



**SINGAPORE FOOD INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**

SGX “APPENDIX 7.2” ANNOUNCEMENT

**UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST HALF
ENDED 30 JUNE 2007**

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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.

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1. Consolidated Income Statements

<u>S\$000</u>	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>% Change</u>	<u>1H 2007</u>	<u>1H 2006</u>	<u>% Change</u>
Revenue	158,894	147,205	7.9	331,415	297,214	11.5
Cost of sales	(119,225)	(109,162)	9.2	(243,225)	(218,435)	11.3
Gross profit	39,669	38,043	4.3	88,190	78,779	11.9
Gross Margin %	25.0%	25.8%	(0.8)	26.6%	26.5%	0.1
Other income	4,269	714	497.9	5,034	943	433.8
Marketing, selling & distribution expense	(12,491)	(10,298)	21.3	(24,297)	(21,694)	12.0
Administrative expenses	(15,858)	(12,892)	23.0	(31,806)	(25,807)	23.2
Other operating expenses	(5,941)	(5,194)	14.4	(11,874)	(10,339)	14.8
Total Operating & Administrative expenses (see para 7.3.1)	(34,290)	(28,384)	20.8	(67,977)	(57,840)	17.5
Profit before interest and tax	9,648	10,373	(7.0)	25,247	21,882	15.4
Interest income	113	133	(15.0)	213	287	(25.8)
Interest expense	(1,100)	(853)	29.0	(2,169)	(1,718)	26.3
Profit before joint venture and tax	8,661	9,653	(10.3)	23,291	20,451	13.9
Share of results of jointly controlled entity	(2)	(2)	0.0	(3)	(3)	0.0
Profit before taxation	8,659	9,651	(10.3)	23,288	20,448	13.9
Taxation	(2,973)	(2,608)	14.0	(7,381)	(5,960)	23.8
Profit after taxation	5,686	7,043	(19.3)	15,907	14,488	9.8
Attributable to:						
Shareholders of the Company	4,166	6,960	(40.1)	14,086	14,067	0.1
Minority interests	1,520	83	1,731.3	1,821	421	332.5
Profit after taxation before minority interests	5,686	7,043	(19.3)	15,907	14,488	9.8
Profit after tax as a percentage of Turnover	3.6%	4.8%		4.8%	4.9%	
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	2.8%	5.0%		9.5%	10.1%	
Earnings per share for profit attributable to the equity holders of the Company during the period						
Basic (cents)	0.8	1.4		2.7	2.8	
Diluted (cents)*	0.8	1.4		2.7	2.7	

*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.

2. Balance Sheets

S\$'000	Group			Company		
	30.6.2007	31.3.2007	31.12.2006	30.6.2007	31.3.2007	31.12.2006
Non-Current Assets						
Property, plant & equipment	122,851	123,427	126,868	5,480	5,513	5,467
Intangible assets	66,429	67,942	68,404	0	0	0
Subsidiaries	0	0	0	108,774	108,774	108,774
Jointly controlled entity	283	285	286	50	50	50
Other investments	217	201	198	0	0	0
Other assets	119	131	143	119	131	143
Deferred tax assets	958	929	927	359	359	359
	190,857	192,915	196,826	114,782	114,827	114,793
Current Assets						
Inventories	48,013	39,069	38,474	22,967	15,901	14,321
Trade and other receivables	100,463	102,077	100,457	42,664	34,536	34,693
Cash and bank balances	24,298	25,896	21,438	2,533	10,367	3,779
	172,774	167,042	160,369	68,164	60,804	52,793
Assets held for sale	960	892	892	0	0	0
	173,734	167,934	161,261	68,164	60,804	52,793
	364,591	360,849	358,087	182,946	175,631	167,586
Equity attributable to equity holders of the company						
Share capital	35,934	34,746	34,496	35,934	34,746	34,496
Reserves	112,975	123,461	113,927	56,732	67,974	64,945
	148,909	158,207	148,423	92,666	102,720	99,441
Minority interest	10,646	8,843	8,546	0	0	0
Total Equity	159,555	167,050	156,969	92,666	102,720	99,441
Non-Current Liabilities						
Interest-bearing liabilities	29,868	34,026	36,547	0	0	0
Deferred tax liabilities	2,201	2,160	2,179	0	0	0
	32,069	36,186	38,726	0	0	0
Current Liabilities						
Bank overdrafts (secured)	4,497	4,393	5,805	0	0	0
Trade and other payables	113,282	107,038	119,370	63,689	60,128	61,197
Interest-bearing bank liabilities	41,162	31,273	22,419	20,500	6,000	0
Current tax payable	14,026	14,909	14,798	6,091	6,783	6,948
	172,967	157,613	162,392	90,280	72,911	68,145
Total Liabilities	205,036	193,799	201,118	90,280	72,911	68,145
Total Equity and Liabilities	364,591	360,849	358,087	182,946	175,631	167,586

