



**SINGAPORE FOOD INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**

SGX “APPENDIX 7.2” ANNOUNCEMENT

**UNAUDITED FINANCIAL STATEMENTS
AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2006**

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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 Board of Directors announces the results of the Group for the 9 Months ended 30 September 2006. These figures have not been audited.

S\$000	3Q 2006	3Q 2005	Change	9M 2006	9M 2005	Change
Revenue	142,906	133,323	7.2	440,120	417,152	5.5
Cost of sales	(108,307)	(101,619)	6.6	(326,742)	(307,083)	6.4
Gross profit	34,599	31,704	9.1	113,378	110,069	3.0
Gross Margin %	24.2%	23.8%	0.4	25.8%	26.4%	(0.6)
Other income, net	942	626	50.5	1,885	2,327	(19.0)
Warehousing, selling & distribution expenses	(8,231)	(7,984)	3.1	(26,760)	(24,757)	8.1
Administrative & other operating expenses (Note 1)	(20,403)	(16,015)	27.4	(59,714)	(54,953)	8.7
Total Operating & Administrative expenses	(28,634)	(23,999)	19.3	(86,474)	(79,710)	8.5
Profits before interest and tax	6,907	8,331	(17.1)	28,789	32,686	(11.9)
Interest income	158	90	75.6	445	297	49.8
Interest expenses	(838)	(859)	(2.4)	(2,556)	(2,612)	(2.1)
Profit before associates/JV and tax	6,227	7,562	(17.7)	26,678	30,371	(12.2)
Share of results of jointly controlled entity	(1)	(2)	(50.0)	(4)	(5)	(20.0)
Profit before taxation	6,226	7,560	(17.6)	26,674	30,366	(12.2)
Taxation (Current & Deferred)	(1,714)	(1,922)	(10.8)	(7,674)	(8,253)	(7.0)
Profit after taxation	4,512	5,638	(20.0)	19,000	22,113	(14.1)
Attributable to:						
Shareholders of the Company	4,347	5,412	(19.7)	18,414	21,135	(12.9)
Minority interests	165	226	(27.0)	586	978	(40.1)
	4,512	5,638	(20.0)	19,000	22,113	(14.1)
Earnings per share (cents)						
Basic	0.8	1.1		3.6	4.2	
Diluted	0.8	1.1		3.6	4.1	
Profit after tax as a percentage of Turnover	3.2%	4.2%		4.3%	5.3%	
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	3.0%	4.0%		12.7%	15.7%	

Note 1: Please see item 9.5 on page 14.

2. Balance Sheets

S\$'000	Group			Company		
	30.9.2006	30.6.2006	31.12.2005	30.9.2006	30.6.2006	31.12.2005
Non-Current Assets						
Property, Plant & Equipment	126,689	126,956	130,923	5,557	5,312	5,647
Intangible assets	45,210	45,552	46,466	0	0	0
Subsidiaries	0	0	0	108,774	108,674	109,385
Jointly controlled entity	231	232	235	50	50	50
Other Investments	355	360	390	155	165	183
Deferred tax assets	744	739	1,141	359	359	359
	173,229	173,839	179,155	114,895	114,560	115,624
Current Assets						
Inventories	31,041	34,793	39,327	12,059	15,673	18,724
Trade and other receivables	91,380	97,643	93,884	40,374	45,911	41,330
Cash and bank balances	24,385	19,637	18,810	18,886	13,505	10,139
	146,806	152,073	152,021	71,319	75,089	70,193
Total Assets	320,035	325,912	331,176	186,214	189,649	185,817
Equity attributable to equity holders of the parent						
Share Capital	34,079	33,959	25,528	34,079	33,959	25,528
Reserves	110,676	105,322	112,718	65,144	61,740	71,649
	144,755	139,281	138,246	99,223	95,699	97,177
Minority Interest	9,456	9,232	9,040	0	0	0
Total Equity	154,211	148,513	147,286	99,223	95,699	97,177
Non-Current Liabilities						
Interest-bearing bank loans and borrowings	13,868	14,501	16,104	0	0	0
Deferred tax liabilities	2,096	2,079	2,170	0	0	0
	15,964	16,580	18,274	0	0	0
Current Liabilities						
Bank overdrafts (secured)	5,063	3,669	1,447	0	0	0
Trade and other payables	92,368	95,463	110,198	57,487	56,632	63,362
Interest-bearing bank loans and borrowings	41,724	48,373	37,983	22,000	29,000	16,000
Current tax payable	10,705	13,314	15,988	7,504	8,318	9,278
	149,860	160,819	165,616	86,991	93,950	88,640
Total Liabilities	165,824	177,399	183,890	86,991	93,950	88,640
Total Equity and Liabilities	320,035	325,912	331,176	186,214	189,649	185,817

