



**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 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 full year results have been audited.

S\$000	4Q 2006			4Q 2005			FY 2006			FY 2005		
			% Change			% Change			% Change			% Change
Revenue	196,769	179,931	9.4				636,889	597,083	6.7			
Cost of sales	(142,451)	(128,958)	10.5				(469,193)	(436,041)	7.6			
Gross profit	54,318	50,973	6.6				167,696	161,042	4.1			
Gross Margin %	27.6%	28.3%	(0.7)				26.3%	27.0%	(0.6)			
Other income	17	745	(97.7)				1,902	3,072	(38.1)			
Marketing, selling & distribution expense	(10,887)	(11,517)	(5.5)				(41,948)	(41,060)	2.2			
Administrative expenses (see paragraph 7.3.1)	(19,446)	(13,546)	43.6				(59,251)	(48,372)	22.5			
Other operating expenses	(6,302)	(6,034)	4.4				(21,910)	(21,375)	2.5			
Total Operating & Administrative expenses	(36,635)	(31,097)	17.8				(123,109)	(110,807)	11.1			
Profits before interest and tax	17,700	20,621	(14.2)				46,489	53,307	(12.8)			
Interest income	194	133	45.9				639	430	48.6			
Interest expense	(1,157)	(738)	56.8				(3,713)	(3,350)	10.8			
Profit before associates/JV and tax	16,737	20,016	(16.4)				43,415	50,387	(13.8)			
Share of results of jointly controlled entity	61	62	(1.6)				57	57	0.0			
Profit before taxation	16,798	20,078	(16.3)				43,472	50,444	(13.8)			
Taxation	(5,309)	(5,132)	3.4				(12,983)	(13,385)	(3.0)			
Profit after taxation	11,489	14,946	(23.1)				30,489	37,059	(17.7)			
Attributable to:												
Shareholders of the Company	11,784	14,943	(21.1)				30,198	36,078	(16.3)			
Minority interests	(295)	3	N.M.				291	981	(70.3)			
Profit after taxation before minority interests	11,489	14,946	(23.1)				30,489	37,059	(17.7)			
Profit after tax as a percentage of Turnover	5.8%	8.3%					4.8%	6.2%				
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	7.9%	10.8%					20.3%	26.1%				
Earnings per share for profit attributable to the equity holders of the Company during the period												
Basic (cents)	2.3	2.9					5.9	7.1				
Diluted (cents)*	2.3	2.9					5.9	7.0				

N.M. : Not Meaningful

*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.

Notes

(1) 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.

(2) Amounts are expressed in Singapore dollars, unless stated otherwise.

2. Balance Sheets

S\$'000	Group			Company		
	31.12.2006	30.9.2006	31.12.2005	31.12.2006	30.9.2006	31.12.2005
Non-Current Assets						
Property, plant & equipment	126,868	126,689	130,923	5,467	5,557	5,647
Intangible assets	68,404	45,210	46,466	0	0	0
Subsidiaries	0	0	0	108,774	108,774	109,385
Jointly controlled entity	286	231	235	50	50	50
Other investments	198	200	207	0	0	0
Other assets	143	155	183	143	155	183
Deferred tax assets	927	744	1,141	359	359	359
	196,826	173,229	179,155	114,793	114,895	115,624
Current Assets						
Inventories	38,474	31,041	39,327	14,321	12,059	18,724
Trade and other receivables	100,457	91,380	93,884	34,693	40,374	41,330
Cash and bank balances	21,438	24,385	18,810	3,779	18,886	10,139
	160,369	146,806	152,021	52,793	71,319	70,193
Assets classified as held for sale	892	0	0	0	0	0
Total Assets	358,087	320,035	331,176	167,586	186,214	185,817
Equity attributable to equity holders of the company						
Share capital	34,496	34,079	25,528	34,496	34,079	25,528
Reserves	113,927	110,676	112,718	64,945	65,144	71,649
	148,423	144,755	138,246	99,441	99,223	97,177
Minority interest	8,546	9,456	9,040	0	0	0
Total Equity	156,969	154,211	147,286	99,441	99,223	97,177
Non-Current Liabilities						
Interest-bearing liabilities	36,547	13,868	16,104	0	0	0
Deferred tax liabilities	2,179	2,096	2,170	0	0	0
	38,726	15,964	18,274	0	0	0
Current Liabilities						
Bank overdrafts (secured)	5,805	5,063	1,447	0	0	0
Trade and other payables	119,370	92,368	110,198	61,197	57,487	63,362
Interest-bearing bank liabilities	22,419	41,724	37,983	0	22,000	16,000
Current tax payable	14,798	10,705	15,988	6,948	7,504	9,278
	162,392	149,860	165,616	68,145	86,991	88,640
Total Liabilities	201,118	165,824	183,890	68,145	86,991	88,640
Total Equity and Liabilities	358,087	320,035	331,176	167,586	186,214	185,817