2.1 Notes to Balance Sheet

During the quarter, bank borrowings for the Company increased \$14.5 million due to loans taken for the payment of FY 2006 final dividend totalling \$16.5 million. Stock level increased \$8.9 million largely as a result of building inventory levels in frozen pork and poultry to regain market share. Other than the above, there were no material changes in the composition of the assets and liabilities as at 30 June 2007 compared to 31 March 2007.

2.2 Net Asset Value Per Ordinary Share

	Group		Company	
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Net Asset Value Per Ordinary Share (Cents)	28.9	30.8	18.0	20.0

2.3 Bank Loans and Borrowings

<u>S\$'000</u>	Group		
	30.6.2007	31.3.2007	31.12.2006
<u>Amount repayable within one year:</u>			
-Secured bank overdrafts	4,497	4,393	5,805
-Secured bank loans	15,573	20,206	17,257
-Unsecured bank loans	24,969	10,306	4,389
-Finance lease liabilities	620	761	773
	45,659	35,666	28,224
<u>Amount repayable after one year but within five years:</u>			
-Secured bank loans	29,552	33,677	35,972
-Finance lease liabilities	316	349	575
	29,868	34,026	36,547
Total	75,527	69,692	64,771

3 Consolidated Cash Flow Statement

S\$'000	2Q 2007	2Q 2006	1H 2007	1H 2006
Profit before taxation	8,662	9,651	23,291	20,448
Adjustments for:				
Depreciation of property, plant and equipment	4,683	4,544	9,359	8,349
Amortisation of intangibles	500	0	1,000	0
Interest expenses	1,100	853	2,169	1,718
Interest income	(113)	(133)	(213)	(287)
Share of results of jointly controlled entity	2	2	3	3
EBITDA	14,834	14,917	35,609	30,231
Gain on disposal of property, plant and equipment	(134)	8	(184)	(23)
Gain on disposal of intangible assets	0	(23)	0	(384)
Allowance for stock obsolescence (net)	634	343	814	464
Allowance for doubtful receivables and trade discounts (net)	995	(672)	1,481	(453)
Impairment of intangible assets	1,112	0	1,112	0
Loss on liquidation of a subsidiary	0	0	0	648
Equity compensation costs	192	164	384	369
Impairment of other assets	12	9	24	18
Operating profits before working capital changes	17,645	14,746	39,240	30,870
Changes in working capital:				
Inventories	(8,919)	1,070	(9,844)	4,035
Trade and other receivables	2,861	(932)	34	(3,243)
Trade and other payables	4,213	1,946	1,566	(5,938)
Operating cash flow	15,800	16,830	30,996	25,724
Income taxes paid	(4,015)	(5,296)	(8,256)	(8,331)
Cash flows from operating activities	11,785	11,534	22,740	17,393
Investing Activities				
Acquisition of property, plant and equipment	(1,957)	(2,462)	(4,383)	(4,021)
Acquisition of subsidiary, net of cash acquired	0	0	0	0
Interest received	113	133	213	287
Proceeds from disposal of intangible assets	0	92	0	1,044
Proceeds from disposal of property, plant and equipment	371	36	719	67
Cash flows from investing activities	(1,473)	(2,201)	(3,451)	(2,623)
Financing Activities				
Issue of new shares	1,188	1,141	1,438	2,084
Payment of finance lease obligations	0	0	0	0
Proceeds from bank loans	14,564	9,964	20,851	13,646
Repayment of bank loans	(10,476)	(63)	(11,301)	(2,474)
Interest paid	(1,100)	(853)	(2,169)	(1,718)
Dividends received	0	64	0	64
Dividends paid	(16,508)	(16,427)	(25,559)	(25,422)
Cash flows from financing activities	(12,332)	(6,174)	(16,740)	(13,820)
Net (decrease)/increase in cash & cash balances	(2,020)	3,159	2,549	950
Cash & cash balances at beginning of period	25,896	16,475	21,438	18,810
Effect of exchange rate changes on balances held in foreign currencies	422	3	311	(123)
Cash & cash balances at end of period	24,298	19,637	24,298	19,637