3. Consolidated Cash Flow Statement

S\$'000	3Q 2006	3Q 2005	9M 2006	9M 2005
Profit from ordinary activities before taxation	6,226	7,560	26,674	30,366
Adjustments for:				
Depreciation of property, plant and equipment	4,525	4,228	12,874	14,209
Interest expenses	838	859	2,556	2,612
Interest income	(158)	(90)	(445)	(297)
Share of results of jointly controlled entity	1	2	4	5
EBITDA	11,432	12,559	41,663	46,895
Gain on disposal of property, plant and equipment	(9)	1	(32)	(37)
Gain on disposal of intangibles	(323)	0	(705)	0
Loss on liquidation of a subsidiary	0	0	648	0
Provision for employee share option expense	101	98	264	278
Provision for cost of performance shares	91	100	297	219
Provision for diminution in value of other financial assets	10	15	28	45
Operating profits before working capital changes	11,302	12,773	42,163	47,400
Changes in working capital:				
Inventories	3,959	(3,909)	8,458	(552)
Trade and other receivables	6,962	(1,110)	3,266	5,619
Trade and other payables	(3,629)	(2,476)	(9,569)	(12,236)
Operating Cash Flows	18,594	5,278	44,318	40,231
Income taxes paid	(4,425)	(3,184)	(12,756)	(7,439)
Cash flows from operating activities	14,169	2,094	31,562	32,792
Investing Activities				
Acquisition of property, plant and equipment	(3,370)	(2,003)	(7,391)	(11,109)
Interest received	158	90	445	297
Dividend received from treasury shares	0	39	64	39
Proceeds from disposal of intangibles	729	0	1,773	0
Proceeds from disposal of property, plant and equipment	20	27	87	70
Cash flows from investing activities	(2,463)	(1,847)	(5,022)	(10,703)
Financing Activities				
Issue of new shares	120	1,014	2,204	2,737
(Repayment of)/Proceeds from bank loans	(6,280)	(3,688)	4,892	753
Interest paid	(838)	(859)	(2,556)	(2,612)
Dividend paid	0	(757)	(25,422)	(25,107)
Cash flows from financing activities	(6,998)	(4,290)	(20,882)	(24,229)
Net (decrease)/increase in cash & cash equivalents	4,708	(4,043)	5,658	(2,140)
Cash & cash equivalents at the beginning of the period	19,637	17,589	18,810	15,665
Effect of exchange rate changes on balances held in foreign currencies	40	14	(83)	35
Cash & cash equivalents at the end of period	24,385	13,560	24,385	13,560

4. Notes to Consolidated Cash Flow Statement

Although EBITDA was 11.2 per cent down due to lower profits, 9M 2006 cash flow from operations was only 3.7 per cent lower. This was due to lower working capital requirements compared to 9M 2005. Capital expenditures for the 9-month period were also lower totalling \$7.4 million (9M 2005: \$11.1 million), which were mainly for the UK/Europe operations. \$1.8 million of proceeds were received for the disposal of fishing licences by an Australian subsidiary under the Australian Government's buy-back scheme pursuant to environmental legislation in restructuring the fishing industry around the Great Barrier Reef Marine Park.

5. 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 July 2005	25,408	13,921	0	2,245	454	356	(1,041)	0	80,482	6,339	128,164	9,657	137,821
Exchange differences on translation of net assets of foreign subsidiaries	0	0	0	0	0	0	0	0	0	(297)	(297)	97	(200)
Equity compensation costs	0	0	0	0	98	100	0	0	0	0	198	0	198
Dividends received	0	0	0	0	0	0	39	0	0	0	39	0	39
Net gains recognised directly in equity	0	0	0	0	98	100	39	0	0	(297)	(60)	97	37
Net profit for the quarter	0	0	0	0	0	0	0	0	5,412	0	5,412	226	5,638
Total recognised income and expense for the quarter	0	0	0	0	98	100	39	0	5,412	(297)	5,352	323	5,675
Issue of shares	70	944	0	0	0	0	0	0	0	0	1,014	0	1,014
Dividends paid	0	0	0	0	0	0	0	0	0	0	0	(757)	(757)
At 30 September 2005	25,478	14,865	0	2,245	552	456	(1,002)	0	85,894	6,042	134,530	9,223	143,753
At 1 July 2006	33,959	0	9,212	2,245	806	447	(654)	(409)	89,281	4,394	139,281	9,232	148,513
Exchange differences on translation of net assets of foreign subsidiaries	0	0	0	0	0	0	0	0	0	815	815	59	874
Net gains recognised directly in equity	0	0	0	0	0	0	0	0	0	815	815	59	874
Net profit for the quarter	0	0	0	0	0	0	0	0	4,347	0	4,347	165	4,512
Total recognised income and expense for the quarter	0	0	0	0	0	0	0	0	4,347	815	5,162	224	5,386
Issue of shares	120	0	0	0	0	0	0	0	0	0	120	0	120
Equity compensation costs	0	0	0	0	100	92	0	0	0	0	192	0	192
At 30 September 2006	34,079	0	9,212	2,245	906	539	(654)	(409)	93,628	5,209	144,755	9,456	154,211