2.1 Notes to Balance Sheet

The increase in intangibles of \$23.2 million relates to goodwill on acquisition of Farmhouse Fare Ltd (“Farmhouse Fare”), a chilled desserts company in the United Kingdom (“UK”). 5-year term loans were taken to finance this acquisition which resulted in the \$22.7 million increase in non-current interest bearing liabilities.

The consolidated financial position as at 31 December 2006 includes the assets and liabilities of Farmhouse Fare.

2.2 Net Asset Value Per Ordinary Share

	Group		Company	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Net Asset Value Per Ordinary Share (Cents)	28.9	27.1	19.3	19.0

2.3 Bank Loans and Borrowings

<u>S\$'000</u>	Group		
	31.12.2006	30.9.2006	31.12.2005
<u>Amount repayable within one year:</u>			
-Secured bank overdrafts	5,805	5,063	1,447
-Secured bank loans	17,257	14,434	16,192
-Unsecured bank loans	4,389	26,665	21,127
-Finance lease liabilities	773	625	664
	<u>28,224</u>	<u>46,787</u>	<u>39,430</u>
<u>Amount repayable after one year but within five years:</u>			
-Secured bank loans	35,972	13,701	15,534
-Finance lease liabilities	575	167	570
	<u>36,547</u>	<u>13,868</u>	<u>16,104</u>
Total	<u>64,771</u>	<u>60,655</u>	<u>55,534</u>

3. Consolidated Cash Flow Statement

S\$'000	4Q 2006	4Q 2005	FY 2006	FY 2005
Profit before taxation	16,798	20,078	43,472	50,444
Adjustments for:				
Depreciation of property, plant and equipment	5,908	5,686	18,782	19,895
Interest expenses	1,157	738	3,713	3,350
Interest income	(194)	(133)	(639)	(430)
Share of results of jointly controlled entity	(61)	(62)	(57)	(57)
EBITDA	23,608	26,307	65,271	73,202
Gain on disposal of property, plant and equipment	(159)	(28)	(191)	(65)
Gain on disposal of intangible assets	0	0	(705)	0
Impairment of intangible assets	666	0	666	0
Loss on liquidation of a subsidiary	0	0	648	0
Equity compensation costs	104	189	665	686
Impairment of other assets	12	15	40	60
Operating profits before working capital changes	24,231	26,483	66,394	73,883
Changes in working capital:				
Inventories	(5,172)	(5,057)	3,286	(5,609)
Trade and other receivables	(5,310)	(8,350)	(1,980)	(2,692)
Trade and other payables	8,073	6,954	(1,496)	(5,282)
Operating cash flow	21,822	20,030	66,204	60,300
Income taxes paid	(2,766)	(2,925)	(15,522)	(10,364)
Cash flows from operating activities	19,056	17,105	50,682	49,936
Investing Activities				
Acquisition of property, plant and equipment	(2,489)	(2,799)	(9,880)	(13,908)
Acquisition of subsidiary, net of cash acquired	(22,085)	0	(22,085)	0
Interest received	194	133	639	430
Proceeds from disposal of intangible assets	0	0	1,773	0
Proceeds from disposal of property, plant and equipment	795	268	882	338
Cash flows from investing activities	(23,585)	(2,398)	(28,671)	(13,140)
Financing Activities				
Issue of new shares	417	697	2,621	3,434
Payment of finance lease obligations	(352)	(292)	(794)	(1,067)
Proceeds from bank loans	18,716	492	26,985	3,691
Repayment of bank loans	(15,421)	(9,521)	(18,356)	(11,192)
Interest paid	(1,157)	(738)	(3,713)	(3,350)
Dividends paid	(1)	0	(25,423)	(24,354)
Dividends paid to minority shareholder of a subsidiary	(627)	(4)	(627)	(757)
Cash flows from financing activities	1,575	(9,366)	(19,307)	(33,595)
Net (decrease)/increase in cash & cash balances	(2,954)	5,341	2,704	3,201
Cash & cash balances at beginning of period	24,385	13,560	18,810	15,665
Effect of exchange rate changes on balances held in foreign currencies	7	(91)	(76)	(56)
Cash & cash balances at end of period	21,438	18,810	21,438	18,810