3.1 Notes to Consolidated Cash Flow Statement

2Q2007 operating cash flows were comparable with that for 2Q 2006. For the half year operating cash flows increased \$5.3 million as a result of higher profits which included a \$4.4 million grant income from an Australian subsidiary. 1H 2007 capital expenditures totalled \$4.4 million (1H 2006: \$4.0 million), mainly for the UK/Europe operations. Proceeds of \$0.7 million from disposal of Property, Plant and Equipment relate mainly to the disposal of fishing vessels. During the quarter, bank loans of \$14.5 million were obtained for the payment of the FY2006 final dividend of \$16.5 million in Singapore.

3. Statement of Changes in Equity

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 April 2006	32,818	9,212	2,245	748	342	(718)	(409)	98,748	1,786	144,772	9,233	154,005
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	0	0	2,608	2,608	(84)	2,524
Net income/(losses) recognised directly in equity	0	0	0	0	0	0	0	0	2,608	2,608	(84)	2,524
Net profit for the quarter	0	0	0	0	0	0	0	6,960	0	6,960	83	7,043
Total recognised income and expense for the quarter	0	0	0	0	0	0	0	6,960	2,608	9,568	(1)	9,567
Issue of shares under share options	1,141	0	0	0	0	0	0	0	0	1,141	0	1,141
Equity compensation costs	0	0	0	58	105	0	0	0	0	163	0	163
Dividends received	0	0	0	0	0	64	0	0	0	64	0	64
Dividends (4.0 cents per share less tax of 20%)	0	0	0	0	0	0	0	(16,427)	0	(16,427)	0	(16,427)
At 30 June 2006	33,959	9,212	2,245	806	447	(654)	(409)	89,281	4,394	139,281	9,232	148,513
At 1 April 2007	34,746	9,212	2,245	1,106	636	(654)	(409)	106,281	5,044	158,207	8,843	167,050
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	0	0	1,664	1,664	283	1,947
Net income/(losses) recognised directly in equity	0	0	0	0	0	0	0	0	1,664	1,664	283	1,947
Net profit for the quarter	0	0	0	0	0	0	0	4,166	0	4,166	1,520	5,686
Total recognised income and expense for the quarter	0	0	0	0	0	0	0	4,166	1,664	5,830	1,803	7,633
Issue of shares under share options	1,188	0	0	0	0	0	0	0	0	1,188	0	1,188
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0
Equity compensation costs	0	0	0	102	90	0	0	0	0	192	0	192
Dividends [3.2 cents (1-tier tax) per share]	0	0	0	0	0	0	0	(16,508)	0	(16,508)	0	(16,508)
At 30 June 2007	35,934	9,212	2,245	1,208	726	(654)	(409)	93,939	6,708	148,909	10,646	159,555

4. Statement of Changes in Equity (Continued)

The Company (S\$'000)	Share capital	Employee share options reserve	Equity compensation reserve	Treasury shares	Other reserve	Accumulated profits	Total equity
At 1 April 2006	32,818	748	342	(718)	(409)	70,902	103,683
Net profit for the quarter	0	0	0	0	0	7,075	7,075
Total recognised income and expense for the quarter	0	0	0	0	0	7,075	7,075
Issue of shares under share options	1,141	0	0	0	0	0	1,141
Equity compensation costs	0	58	105	0	0	0	163
Dividends received on treasury shares	0	0	0	64	0	0	64
Dividends (4.0 cents per share less tax of 20%)	0	0	0	0	0	(16,427)	(16,427)
At 30 June 2006	33,959	806	447	(654)	(409)	61,550	95,699
At 1 April 2007	34,746	1,106	636	(654)	(409)	67,295	102,720
Net profit for the quarter	0	0	0	0	0	5,074	5,074
Total recognised income and expense for the quarter	0	0	0	0	0	5,074	5,074
Issue of shares under share options	1,188	0	0	0	0	0	1,188
Equity compensation costs	0	102	90	0	0	0	192
Dividends [3.2 cents (1-tier tax) per share]	0	0	0	0	0	(16,508)	(16,508)
At 30 June 2007	35,934	1,208	726	(654)	(409)	55,861	92,666

4.1 Changes in Company's Capital

During the quarter, the Company issued and allotted 1,532,800 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 30 June 2007, there were unexercised options for 20,733,300 (31 December 2006: 23,234,650) ordinary shares under the SFI Share Option Plan.