5. 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 July 2005	25,408	4,707	454	356	(1,041)	0	53,188	83,072
Equity compensation costs	0	0	98	100	0	0	0	198
Dividends received	0	0	0	0	39	0	0	39
Net gains recognised directly in equity	0	0	98	100	39	0	0	237
Net profit for the quarter	0	0	0	0	0	0	11,503	11,503
Total recognised income and expense for the quarter	0	0	98	100	39	0	11,503	11,740
Issue of shares	70	944	0	0	0	0	0	1,014
At 30 September 2005	25,478	5,651	552	456	(1,002)	0	64,691	95,826
At 1 July 2006	33,959	0	806	447	(654)	(409)	61,550	95,699
Equity compensation costs	0	0	100	92	0	0	0	192
Net gains recognised directly in equity	0	0	100	92	0	0	0	192
Net profit for the quarter	0	0	0	0	0	0	3,212	3,212
Total recognised income and expense for the quarter	0	0	100	92	0	0	3,212	3,404
Issue of shares	120	0	0	0	0	0	0	120
At 30 September 2006	34,079	0	906	539	(654)	(409)	64,762	99,223

6. Consolidated Economic Value Added (“EVA”) Statement

EVA for 9M 2006 at \$9.5 million was 31.9 per cent lower as a result of lower net operating profits, higher average EVA Capital balances and a higher Weighted Average Cost of Capital (“WACC”) applied for the year. Average EVA Capital for 9M 2006 was 3.8 per cent higher due to higher revenue reserves. Based on the 9 months result, the Return on EVA Capital on an annualised basis is 12.7 per cent compared with 15.0 per cent for 9M 2005. This translates into an annualised EVA Spread (Return on EVA Capital less WACC) of 5.7 per cent (9M 2005: 8.7 per cent).

S\$'000	9M 2006	9M 2005
Profit Before Taxation	26,674	30,366
Adjustments for:		
Increase/(Decrease) in general provision for doubtful debts	(206)	(357)
Increase/(Decrease) in general provision for stock obsolescence	(1)	1
Interest expense	2,556	2,612
Interest expense on non-capitalised leases	82	77
Adjusted Earnings Before Income Tax	29,105	32,699
Less Cash Operating Taxes	7,879	8,579
Net Operating Profit After Tax (NOPAT)	21,226	24,120
Average EVA Capital Employed	223,062	214,936
Weighted Average Cost of Capital	7.00%	6.30%
Capital Charge	11,710	10,155
Economic Value Added (EVA)	9,516	13,965

7. Financial Highlights

\$'Ms	9M 2006	9M 2005	% Change
Turnover	440.1	417.2	5.5
Gross Margins (%)	25.8	26.4	(0.6)
EBITDA	41.7	46.9	(11.2)
PBT (before Joint Venture)	26.7	30.4	(12.2)
Net Profit Attributable to Shareholders ("PATMI")	18.4	21.1	(12.9)
Profit after Tax as a percentage of Sales (%)	4.3	5.3	(1.0)
Earnings per Share (Cents)	3.6	4.2	(13.7)
Economic Value Added ("EVA")	9.5	14.0	(31.9)
EVA Spread (%)*	5.7	8.7	(3.0)
Return on Equity (%)*	17.4	21.4	(4.0)
Return on Total Assets (%)*	8.8	10.0	(1.2)
Interest Cover (times)	11.4	12.6	(9.2)
Debt/Equity Ratio	0.4	0.5	
Net Assets per Share (cents)	28.2	26.4	6.8

* Annualised

8. Dividends

	FY 2006	FY 2005
Name of Dividend	Interim	Interim
Dividend Type	Cash	Cash
Gross Dividend Amount per Share (in cents)	2.2 cents per ordinary share (less tax)	2.2 cents per ordinary share (less tax)
Net Dividend Amount per Share (in cents)	1.76 cents per ordinary share	1.76 cents per ordinary share
Tax Rate	20.00%	20.00%

(a) Commentary on interim dividend for FY 2006

The Directors are pleased to announce the declaration of an interim dividend of gross 2.2 cents (2005: 2.2 cents) for each share, less 20 per cent (2005: 20 per cent) Singapore income tax for the year ending 31 December 2006. The interim dividend payable has taken into consideration the Group's present cash position, positive cash-flow from operations during the year, Section 44 tax credit balances and projected capital requirements.

(b) Date payable

The interim dividend will be paid on 25 January 2007, unless otherwise announced.

(c) 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 11 January 2007 will be registered before entitlements to the

interim dividend are determined. The Register of Transfer and Register of Members of the Company will then be closed on 12 January 2007 for the purpose of determining Members' entitlements to the interim dividend.

9. Review of Performance of the Group

9.1 Commentary on Turnover

3Q 2006 vs 3Q 2005

TURNOVER

<u>S\$'000</u>	3Q 2006	3Q 2005	+ / (-)	+ / (-) %
Food Distribution	29,537	35,560	(6,023)	(16.9)
Food Preparation, Manufacturing & Processing	109,324	92,451	16,873	18.3
Abattoir & Hog Auction	4,045	5,312	(1,267)	(23.9)
	142,906	133,323	9,583	7.2

TURNOVER

<u>S\$'000</u>	3Q 2006	3Q 2005	+ / (-)	+ / (-) %
Singapore	53,977	60,921	(6,944)	(11.4)
UK/Europe	79,069	64,033	15,036	23.5
Australia	6,919	6,285	634	10.1
China	2,941	2,084	857	41.1
Total Overseas	88,929	72,402	16,527	22.8
Total	142,906	133,323	9,583	7.2

Turnover for 3Q 2006 increased \$9.6 million or 7.2 per cent, with growth coming from overseas operations, while Singapore operations reported a 11.4 per cent drop in turnover.