3.1 Notes to Consolidated Cash Flow Statement

Despite a 10.8 per cent drop in EBITDA as a result of lower profits, operating cash flows from operations was maintained at about the same level at \$50 million due to lower working capital requirements in inventories and debtors. FY 2006 capital expenditures totalled \$9.9 million (FY 2005: \$14.1 million), mainly for the UK/Europe operations. Proceeds of \$2.6 million were received for the disposal of fishing licences and boats as an Australian subsidiary commence to exit from the fishing industry.

In 4Q2006, our UK subsidiary, S Daniels Plc (“Daniels”), completed the acquisition of Farmhouse Fare Limited at a cost of £9.5 million (reflected as net of cash acquired at \$22.1 million in the cash flow statement). This included a £1.8m (\$5.3m) deferred consideration payable in mid 2007 (subject to meeting of earn-out terms). The individual assets and liabilities at the date of acquisition is set out below:

	2006 \$'000
Property, plant and equipment	3,451
Inventories	2,156
Trade and other receivables	3,190
Cash	853
Trade and other payables	(3,740)
Provision for taxation	(1,191)
Deferred taxation	(273)
Finance lease liabilities	(877)
Net assets acquired	<u>3,569</u>
Goodwill on acquisition	<u>24,683</u>
Purchase consideration (including costs)	28,252
Deferred consideration	<u>(5,314)</u>
Cash paid	22,938
Cash of subsidiary acquired	<u>(853)</u>
Net cash flow on acquisition	<u><u>22,085</u></u>

4. Statement of Changes in Equity

Group	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Employee share options reserve \$'000	Equity compensation reserve \$'000	Treasury shares \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Total attributable to equity holders of the Company \$'000	Minority interest \$'000	Total equity \$'000
At 1 January 2005	25,286	12,367	2,245	274	237	(1,798)	80,817	9,559	128,987	8,764	137,751
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	–	–	–	(6,054)	(6,054)	52	(6,002)
Net profit for the year	–	–	–	–	–	–	36,078	–	36,078	981	37,059
Total recognised income and expense for the year	–	–	–	–	–	–	36,078	(6,054)	30,024	1,033	31,057
Issue of shares under share options	242	3,192	–	–	–	–	–	–	3,434	–	3,434
Performance shares issued	–	–	–	–	–	710	–	–	710	–	710
Purchase of treasury shares	–	–	–	–	–	(437)	–	–	(437)	–	(437)
Equity compensation costs	–	–	–	370	316	–	–	–	686	–	686
Dividends received on treasury shares	–	–	–	–	–	86	–	–	86	–	86
Dividends	–	–	–	–	–	–	(25,244)	–	(25,244)	(757)	(26,001)
At 31 December 2005	25,528	15,559	2,245	644	553	(1,439)	91,651	3,505	138,246	9,040	147,286

4. Statement of Changes in Equity (Continued)

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

4. Statement of Changes in Equity (Continued)

Company	Share capital \$'000	Share premium \$'000	Employee share options reserve \$'000	Equity compensation reserve \$'000	Treasury Shares \$'000	Other reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 January 2005	25,286	3,155	274	237	(1,798)	–	56,999	84,153
Net profit for the year, representing income and expense for the year	–	–	–	–	–	–	33,789	33,789
Issue of shares under share options	242	3,192	–	–	–	–	–	3,434
Purchase of treasury shares	–	–	–	–	(437)	–	–	(437)
Performance shares issued	–	–	–	–	710	–	–	710
Equity compensation costs	–	–	370	316	–	–	–	686
Dividends received on treasury shares	–	–	–	–	86	–	–	86
Dividends	–	–	–	–	–	–	(25,244)	(25,244)
At 31 December 2005	25,528	6,347	644	553	(1,439)	–	65,544	97,177
At 1 January 2006	25,528	6,347	644	553	(1,439)	–	65,544	97,177
Net profit for the year, representing income and expense for the year	–	–	–	–	–	–	24,381	24,381
Issue of shares under share options	2,621	–	–	–	–	–	–	2,621
Transfer from share premium upon implementation of the Companies (Amendment) Act 2005	6,347	(6,347)	–	–	–	–	–	–
Performance shares issued	–	–	–	(312)	721	(409)	–	–
Equity compensation costs	–	–	360	305	–	–	–	665
Dividends received on treasury shares	–	–	–	–	64	–	–	64
Dividends	–	–	–	–	–	–	(25,467)	(25,467)
At 31 December 2006	34,496	–	1,004	546	(654)	(409)	64,458	99,441