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

EVA Statement

S\$'000	1H 2007	1H 2006
Profit Before Taxation	23,288	20,448
Adjustments for:		
Increase/(Decrease) in allowance for doubtful debts	159	(128)
Increase/(Decrease) in allowance for stock obsolescence	1	(1)
Amortisation of intangibles	1,000	0
Interest expense	2,169	1,718
Interest expense on non-capitalised leases	50	55
Unusual Item	0	648
Adjusted Earnings Before Income Tax	26,667	22,740
Less Cash Operating Taxes	7,834	6,004
Net Operating Profit After Tax (NOPAT)	18,833	16,736
Average EVA Capital Employed	241,023	221,052
Weighted Average Cost of Capital	6.9%	7.0%
Capital Charge	8,315	7,736
Economic Value Added (EVA)	10,518	9,000

5.1 Notes on EVA Statement

EVA for 1H 2007 at \$10.5 million was 16.9 per cent higher than 1H 2006 as a result of higher operating profits reported. Average EVA Capital for 1H2007 was 9.0 per cent higher due to higher revenue reserves and term loan taken to finance the acquisition of Farmhouse Fare in 4Q 2006. The return on EVA Capital (annualised) is 15.6 per cent compared with 15.1 per cent for 1H 2006. This gives an annualised EVA Spread (Return on EVA Capital less WACC) of 8.7 per cent (1H 2006: 8.1 per cent).

6. Dividends

No dividend is declared/recommended for the quarter reported and for the corresponding quarter last year.

7. Review of Performance of the Group

7.1 Commentary on Turnover

TURNOVER

<u>S\$'000</u>	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>+ / (-)</u>	<u>+ / (-) %</u>
Food Distribution	29,800	33,419	(3,619)	(10.8)
Food Preparation, Manufacturing & Processing	123,751	109,781	13,970	12.7
Abattoir & Hog Auction	5,343	4,005	1,338	33.4
	158,894	147,205	11,689	7.9

TURNOVER

<u>S\$'000</u>	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>+ / (-)</u>	<u>+ / (-) %</u>
Singapore	56,160	59,661	(3,501)	(5.9)
UK/Europe	94,008	79,237	14,771	18.6
Australia	7,323	6,328	995	15.7
China	1,403	1,979	(576)	(29.1)
Total Overseas	102,734	87,544	15,190	17.4
Total	158,894	147,205	11,689	7.9

Turnover for the quarter increased \$11.7 million or 7.9 per cent. Sales from overseas operations were up 17.4 per cent while sales in Singapore declined 5.9 per cent.

Singapore

- Food Distribution continued to be impacted by supply and stock issues during the quarter. The general suspension of chicken imports from China also had a negative impact on Food Distribution sales during the quarter. As a result, sales were \$3.6 million lower quarter-on-quarter.
- Food Catering sales were lower by \$1.2 million (or 5.5 per cent) due to lower exports (S\$0.5 million) of “meals-ready-to-eat” (“MRE”), compared with S\$2.4 million exported in 2Q 2006. Food catering sales to its key customer in Singapore were higher during the quarter.
- Abattoir and Hog Auction revenues were higher by \$1.3 million or 33.4 per cent due to higher number of pigs supplied and a \$3 per pig slaughter fee increase from 1 April 2007.

Overseas

Overseas subsidiaries reported combined sales increase of \$15.2 million or 17.4 per cent.

- Daniels grew \$6.9 million or 14.0 per cent, helped in part by a higher Sterling Pound/ Singapore dollar exchange rate. Daniels’ sales in Sterling Pound grew 10.0 per cent for the quarter, with prepared fruit and juice/drinks registering growth rates of 14.5 per cent and 31.8 per cent respectively. Soup however, declined 5.8 per cent due to a very warm April which effectively ended winter sales earlier by a month. The warmer weather prompted retailers to switch to summer merchandising early and negatively impacted on soup sales.