Food Distribution sales decreased \$6.0 million or 16.9 per cent during the quarter as a result of poor trading conditions in the poultry and pork market. Market conditions have since improved.

Food Preparation, Manufacturing and Processing performed well during the quarter with turnover increase of \$16.9 million or 18.3 per cent. Growth came from the overseas subsidiaries, although in Singapore, catering revenues were also higher for the quarter. In the UK, Daniels' sales grew 23.9 per cent to \$48.3 million, with strong growth registered in all three core product categories. Soup sales grew 6.2 per cent, prepared fruit sales grew 42.3 per cent while juice and drinks grew 30.6 per cent. International Cuisine Limited ("ICL") also reported a strong 23.2 per cent growth in sales, showing healthy recovery from the Sudan-1 impact last year. Cresset's sales increased \$1.0 million or 27.1 per cent over 2005 corresponding period due to higher chilled ready meals ("CRM") sales.

Turnover of the Australian subsidiaries was \$0.6 million, or 10.1 per cent higher than the same quarter last year.

In China, sales grew a strong 41.1 per cent to \$2.9 million compared to 3Q 2005 as sales of frozen ready meals to the food service sector grew 81.2 per cent. Sales of traditional chicken-based products to retail customers were however 11.1 per cent lower.

Abattoir and Hog Auction revenues were \$1.3 million or 23.9 per cent lower than 3Q 2005 as a result of the continued low pig supply which had persisted since February 2006. 3Q 2006 slaughter and auction numbers averaged 732 and 710 pigs per day respectively (3Q 2005: 1,003 and 930 respectively).

9M 2006 vs 9M 2005

TURNOVER

S\$'000

	9M 2006	9M 2005	+ / (-)	+ / (-) %
Food Distribution	98,396	102,406	(4,010)	(3.9)
Food Preparation, Manufacturing & Processing	329,379	298,517	30,862	10.3
Abattoir & Hog Auction	12,345	16,229	(3,884)	(23.9)
	440,120	417,152	22,968	5.5

TURNOVER

S\$'000

	9M 2006	9M 2005	+ / (-)	+ / (-) %
Singapore	172,709	179,471	(6,762)	(3.8)
UK/Europe	241,304	210,182	31,122	14.8
Australia	18,618	22,230	(3,612)	(16.2)
China	7,489	5,269	2,220	42.1
Total Overseas	267,411	237,681	29,730	12.5
Total	440,120	417,152	22,968	5.5

Turnover for 9M 2006 increased \$23.0 million or 5.5 per cent, with growth from the UK/Europe and China operations, while Singapore and Australian operations reported lower sales.

Food Distribution's 9-month performance was affected by the exceedingly poor 3Q 2006 performance which reversed the growth reported at half-year. Sales decreased \$4.0 million or 3.9 per cent when compared to the same 9-month period in 2005.

Turnover from Food Preparation, Manufacturing and Processing registered a 10.3 per cent increase from the UK/Europe and China operations. In Singapore, revenues under this segment were cumulatively 2.0 per cent higher, as a result of exports. Singapore-based catering revenues were cumulatively lower due to the weaker performance in the first two quarters of the

year. In the UK, Daniels' sale grew \$19.2 million or 14.8 per cent. Soup sales grew 8.9 per cent, prepared fruit sales continued to outperform the market, growing by 61.4 per cent and juice and drinks grew 18.9 per cent. CRM sales in ICL grew 10.6 per cent while that of Cresset increased \$6.8 million, offsetted by lower sales in the ambient product business.

Turnover of the Australian subsidiaries decreased \$3.6 million, or 16.2 per cent, as 9M 2005 had the benefit of one-off final billings of \$1.8 million under the facilities management contract with the Singapore Armed Forces, which was renewed in August 2005. Sales from commercial fishing and seafood processing were lower.

In China, sales grew \$2.2 million or 42.1 per cent. Sales of frozen ready meals to the food service sector almost tripled to \$4.4 million, while sales of traditional chicken-based products to retail customers in China declined.

Abattoir and Hog Auction revenues were \$3.9 million or 23.9 per cent lower as a result of the low pig supply situation which resulted in lower slaughter and auction numbers, averaging 772 and 753 pigs per day respectively (9M 2005: 1,050 and 967 respectively).