4.1 Changes in Company's Capital

During the financial year, the Company issued and allotted 3,489,700 ordinary shares for cash prices ranging from \$0.55 to \$0.99 upon the exercise of options granted under the SFI Share Option Plan. The shares were issued ranking pari passu in all respects with the existing issued ordinary shares in the capital of the Company. As at 31 December 2006, there were unexercised options for 23,234,650 (31 December 2005: 22,264,100) ordinary shares under the SFI Share Option Plan.

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

S\$'000	FY 2006	FY 2005
Profit Before Taxation	43,472	50,444
Adjustments for:		
Increase/(Decrease) in general provision for doubtful debts	(314)	(86)
Increase/(Decrease) in general provision for stock obsolescence	(1)	(151)
Interest expense	3,713	3,350
Interest expense on non-capitalised leases	110	103
Adjusted Earnings Before Income Tax	46,980	53,660
Less Cash Operating Taxes	13,525	13,829
Net Operating Profit After Tax (NOPAT)	33,455	39,831
Average EVA Capital Employed	221,398	215,342
Weighted Average Cost of Capital	7.0%	6.3%
Capital Charge	15,498	13,567
Economic Value Added (EVA)	17,957	26,264

5.1 Notes on EVA Statement

EVA for FY 2006 at \$17.9 million was 31.6 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”) of 7.0 per cent (versus 6.3 per cent in FY 2005) applied for the year. Average EVA Capital for FY 2006 was 2.8 per cent higher due to higher revenue reserves. The return on EVA Capital is 15.1 per cent compared with 18.5 per cent for FY 2005. EVA Spread (Return on EVA Capital less WACC) was 8.1 per cent (FY 2005: 12.2 per cent).

6. Dividends

During the financial year, the following dividends in respect of the previous year were paid :-

	Company	
	2006	2005
	\$'000	\$'000
Interim dividend paid 2.2 cents per share less tax of 20% (2005: 2.0 cents per share less tax of 20%)	8,986	8,096
Final dividend paid 4.0 cents per share less tax of 20% (2005: 4.0 cents per share less tax of 20%)	16,437	16,258
	25,423	24,354

After the balance sheet date, the following dividends are payable/proposed:-

	Company	
	2006	2005
	\$'000	\$'000
Interim dividend payable 2.2 cents per share less tax of 20% (2005: 2.2 cents per share less tax of 20% paid)	9,030	8,986
Proposed final dividend 3.2 cents (net) per share (2005: 4.0 cents per share less tax of 20% paid)	16,450	16,437
	25,480	25,423

The proposed final dividends for FY 2006 have not been provided for.

The Directors are pleased to announce that a final dividend of 3.2 cents net (2005: final dividend 4 cents less 20% Singapore income tax), has been proposed in respect of the financial year ended 31 December 2006. This is subject to the approval of Shareholders at the Company's coming Annual General Meeting and will be paid on 8 June 2007. 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

Annual General Meeting is planned for 16 April 2007.

Closure of Books

Unless otherwise announced, 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 24 May 2007 will be registered for entitlements to the proposed dividends to be determined. The Register of Transfer and Register of Members of the Company will be closed on 25 May 2007 for the purpose of determining Members' entitlements to the proposed dividends.

7. Review of Performance of the Group

7.1 Commentary on Turnover

4Q 2006 vs 4Q 2005

TURNOVER

<u>S\$'000</u>	<u>4Q 2006</u>	<u>4Q 2005</u>	<u>+ / (-)</u>	<u>+ / (-) %</u>
Food Distribution	28,673	34,118	(5,445)	(16.0)
Food Preparation, Manufacturing & Processing	163,557	141,040	22,517	16.0
Abattoir & Hog Auction	4,539	4,773	(234)	(4.9)
	196,769	179,931	16,838	9.4

TURNOVER

<u>S\$'000</u>	<u>4Q 2006</u>	<u>4Q 2005</u>	<u>+ / (-)</u>	<u>+ / (-) %</u>
Singapore	52,889	59,242	(6,353)	(10.7)
UK/Europe	128,595	104,459	24,136	23.1
Australia	13,073	14,085	(1,012)	(7.2)
China	2,212	2,145	67	3.1
Total Overseas	143,880	120,689	23,191	19.2
Total	196,769	179,931	16,838	9.4

Turnover for 4Q 2006 increased \$16.8 million or 9.4 per cent. Sales from overseas operations were up 19.2 per cent while sales in Singapore declined 10.7 per cent.