- International Cuisine Limited (“ICL”) sales grew \$4.5 million or 18.1 per cent. In Sterling Pound terms, the increase was 13.9 per cent. The increase in sales was due to promotions on certain product lines by one of ICL’s key customers and successful launches of two other product ranges for another key customer. Branded NCG ready meals were also launched towards the end of the quarter.
- Cresset Limited (“Cresset”) sales grew \$0.2 million or 3.9 per cent (Growth in Euro was 1.1 per cent). While CRM sales increased \$1.3 million (or 47.4 per cent), sales of ambient meals were \$1.1 million lower.
- Farmhouse Fare acquired at end October last year, contributed \$4.9 million of sales in chilled desserts.
- Revenues from Australian subsidiaries were higher by \$1.0 million or 15.7 per cent.
- Shanghai STFI (“SSTFI”) turnover declined \$0.6 million or 29.1 per cent due to the ban of chicken exports to Singapore. This follows a general suspension of imports of chicken products from China in February this year. Sales in the domestic market also declined during the quarter.

1H 2007 vs 1H 2006**TURNOVER****S\$'000**

	1H 2007	1H 2006	+ / (-)	+ / (-) %
Food Distribution	61,832	68,859	(7,027)	(10.2)
Food Preparation, Manufacturing & Processing	259,192	220,055	39,137	17.8
Abattoir & Hog Auction	10,391	8,300	2,091	25.2
	331,415	297,214	34,201	11.5

TURNOVER**S\$'000**

	1H 2007	1H 2006	+ / (-)	+ / (-) %
Singapore	113,723	118,732	(5,009)	(4.2)
UK/Europe	199,805	162,235	37,570	23.2
Australia	14,257	11,699	2,558	21.9
China	3,630	4,548	(918)	(20.2)
Total Overseas	217,692	178,482	39,210	22.0
Total	331,415	297,214	34,201	11.5

Turnover for the half year increased \$34.2 million or 11.5 per cent. Sales from overseas operations were up 22.0 per cent while sales in Singapore declined 4.2 per cent.

Singapore

- Food Distribution sales were \$7.0 million lower for the half year, partly impacted by the suspension of chicken imports from China.
- Food Catering sales for 1H 2007 were comparable to 1H 2006. Sales to its key customer in Singapore were higher due to higher field ration supplies and higher consumption at its camps. Exports of MRE however, were lower in 1H 2007.
- Abattoir and Hog Auction revenues were higher by \$2.1 million or 25.2 per cent due to higher pig supplies and a \$3 per pig slaughter fee increase on 1 April 2007.

Overseas

Overseas subsidiaries reported combined sales increase of \$39.2 million or 22.0 per cent.

- Daniels grew \$19.1 million or 18.9 per cent, helped in part (4.5 per cent) by higher Sterling Pound/ Singapore dollar exchange rate. Sales in Sterling Pound grew 13.7 per cent. All its core categories of soup, prepared fruit and juice/drinks registered growth , of 3.5 per cent, 15.8 per cent and 43.6 per cent respectively.
- International Cuisine Limited (“ICL”) sales grew \$10.4 million or 20.9 per cent. In Sterling Pound, the increase was 15.7 per cent.
- Cresset Limited (“Cresset”) sales grew \$1.1 million or 9.8 per cent (Growth in Euro was 7.1 per cent). CRM sales increased \$4.4 million (or 86.0 per cent) but sales of ambient meals were \$3.3 million lower.
- Farmhouse Fare contributed \$11.3 million of sales in chilled desserts.
- Revenues from Australian subsidiaries were higher by \$2.6 million or 21.9 per cent.
- Shanghai STFI (“SSTFI”) turnover declined \$0.9 million (or 20.2 per cent) due to the ban of chicken exports to Singapore as well as lower sales in its domestic market during the half year.

7.2 Commentary on Profit Before Taxation (“PBT”)

2Q 2007 vs 2Q 2006

PBT**S\$'000**

	2Q 2007	2Q 2006	+ / (-)	+ / (-) %
Food Distribution	511	2,811	(2,300)	(81.8)
Food Preparation, Manufacturing & Processing	6,339	6,396	(57)	(0.9)
Abattoir & Hog Auction	1,811	446	1,365	306.1
	8,661	9,653	(992)	(10.3)
PBT %	5.5%	6.6%	(1.1%)	

PBT**S\$'000**

	2Q 2007	2Q 2006	+ / (-)	+ / (-) %
Singapore	5,549	7,003	(1,454)	(20.8)
UK/Europe	780	2,614	(1,834)	(70.2)
Australia	3,401	79	3,322	4,205.1
China & Others	(1,069)	(43)	(1,026)	N.M.
Total Overseas	3,112	2,650	462	17.4
Total	8,661	9,653	(992)	(10.3)

N.M.: Not Meaningful

PBT for the quarter decreased \$1.0 million or 10.3 per cent.