9.2 Commentary on Profit Before Taxation ("PBT")

3Q 2006 vs 3Q 2005

PBT

S\$'000

	3Q 2006	3Q 2005	+/(-)	+/(-) %
Food Distribution	1,744	3,386	(1,642)	(48.5)
Food Preparation, Manufacturing & Processing	4,097	2,281	1,816	79.6
Abattoir & Hog Auction	386	1,895	(1,509)	(79.6)
	6,227	7,562	(1,335)	(17.7)
PBT %	4.4%	5.7%	(1.3%)	

PBT

S\$'000

	3Q 2006	3Q 2005	+/(-)	+/(-) %
Singapore	5,657	9,255	(3,598)	(38.9)
UK/Europe	94	(1,596)	1,690	N.M.
Australia	263	(113)	376	N.M.
China & Others	213	16	197	N.M.
Total Overseas	570	(1,693)	2,263	N.M.
Total	6,227	7,562	(1,335)	(17.7)

N.M.: Not Meaningful

PBT for 3Q 2006 decreased \$1.3 million or 17.7 per cent impacted by the extremely poor 3Q 2006 performance in Food Distribution and the continued weak abattoir and auction numbers. PBT margins were therefore lower at 4.4 per cent (3Q

2005: 5.7 per cent) with Singapore operations reporting margins of 10.5 per cent versus 3Q 2005's 15.2 per cent. PBT margins from overseas operations went from negative 2.3 per cent to positive 0.6 per cent for the quarter

Food Distribution had a very difficult quarter with lower sales at lower margins as its two major product items (pork and poultry) experienced a very poor three month period with supply and stocking problems that has since been sorted out.

Food Preparation, Manufacturing and Processing reported higher profits on the back of higher sales. Profits attributable to Daniels increased \$1.5 million while ICL reported a \$0.2 million or 18.4 per cent increase in profits. Cresset registered a loss of \$1.5 million, which is about the same as that reported in 3Q 2005.

The Australian subsidiaries reported a profit increase of \$0.4 million attributable to \$0.3 million gain on disposal of fishing licences. China operations reported higher profits of \$0.2 million.

Abattoir and Hog Auction profits were lower due to the lower pig numbers.

9M 2006 vs 9M 2005

PBT

S\$'000

	9M 2006	9M 2005	+ / (-)	+ / (-) %
Food Distribution	6,756	9,172	(2,416)	(26.3)
Food Preparation, Manufacturing & Processing	18,409	15,509	2,900	18.7
Abattoir & Hog Auction	1,513	5,690	(4,177)	(73.4)
	26,678	30,371	(3,693)	(12.2)
PBT %	6.1%	7.3%	(1.2%)	

PBT

S\$'000

	9M 2006	9M 2005	+ / (-)	+ / (-) %
Singapore	17,367	27,037	(9,670)	(35.8)
UK/Europe	8,530	910	7,620	837.4
Australia	1,242	2,866	(1,624)	(56.7)
China & Others	(461)*	(442)	(19)	N.M.
Total Overseas	9,311	3,334	5,977	179.3
Total	26,678	30,371	(3,693)	(12.2)

* Includes \$648,000 loss on voluntary winding up of a dormant subsidiary in Malaysia in 1Q2006.

PBT for 9M 2006 decreased \$3.7 million or 12.2 per cent due to the poor Food Distribution and Abattoir and Hog Auction performance. As a result, Group PBT margins were lower at 6.1 per cent (9M 2005: 7.3 per cent). PBT margins from overseas operations improved to 3.5 per cent (9M 2005: 1.4 per cent)

PBT from Food Distribution for the 9 months suffered from lower sales and lower margins. Poultry consumption was weak throughout the first half year due to frequent reports of Avian Flu outbreaks world-wide. The difficult trading conditions in 3Q 2006 worsened the situation.

Profits from Food Preparation, Manufacturing and Processing were higher by \$2.9 million or 18.7 per cent due to higher profits from overseas operations. Catering in Singapore reported lower profits. Daniels reported increase in profits of \$4.6 million or 131.8 per cent higher as a result of higher sales. ICL reported increase in profits of \$1.4 million or 61.2 per cent while loss attributable to Cresset was reduced by \$1.6 million.

Profits from the Australian subsidiaries decreased \$1.6 million, despite a \$0.7 million gain on disposal of fishing licences. 9M 2005 had benefited from a number of “one-off” including settlement of final billings and write-back of accruals as a result of contract renewal for facilities management in August 2005. Profits from China operations increased \$0.6 million due to higher sales and improved margins. The YTD results included a \$648 thousand loss recorded upon the completion of voluntary winding up proceedings of a dormant Malaysian subsidiary. The loss was included in the geographical “China and Others” segment.

Abattoir and Hog Auction profits were lower due to low pig supply resulting in significantly lower pig numbers for slaughter and auction.

9.3 Profit After Tax and Minority Interests (“PATMI”)

	3Q 2006	3Q 2005	+ / (-)	+ / (-) %	9M 2006	9M 2005	+ / (-)	+ / (-) %
S\$'000								
PATMI	4,347	5,412	(1,065)	(19.7)	18,414	21,135	(2,721)	(12.9)

Net profits attributable to shareholders (or “PATMI”) for 3Q 2006 decreased 19.7 per cent while PATMI for 9M 2006 decreased 12.9 per cent.

