers and the date of this announcement, which would affect materially the results of the Group and Company.

## 10. Group Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, by business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Other segment assets and liabilities mainly comprise income-earning assets, income streams, interest-bearing loans, borrowings and expenses not directly attributable to a particular business segment.

Unallocated assets and liabilities comprise current and deferred taxes.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

### Geographical Segments

The Group operates in four geographical areas, namely Singapore, Europe (United Kingdom and the Republic of Ireland), Australia and the People's Republic of China ("PRC"). The food distribution business and the abattoir and hog auction business are conducted in Singapore. The food preparation, manufacturing and processing business is conducted in Singapore, United Kingdom, the Republic of Ireland, Australia and the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the country of operation, not the country to which sales is made to. Segment assets are based on the geographical location of the assets and operations.

### By Business Activity

FY 2007						
	Food	Food	Abattoir and			
SS'000	Distribution	Preparation, Manufacturing and Processing	Hog Auction	Others	Adjustments	Total
<u>Revenue</u>						
-External customers	137,997	555,610	21,276	0	0	714,883
-Inter-segment	19,301	27,974	1,049	0	(48,324)	0
Total revenue	157,298	583,584	22,325	0	(48,324)	714,883
Segment results	3,943	44,350	7,104	7,252	(9,852)	52,797
Interest Income	0	512	0	0	0	512
Interest Expense	0	(4,691)	0	0	0	(4,691)
	3,943	40,171	7,104	7,252	(9,852)	48,618
Share of results of jointly controlled entity						(10)
Profit before taxation						48,608
Taxation						(14,711)
Profit after taxation						33,897
Minority Interests						(2,526)
Profit after tax and minority interests						31,371
<u>Assets and Liabilities</u>						
Segment Assets	62,298	289,016	25,807	2,254	0	379,375
Unallocated Assets	0	567	0	390	0	957
Total Assets	62,298	289,583	25,807	2,644	0	380,332
Segment Liabilities	16,616	129,105	2,978	48,537	0	197,236
Unallocated Liabilities	1,596	14,797	1,848	0	0	18,241
Total Liabilities	18,212	143,902	4,826	48,537	0	215,477
Capital Expenditure	605	8,016	121	632	0	9,374

**By Business Activity**

FY 2006	Food					Adjustments	Total
	Distribution	Food Preparation, Manufacturing and Processing	Abattoir and Hog Auction	Others			
<b>\$S'000</b>							
<b>Revenue</b>							
-External customers	127,069	492,936	16,884	0	0		636,889
-Inter-segment	17,772	15,306	1,200	0	(34,278)		0
Total revenue	144,841	508,242	18,084	0	(34,278)		636,889
Segment results	8,206	35,272	3,011	12,759	(12,759)		46,489
Interest Income	0	639	0	0	0		639
Interest Expense	0	(3,713)	0	0	0		(3,713)
	8,206	32,198	3,011	12,759	(12,759)		43,415
Share of results of jointly controlled entity							57
Profit before taxation							43,472
Taxation							(12,983)
Profit after taxation							30,489
Minority Interests							(291)
Profit after tax and minority interests							30,198
<b>Assets and Liabilities</b>							
Segment Assets	33,718	291,840	27,696	3,906	0		357,160
Unallocated Assets	0	569	0	358	0		927
Total Assets	33,718	292,409	27,696	4,264	0		358,087
Segment Liabilities	11,928	155,850	2,847	13,516	0		184,141
Unallocated Liabilities	2,501	13,108	1,368	0	0		16,977
Total Liabilities	14,429	168,958	4,215	13,516	0		201,118
Capital Expenditure	94	9,522	157	138	0		9,911

**By Geographical Region**

S\$'000	Turnover		PBT		Assets		Capital Expenditure	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Singapore	246,530	225,598	23,074	22,873	118,198	88,204	1,831	1,307
UK/Europe	423,311	369,899	22,007	19,728	237,615	245,582	6,546	8,300
Others	45,042	41,392	3,537	814*	23,562	23,374	997	304
Total Overseas	468,353	411,291	25,544	20,542	261,177	268,956	7,543	8,604
Total	714,883	636,889	48,618	43,415	379,375	357,160	9,374	9,911

%	Turnover		PBT	
	FY 2007	FY 2006	FY 2007	FY 2006
Singapore	34.5	35.4	47.5	52.7
Overseas	65.5	64.6	52.5	47.3
Total	100.0	100.0	100.0	100.0

\* FY 2006 included \$648,000 loss on liquidation of a dormant subsidiary in Malaysia.

## 11. Interested Persons Transactions

Interested Persons Transactions as defined in the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) conducted in 4Q 2007 and 4Q 2006:

<u>S\$'000</u>	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)			
	4Q 2007	4Q 2006	FY 2007	FY 2006
<b>Transactions for the Purchase of Goods and Services</b>				
Tuas Power Limited and its Associates	0	0	0	314
PowerSeraya Limited and its Associates	103	0	413	0
<b>Total Interested Person Transactions</b>	103	0	413	314

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

NIL.

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

The financial statements have been audited in accordance with the Singapore Standards on Auditing.

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

The auditors, KPMG, has issued an unqualified audit report for the year under review. The Auditors' Report on the full financial statements for the year ended 31 December 2007 is attached together with this announcement.

## 15. 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 used in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2006.

**16. 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**

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods beginning on or after 1 January 2007.

FRS 107 *Financial Instruments: Disclosures and the Amendments to FRS 1 Presentation of Financial Statements: Capital Disclosures*, which become mandatory for the Group's 2007 financial statements, required extensive additional disclosures with respect to the Group's financial instruments and share capital. This standard did not have any impact on the Group's financial result or position.

Other than FRS 107 and the Amendments to FRS 1, the initial application of these standards and interpretations did not have any material impact on the Group's financial statements.

**By order of the Board**

**Ms Susan Kong Yim Pui**

**Company Secretary**

5 February 2008