Singapore

- Food Distribution sales were lower by \$5.5 million (or 16.0 per cent) during the quarter as a result of the loss of a key agency line for the supply of poultry meats.
- Food Catering sales were lower by \$0.7 million (or 3.7 per cent) due to withdrawal from low margin commercial catering sites. Exports of \$0.8 million of “meals-ready-to-eat” (“MRE”) were made to the Middle-East during 4Q2006 (zero in 4Q2005) but the increase was negated by lower sales to the Company’s key customer in the domestic market.
- Abattoir and Hog Auction were lower by \$0.2 million or 4.9 per cent due to lower supply of pigs.

Overseas

Growth from overseas was \$23.2 million or 19.2 per cent.

- Daniels grew \$14.8 million or 21.9 per cent. Daniels’ core categories of soup, prepared fruit and juice registered double digit growth of 11.7 per cent, 43.2 per cent and 43.5 per cent respectively.
- International Cuisine Limited (“ICL”) grew \$5.4 million or 18.9 per cent as the chilled ready meals (“CRM”) market recovered from the 2005 Sudan-1 food scare. Sales to all key customers were higher than 4Q 2005.

- Cresset Limited (“Cresset”) grew \$0.7 million or 8.3 per cent. While CRM sales increase (\$1.3 million), sales of ambient meals continued to decline (\$0.6 lower).
- Newly-acquired Farmhouse Fare contributed \$5.0 million of new revenues in chilled desserts.
- Australia’s revenue was down \$1.0 million or 7.2 per cent. Commercial fishing and seafood processing revenues were lower, due to the curtailment of fishing operations as the Group commenced its exit from the Australian fishing industry.
- Turnover for China increased marginally over 4Q 2005.

FY 2006 vs FY 2005**TURNOVER****S\$'000**

	FY 2006	FY 2005	+/(-) 	+/(-) %
Food Distribution	127,069	136,524	(9,455)	(6.9)
Food Preparation, Manufacturing & Processing	492,936	439,557	53,379	12.1
Abattoir & Hog Auction	16,884	21,002	(4,118)	(19.6)
	636,889	597,083	39,806	6.7

TURNOVER**S\$'000**

	FY 2006	FY 2005	+/(-) 	+/(-) %
Singapore	225,598	238,713	(13,115)	(5.5)
UK/Europe	369,899	314,641	55,258	17.6
Australia	31,691	36,315	(4,624)	(12.7)
China	9,701	7,414	2,287	30.8
Total Overseas	411,291	358,370	52,921	14.8
Total	636,889	597,083	39,806	6.7

Full year turnover increased \$39.8 million or 6.7 per cent over FY2005, the growth being achieved on the back of \$52.9 million (or 14.8 per cent) growth overseas while Singapore sales declined \$13.1 million (or 5.5 per cent).

Singapore

- Food Distribution sales were lower by \$9.5 million or 6.9 per cent as a result of lower poultry sales in the second half of the year due to the loss of a key agency line.
- Food Catering sales were slightly higher (\$0.5 million) over FY2005. Export of retorted ready meals totalled \$3.0 million (none in FY2005) but was offset by lower commercial catering sales as we withdraw from low margin sites. Field ration sales were also lower for the year.
- Abattoir and Hog Auction revenues were lower by \$4.1 million or 19.6 per cent due to lower supply of pigs.

Overseas

Overseas growth was \$52.9 million or 14.8 per cent.

- Daniels grew \$34.0 million or 17.2 per cent. During the year, Daniels core categories of soup, prepared fruit and drinks reported robust growth of 10.0 per cent, 55.6 per cent and 26.5 per cent respectively.
- ICL grew \$12.7 million or 13.0 per cent, with higher sales to all key customers as the CRM market recovered from the 2005 Sudan-1 food scare.
- Cresset grew \$5.6 million or 28.6 per cent. Sales of CRM were higher (\$8.0 million or 181.6 per cent), offset by lower ambient meals sales which declined \$2.4 million or 15.8 per cent.
- Farmhouse Fare (chilled desserts) contributed \$5.0 million in new revenue.
- Australia's revenue was down \$4.6 million or 12.7 per cent. FY 2005 had the benefit of one-off final billings of \$1.8 million upon completion of facilities management contract with the Singapore Armed Forces. Sales from commercial fishing and seafood processing were lower due to curtailment of fishing operations in 4Q2006. The sale of two fishing vessels and fishing licences also reduced the total number of boats in operation.
- China grew \$2.3 million or 30.8 per cent from increased frozen ready meals sales to the food service sector.