9.4 Earnings Before Interest, Taxation, Depreciation & Amortisation (“EBITDA”)

Group EBITDA for 3Q 2006 decreased \$1.1 million or 9.0 per cent. EBITDA from Singapore operations decreased \$3.6 million, while EBITDA from overseas operations increased \$2.5 million. Proportionately, Singapore constituted 58.2 per cent of Group EBITDA for the quarter, while EBITDA from overseas operations constituted 41.8 per cent.

Group EBITDA for 9M 2006 decreased \$5.2 million or 11.2 per cent. EBITDA from Singapore operations decreased \$10.0 million, while EBITDA from overseas operations increased \$4.8 million. Proportionately, Singapore constituted 48.8 per cent of Group EBITDA, while EBITDA from overseas operations constituted 51.2 per cent.

9.5 Operating and Administrative expenses by function

<u>S\$'000</u>	3Q 2006	3Q 2005	Change %	9M 2006	9M 2005	Change %
Warehousing, Selling & Distribution expenses	8,231	7,984	3.1	26,760	24,757	8.1
Administrative & Other Operating expenses	20,403	16,015	27.4	59,714	54,953	8.7
Total Administrative and Operating expenses	28,634	23,999	19.3	86,474	79,710	8.5

Administrative and Other Operating expenses were higher partly as a result of one-off accounting adjustments in FY 2005 and release of provisions (no longer required) as reported last year. In the UK operations, manpower costs and utility expenses were also higher.

9.6 Seasonal Operations

The Group is subject to seasonal variations in sales and profits especially in its UK/Europe businesses which in 9M 2006 constituted 54.8 per cent of the Group's revenue and 32.0 per cent of the Group's PBT. The current business mix, especially in the UK, results in sales and profit levels being significantly higher in the combined first and last quarters of each financial year (i.e. the winter months) compared to that for the combined second and third quarters (i.e. the summer months). Accordingly, the Group is expected to experience stronger performance in the first and last quarters of each year while the second and third quarters will be relatively weaker.

10. Outlook for 2006

10.1 Singapore Operations

Our Singapore operations will still face challenges for the rest of the year.

Although in Food Distribution, margins have stabilised, it will be insufficient to catch up on YTD profit shortfalls in the final quarter. Similarly, pig supply numbers which underpin our Abattoir and Hog Auction business will improve but will trend below prior year.

The Catering business will remain stable.

10.2 Overseas Operations

The sales and profit momentum in the overseas markets are underpinned by good performance in Daniels business, where Juices and Drinks and Prepared fruits are seeing double-digit revenue growth. Going into the peak sales season, Soup business is expected to continue to perform well.

ICL's business has recovered from the Sudan 1 episode in 2005.

Cresset continues to be loss-making but is showing signs of turning around with the acquisition of new customers and listings and more focused operations.

China operations have turned around, with growth in frozen ready meals for fast food restaurants.

In Australia, our seafood related business have not been profitable and we have taken actions to reduce losses short term while looking for exit options long term.

Overall, the overseas operations of the Group will have a strong 2006.

10.3 Overall Outlook for FY 2006

While overseas operations will continue to build on their profitable base in FY 2006, the Singapore market still faces significant challenges. Earnings for full year 2006 is expected to be lower than last year.

11. Material or unusual events after Balance Sheet date

The Company's wholly owned subsidiary, Daniels Chilled Food Limited has entered into an agreement today to acquire 100 per cent of the shareholdings in Farmhouse Fare Limited for a maximum consideration of £10 million. For more details, please refer to the announcement released following this results announcement.

Except as disclosed above, 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 operations of the Group and Company.

12. 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 principal 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 segment is principally conducted in Singapore. The abattoir and hog auction business segment is conducted only in Singapore. The food preparation, manufacturing and processing business segment 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

9M 2006	Food Preparation, Abattoir and Hog Auction					Total
	Food Distribution	Manufacturing and Processing	Abattoir and Hog Auction	Others	Adjustments	
S\$'000						
Revenue						
-External customers	98,396	329,379	12,345	0	0	440,120
-Inter-segment	13,517	10,675	871	0	(25,063)	0
Total revenue	111,913	340,054	13,216	0	(25,063)	440,120
Segment results	6,756	20,520	1,513	6,108	(6,108)	28,789
Interest Income	0	445	0	0	0	445
Interest Expense	0	(2,556)	0	0	0	(2,556)
	6,756	18,409	1,513	6,108	(6,108)	26,678
Share of jointly controlled entity results						(4)
Profit from ordinary activities before taxation						26,674
Taxation						(7,674)
Profit from ordinary activities after taxation						19,000
Minority Interests						(586)
Profit after tax and minority interests						18,414
Assets and Liabilities						
Segment Assets	35,217	197,167	27,995	58,911	0	319,290
Unallocated Assets	0	386	0	358	0	744
Total Assets	35,217	197,553	27,995	59,269	0	320,034
Segment Liabilities	12,165	110,647	3,415	26,797	0	153,024
Unallocated Liabilities	2,733	8,865	1,203	0	0	12,801
Total Liabilities	14,898	119,512	4,618	26,797	0	165,825
Capital Expenditure	48	7,058	148	137	0	7,391

By Business Activity

9M 2005 S\$'000	Food Preparation,				Adjustments	Total
	Food Distribution	Manufacturing and Processing	Abattoir and Hog Auction	Others		
Revenue						
-External customers	102,406	298,517	16,229	0	0	417,152
-Inter-segment	14,192	11,499	1,173	0	(26,864)	0
Total revenue	116,598	310,016	17,402	0	(26,864)	417,152
Segment results	9,172	17,824	5,690	9,881	(9,881)	32,686
Interest Income	0	297	0	0	0	297
Interest Expense	0	(2,612)	0	0	0	(2,612)
	9,172	15,509	5,690	9,881	(9,881)	30,371
Share of jointly controlled entity results						(5)
Profit from ordinary activities before taxation						30,366
Taxation						(8,253)
Profit from ordinary activities after taxation						22,113
Minority Interests						(978)
Profit after tax and minority interests						21,135
Assets and Liabilities						
Segment Assets	42,769	200,328	30,935	46,502	0	320,534
Unallocated Assets	0	684	0	359	0	1,043
Total Assets	42,769	201,012	30,935	46,861	0	321,577
Segment Liabilities	14,151	119,822	3,484	24,424	0	161,881
Unallocated Liabilities	3,096	10,466	2,381	0	0	15,943
Total Liabilities	17,247	130,288	5,865	24,424	0	177,824
Capital Expenditure	66	10,989	46	8	0	11,109

By Geographical Region

S\$'000	Turnover		PBT		Assets		Capital Expenditure	
	9M 2006	9M 2005	9M 2006	9M 2005	9M 2006	9M 2005	9M 2006	9M 2005
Singapore	172,709	179,471	17,367	27,037	143,182	142,314	1,062	350
UK/Europe	241,304	210,182	8,530	910	151,181	150,996	6,031	10,064
Australia	18,618	22,230	1,242	2,866	14,470	15,754	203	643
China & Others	7,489	5,269	(461)*	(442)	10,457	11,470	95	52
Total Overseas	267,411	237,681	9,311	3,334	176,108	178,220	6,329	10,759
Total	440,120	417,152	26,678	30,371	319,290	320,534	7,391	11,109

%	Turnover		PBT	
	9M 2006	9M 2005	9M 2006	9M 2005
Singapore	39	43	65	89
Overseas	61	57	35	11
Total	100	100	100	100

* 9M 2006 included \$648,000 loss on liquidation of a dormant subsidiary in Malaysia.

13. Interested Persons Transactions

	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)	
	3Q 2006 S\$'000	3Q 2005 S\$'000
Transactions for the Purchase of Goods and Services		
Tuas Power Limited and its Associates	209	0
Total Interested Person Transactions	209	0

14. Additional Notes to the Financial Statements

14.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

Amounts are expressed in Singapore dollars, unless stated otherwise.

14.2 Nature of sales

Revenue of the Group and of the Company represents the sales value of goods supplied to customers (net of allowance for goods returned and trade discounts) and provision of services after eliminating intra-group transactions.

<u>S\$'000</u>	<u>3Q 2006</u>	<u>3Q 2005</u>	<u>9M 2006</u>	<u>9M 2005</u>
Sale of food products	117,087	106,461	361,818	334,279
Provision of services	25,819	26,862	78,302	82,873
	142,906	133,323	440,120	417,152

14.3 Profit before taxation includes the following:-

(a) Other Income, net

<u>S\$'000</u>	<u>3Q 2006</u>	<u>3Q 2005</u>	<u>9M 2006</u>	<u>9M 2005</u>
Exchange gain/(loss), net	136	93	(34)	447
Gain/(loss) on disposal of property, plant and equipment, net	9	(1)	32	37
Grants received	290	220	721	760
Bad debts recovered (trade)	13	18	40	82
Gain on disposal intangible assets	323	0	705	0
Loss on liquidation of a subsidiary	0	0	(648)	0
Others	171	296	1,069	1,001
	942	626	1,885	2,327

(b) **Expenses**

S\$'000	3Q 2006	3Q 2005	9M 2006	9M 2005
Depreciation	4,525	4,228	12,874	14,209
Provision for doubtful debts	156	182	385	142
Bad debts written off	0	(6)	6	(3)
Provision for stock obsolescence	334	165	872	431
Provision for Share-based incentives	192	198	561	496

14.4 Taxation

S\$'000	3Q 2006	3Q 2005	9M 2006	9M 2005
Current tax expense				
Current year	1,714	1,922	7,514	8,061
Under/(over) provided in prior years	0	0	(124)	(50)
	1,714	1,922	7,390	8,011
Deferred tax expense				
Movements in temporary differences	0	0	0	242
Under/(over) provided in prior years	0	0	284	0
	0	0	284	242
	1,714	1,922	7,674	8,253

14.5 Exceptional items

9M 2006 included \$0.6 million loss on liquidation of a dormant subsidiary in Malaysia, reported in 1Q 2006. The loss is included under "China and Others" segment. No exceptional items were included in the results for the quarter and 3Q 2005.