7.2 Commentary on Profit Before Taxation ("PBT")**PBT****S\$'000**

	4Q 2006	4Q 2005	+ / (-)	+ / (-) %
Food Distribution	1,450	3,090	(1,640)	(53.1)
Food Preparation, Manufacturing & Processing	13,789	15,860	(2,071)	(13.1)
Abattoir & Hog Auction	1,498	1,066	432	40.5
	16,737	20,016	(3,279)	(16.4)
PBT %	8.5%	11.1%	(2.6%)	

PBT**S\$'000**

	4Q 2006	4Q 2005	+ / (-)	+ / (-) %
Singapore	5,506	10,053	(4,547)	(45.2)
UK/Europe	11,198	10,102	1,096	10.8
Australia	172	337	(165)	(49.0)
China & Others	(139)	(476)	337	N.M.
Total Overseas	11,231	9,963	1,268	12.7
Total	16,737	20,016	(3,279)	(16.4)

N.M.: Not Meaningful

PBT for 4Q 2006 decreased \$3.3 million or 16.4 per cent due to weak performance from Singapore.

Singapore

PBT from Singapore was lower by \$4.5 million or 45.2 per cent as a result of lower Food Distribution sales and a write-back of \$4.0 million in provisions in 4Q2005 not repeated in 4Q2006.

Abattoir and Hog auctions reported higher profits as a result of lower operating costs.

Overseas

PBT from overseas grew \$1.3 million or 12.7 per cent.

- ICL's profit tripled from \$0.7 million to \$2.1 million on higher sales and better operating efficiencies.

- Daniels's profit was \$0.7 million lower despite higher sales. Margins were lower due to higher direct material costs especially in vegetables and fruits and a higher proportion of prepared fruits and drinks which are lower margins categories compared to soup.

- Cresset registered a loss of \$2.1 million in 4Q2006, compared with \$1.1 million in 4Q2005 due to the continued decline in sales of ambient products and start-up costs associated with the new soup line.

- Farmhouse Fare contributed \$1.3 million in profits.

- Australia's profit was down \$0.2 million for the quarter. The results included \$0.7 million impairment loss on fishing licences and a \$0.2 million gain on sale of two fishing vessels.

- Loss for China was \$0.1 million for 4Q 2006 compared with a \$0.5 million loss for 4Q2005.

FY 2006 vs FY 2005**PBT****S\$'000**

	FY 2006	FY 2005	+/(-)	+/(-) %
Food Distribution	8,206	12,262	(4,056)	(33.1)
Food Preparation, Manufacturing & Processing	32,198	31,369	829	2.6
Abattoir & Hog Auction	3,011	6,756	(3,745)	(55.4)
	43,415	50,387	(6,972)	(13.8)
PBT %	6.8%	8.4%	(1.6%)	

PBT**S\$'000**

	FY 2006	FY 2005	+/(-)	+/(-) %
Singapore	22,873	37,090	(14,217)	(38.3)
UK/Europe	19,728	11,012	8,716	79.2
Australia	1,414	3,203	(1,789)	(55.9)
China & Others	(600)*	(918)	318	N.M.
Total Overseas	20,542	13,297	7,245	54.5
Total	43,415	50,387	(6,972)	(13.8)

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

PBT for FY 2006 decreased by \$7.0 million or 13.8 per cent. Singapore suffered a \$14.2 million (38.3 per cent) drop in profits while overseas profit grew \$7.2 million (54.5 per cent).

Singapore

The decline in profits were mainly due to:-

- Lower Food Distribution sales
- Lower supply of pigs

Additionally, FY2005 results included one-off accounting adjustments (implementation of new Accounting Standards) and write-back of provisions totalling \$6.5 million which were absent in this years' results.

Overseas

Profits from the UK/Europe grew strongly.

- Daniels' profit grew \$3.8 million (or 26.9 per cent) on the back of \$34.0 million (17.2 per cent) sales growth.
- ICL's profit grew \$2.9million or 93.0 per cent as sales rebounded to pre-Sudan 1 levels.
- Cresset's loss reduced \$0.8 million to \$5.4 million on higher CRM sales during the year.
- Farmhouse Fare contributed \$1.3 million new profits.

- Australia's profit was down \$1.8 million or 55.9 per cent as FY 2005 included one-off final billings of \$1.8 million on completion of the facilities management contract with the Singapore Armed Forces. FY2006 results included a \$0.9 million gain on disposal of fishing related assets and a \$0.7 million impairment loss on remaining licences.
- China made a small profit of \$0.1 million, compared with \$0.9 million loss for FY2005. The results for China and Others segment included \$0.6 million loss on voluntary winding up of a Malaysian subsidiary.

7.3 Notes to the Consolidated Income Statement

7.3.1 Operating and Administrative expenses

<u>S\$'000</u>	<u>4Q 2006</u>	<u>4Q 2005</u>	<u>Change</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>Change</u>
			%			%
Marketing, selling & distribution expenses	10,887	11,517	(5.5)	41,948	41,060	2.2
Administrative expenses	19,446	13,546	43.6	59,251	48,372	22.5
Other operating expenses	6,302	6,034	4.4	21,910	21,375	2.5
Total Operating & Administrative expenses	36,635	31,097	17.8	123,109	110,807	11.1

Administrative expenses for 4Q2006/FY2006 were \$5.9 million and \$10.9 million higher than 4Q2005/FY 2006 respectively analysed as follows:-

<u>S\$'000</u>	<u>4Q2006</u> vs <u>4Q2005</u>	<u>FY2006</u> vs <u>FY2005</u>
One-time accounting adjustments in 2005	0	2,500
Provisions releases in 2005	4,000	4,000
Inclusion of expenses newly acquired Farmhouse Fare	651	651
Increase due to operational activities	1,249	3,728
Total increase	<u>5,900</u>	<u>10,879</u>

7.3.2 Profit before taxation includes the following:-

(a) Other Income

<u>S\$'000</u>	<u>4Q 2006</u>	<u>4Q 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>
Exchange (loss)/gains, net	(60)	(43)	(94)	404
Gain on disposal of property, plant and equipment, net	159	28	191	65
Grants received	319	279	1,040	1,039
Bad debts recovered (trade)	8	22	48	104
Investment loss	0	(19)	0	(19)
Gain on disposal of intangible assets	0	0	705	0
Loss on liquidation of a subsidiary	0	0	(648)	0
Impairment of intangible assets	(666)	0	(666)	0
Others	257	478	1,326	1,479
	<u>17</u>	<u>745</u>	<u>1,902</u>	<u>3,072</u>

(b) Expenses

S\$'000	4Q 2006	4Q 2005	FY 2006	FY 2005
Depreciation	5,908	5,686	18,782	19,895
Provision for doubtful debts	(40)	133	345	275
Bad debts written off	62	4	68	1
Provision for stock obsolescence	437	30	1,309	461
Equity compensation costs	104	189	665	686

7.3.3 Sales and Net Profit after Tax

	2006	2005	+ / (-)	+ / (-)
	S\$'000	S\$'000	S\$'000	%
Sale reported for first half year	297,214	283,829	13,385	4.7
Profit after tax before minority interests reported for first half year	14,488	16,475	(1,987)	(12.1)
Sale reported for second half year	339,675	313,254	26,421	8.4
Profit after tax before minority interests reported for second half year	16,001	20,584	(4,583)	(22.3)
Sale reported for full year	636,889	597,083	39,806	6.7
Profit after tax before minority interests reported for full year	30,489	37,059	(6,570)	(17.7)

7.3.4 Exceptional items

4Q 2006 included \$0.7 million impairment loss on fishing licences in Australia. FY 2006 also included \$0.6 million loss on liquidation of a dormant subsidiary in Malaysia. This loss is included under "China and Others" segment. No exceptional items were included in the results for 4Q 2005 and FY2005.

7.3.5 Seasonal Operations

The Group's results are subject to seasonal variations in sales and profits especially in its 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 2007**8.1 Singapore Operations**

Food Distribution is expected to perform better in FY2007, from improved sourcing and the acquisition of a new agency in frozen poultry.

In Catering, the expected higher NS intake will translate to higher consumption at the camps from the second half of the year.

Abattoir and Hog Auction is expected to improve in FY2007 as supply of pigs have improved since the end of FY 2006.