14.6 Movements in Issued and Paid-up Capital

	Number of shares	Issued and Paid-up Capital	Share premium
		\$'000	\$'000
Ordinary Shares			
Balance as at 1 January 2006	510,559,350	25,528	6,347
Shares issued under SFI Share Option Plan in Jan 2006	691,863	35	496
Merger of share premium to issued and paid-up capital on 31 Jan 2006*	0	6,843	(6,843)
Shares issued under SFI Share Option Plan in Feb and Mar 2006	521,087	412	0
Balance as at 31 March 2006	511,772,300	32,818	0
Shares issued under SFI Share Option Plan	1,575,000	1,141	0
Balance as at 30 June 2006	513,347,300	33,959	0
Shares issued under SFI Share Option Plan	157,000	120	0
Balance as at 30 September 2006	513,504,300	34,079	0

*On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

- (a) The concept of authorised share capital is abolished;
- (b) Shares of the Company have no par value; and
- (c) The amount standing to the credit of the Company's share premium account becomes part of the Company's share capital.

14.7 Employee Share Options

The number of unexercised share options outstanding as at 30 September 2006 was 24,013,150 (31 December 2005:

22,264,100). During the period, share options that were exercised pursuant to the terms of the SFI Share Option Plan were as follows:-

		Option exercised		Number of options outstanding
Year of grant	Exercise price	3Q 2006	9M 2006	30.09.2006
1999	\$0.78	20,000	244,000	1,130,500
2000	\$0.55	10,000	92,450	341,050
2001	\$0.69	15,750	819,750	1,184,950
2002	\$0.78	41,250	520,000	3,047,700
2003	\$0.76	12,000	950,000	3,118,250
2004	\$0.80	57,500	240,750	4,437,500
2005	\$0.99	500	78,000	5,449,200
2006	\$0.92	0	0	5,304,000
	Total	157,000	2,944,950	24,013,150

14.8 Earnings Per Share

(a) Basic Earnings per Share

The basic earnings per share is based on:-

Net profit for the period (\$'000)

	3Q 2006	3Q 2005	9M 2006	9M 2005
Net profit for the period (\$'000)	4,347	5,412	18,414	21,135

Weighted average number of shares in issue during the period ('000)

Weighted average number of shares in issue during the period ('000)	512,494	507,469	511,376	506,381
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Basic Earnings per Share (cents)

Basic Earnings per Share (cents)	0.8	1.1	3.6	4.2
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(b) Fully Diluted Earnings per Share

The fully diluted earnings per share is based on:-

Net profit for the period (\$'000)

	3Q 2006	3Q 2005	9M 2006	9M 2005
Net profit for the period (\$'000)	4,347	5,412	18,414	21,135

Weighted average number of ordinary shares (diluted) ('000)

Weighted average number of ordinary shares (diluted) ('000)	514,543	513,299	514,903	511,848
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Fully Diluted Earnings per Share (cents)

Fully Diluted Earnings per Share (cents)	0.8	1.1	3.6	4.1
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The weighted average number of ordinary shares have been adjusted for options that would be deemed to have been exercised at the end of each month.

14.9 Net Asset Value Per Ordinary Share

	Group		Company	
	30.9.2006	31.12.2005	30.9.2006	31.12.2005
Share Capital and Reserves at end of period (\$'000s)	144,755	138,246	99,223	97,177
No. of ordinary shares issued at end of period ('000s)	513,504	510,559	513,504	510,559
Net Asset Value Per Ordinary Share (Cents)	28.2	27.1	19.3	19.0

14.10 Bank Loans and Borrowings

S\$'000	Group		
	30.9.2006	30.6.2006	31.12.2005
Secured Bank Overdrafts	5,063	3,669	1,447
Secured bank loans	28,135	28,043	31,726
Unsecured bank loans	26,665	33,888	21,127
Finance lease liabilities	792	943	1,234
	60,655	66,543	55,534
Payable:			
Within 1 year			
-Secured Bank Overdrafts	5,063	3,669	1,447
-Secured bank loans	14,434	13,863	16,192
-Unsecured bank loans	26,665	33,888	21,127
-Finance lease liabilities	625	622	664
	46,787	52,042	39,430
After 1 year but within 5 years			
-Secured bank loans	13,701	14,180	15,534
-Unsecured bank loans	0	0	0
-Finance lease liabilities	167	321	570
	13,868	14,501	16,104
Total	60,655	66,543	55,534

Secured Bank Loans and Overdrafts

The secured banking facilities of the Group, comprising term loans and overdrafts, are secured on the assets of certain subsidiaries with a total carrying value at 30 September 2006 of \$183,635,000 (31 December 2005: \$186,154,000).

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

Please see outlook for FY2006 under item 10.3.

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

The financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

18. 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 2005.

19. 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

An assessment has been made of the Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRSs") effective from 1 January 2006 and there was no material impact on Group results.

20. Negative Assurance on Interim Financial Statements

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the financial results for the Third Quarter and the 9 Months ended 30 September 2006 of the Group and the Company to be false or misleading.

By order of the Board

Ms Susan Kong Yim Pui
Company Secretary

26 October 2006