Overall, the Singapore businesses are expected to improve in FY2007.

8.2 Overseas Operations

The UK business is expected to continue to perform well operating from a higher base built up in FY 2006. The acquisition of Farmhouse Fare, a chilled desserts company, will add incremental sales and profits in FY 2007.

ICL is expected to continue with the good performance achieved in FY2006.

Cresset is being restructured and our Irish business is expected to report lower losses in FY 2007.

In Shanghai, SSTFI will build on its frozen ready meals business to the food service sector.

In Australia, we will exit from commercial fishing operations in FY 2007, while looking for exit from the seafood processing operations in the longer term. Our logistics business will remain profitable.

Overall, the overseas operations are expected to deliver a good 2007 performance.

8.3 Overall Outlook for FY 2007

The Singapore businesses are in a recovery mode and are expected to improve. The Group's overseas operations are expected to report a good set of 2007 results.

Overall, the outlook for FY 2007 is for growth in earnings over FY2006.

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 2006	Food	Food Preparation, Manufacturing	Abattoir and			
<u>S\$'000</u>	Distribution	and Processing	Hog Auction	Others	Adjustments	Total
<u>Revenue</u>						
-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 jointly controlled entity results						57
Profit from ordinary activities before taxation						43,472
Taxation						(12,983)
Profit from ordinary activities after taxation						30,489
Minority Interests						(291)
Profit after tax and minority interests						30,198
<u>Assets and Liabilities</u>						
Segment Assets	33,718	249,898	27,696	45,848	0	357,160
Unallocated Assets	0	569	0	358	0	927
Total Assets	33,718	250,467	27,696	46,206	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 Business Activity

FY 2005 S\$'000	Food Preparation, Manufacturing				Adjustments	Total
	Distribution	Food and Processing	Abattoir and Hog Auction	Others		
Revenue						
-External customers	136,524	439,557	21,002	0	0	597,083
-Inter-segment	19,041	15,322	1,560	0	(35,923)	0
Total revenue	155,565	454,879	22,562	0	(35,923)	597,083
Segment results	12,262	34,289	6,756	13,471	(13,471)	53,307
Interest Income	0	430	0	0	0	430
Interest Expense	0	(3,350)	0	0	0	(3,350)
	12,262	31,369	6,756	13,471	(13,471)	50,387
Share of jointly controlled entity results						57
Profit from ordinary activities before taxation						50,444
Taxation						(13,385)
Profit from ordinary activities after taxation						37,059
Minority Interests						(981)
Profit after tax and minority interests						36,078
Assets and Liabilities						
Segment Assets	44,826	205,622	29,380	50,207	0	330,035
Unallocated Assets	0	782	0	359	0	1,141
Total Assets	44,826	206,404	29,380	50,566	0	331,176
Segment Liabilities	12,883	119,845	3,436	29,568	0	165,732
Unallocated Liabilities	3,340	12,431	2,387	0	0	18,158
Total Liabilities	16,223	132,276	5,823	29,568	0	183,890
Capital Expenditure	66	13,994	51	8	0	14,119

By Geographical Region

S\$'000	Turnover		PBT		Assets		Capital Expenditure	
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
Singapore	225,598	238,713	22,873	37,090	130,146	146,214	1,307	415
UK/Europe	369,899	314,641	19,728	11,012	203,640	155,407	8,300	12,773
Australia	31,691	36,315	1,414	3,203	13,831	15,842	205	839
China & Others	9,701	7,414	(600)*	(918)	9,543	12,572	99	92
Total Overseas	411,291	358,370	20,542	13,297	227,014	183,821	8,604	13,704
Total	636,889	597,083	43,415	50,387	357,160	330,035	9,911	14,119
%								
	Turnover		PBT					
	FY 2006	FY 2005	FY 2006	FY 2005				
Singapore	35.4	40.0	52.7	73.6				
Overseas	64.6	60.0	47.3	26.4				
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

S\$'000	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 2006	4Q 2005	FY 2006	FY 2005
Transactions for the Purchase of Goods and Services				
Tuas Power Limited and its Associates	0	0	314	0
SembCorp Industries Limited and its Associates	0	0	0	243
Total Interested Person Transactions	0	0	314	243

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 2006 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 2005.

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

The adoption of the new/revised Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRSs") effective from 1 January 2006 had no material impact on the Group's results.

By order of the Board**Ms Susan Kong Yim Pui****Company Secretary**

9 February 2007