Singapore

PBT from Singapore was lower by \$1.5 million or 20.8 per cent as a result of poor performance from Food distribution.

Food Distribution profit was \$2.3 million lower due to lower sales and lower margins.

Profit for Food Catering was lower due to lower exports of MRE packages when compared to the same quarter last year.

Abattoir and Hog Auctions reported higher profits due to higher number of pigs supplied and the \$3 per pig slaughter fee increase from 1 April 2007.

Overseas

PBT from overseas grew \$0.5 million or 17.4 per cent.

Daniels's profit was \$0.9 million (or 39.0 per cent) lower despite a 14.0 per cent increase in sales. Higher sales (and higher profits) from prepared fruits and juice/drinks were not adequate to offset the reduced profit from lower soup sales which had the highest profit margins amongst Daniels' core product categories.

ICL's profit increased \$0.4 million on higher sales.

Farmhouse Fare contributed \$0.2 million in profits, which included a provisional charge of \$0.5 million for amortisation of intangibles relating to its acquisition.

Cresset registered a loss of \$2.6 million for 2Q 2007, compared with a loss \$1.1 million for 2Q 2006. The results included \$0.9 million restructuring costs of the ambient business which is being phased down. Results at the operating level were also poorer as labour reductions could not be brought down fast enough in line with the lower activity levels at the ambient operations.

Profits from Australian subsidiaries were higher by \$3.3 million for the quarter. 2Q 2007 results included a \$4.4 million restructuring grant received as compensation from the Great Barrier Reef Marine Park (“GBRMP”) Authority. A \$1.1 million impairment loss on fishing license was recognised, as well as \$0.1 million gain for disposal of another fishing vessel.

Loss from SSTFI was \$1.1 million for 2Q 2007, compared with a small loss for 2Q 2006. The higher losses were attributable to lower sales, and a \$0.5 million stock provision made during the quarter.

1H 2007 vs 1H 2006

PBT

S\$'000

	1H 2007	1H 2006	+ / (-)	+ / (-) %
Food Distribution	2,442	5,012	(2,570)	(51.3)
Food Preparation, Manufacturing & Processing	17,377	14,312	3,065	21.4
Abattoir & Hog Auction	3,472	1,127	2,345	208.1
	23,291	20,451	2,840	13.9
PBT %	6.8%	6.9%	(0.1%)	

PBT

S\$'000

	1H 2007	1H 2006	+ / (-)	+ / (-) %
Singapore	12,046	11,710	336	2.9
UK/Europe	9,136	8,436	700	8.3
Australia	3,645	979	2,666	272.3
China & Others	(1,536)	(674)*	(862)	N.M.
Total Overseas	11,245	8,741	2,504	28.6
Total	23,291	20,451	2,840	13.9

* 1H 2006 included \$648 thousand loss on voluntary winding up of a dormant subsidiary in Malaysia.

N.M.: Not Meaningful

PBT from Singapore was higher by \$0.3 million or 2.9 per cent due to the higher profitability from the Abattoir and Hog Auction operations. This was the result of higher pig supplies, as well as a \$3 per pig slaughter fee increase from 1 April 2007.

Profits from Food Catering were slightly higher than 1H 2006.

Food Distribution profit was \$2.6 million lower due to lower sales and lower margins.

Overseas

PBT from overseas grew \$2.5 million or 28.6 per cent.

Daniels's profit increased \$1.0 million (or 13.4 per cent) on higher sales. Margins were however lower, a combination of higher materials and packaging costs and higher proportion of sales from categories that had lower margins than soup.

ICL's profit increased \$1.2 million on higher sales.

Farmhouse Fare contributed \$0.9 million in profits, which included a provisional charge of \$1.0 million for amortisation of intangibles relating to its acquisition.

Cresset registered a loss of \$4.3 million for 1H 2007, compared with a loss \$1.9 million for 1H 2006. The rapid decline of the ambient business and the inability to scale down costs fast enough had a severe impact on the bottom-line during the half year. The results also included \$0.9 million restructuring costs for the ambient business.

Profits from Australian subsidiaries were higher \$2.7million for 1H 2007 as a result of the grant income received in 2Q 2007 as mentioned in paragraph 7.2.

Loss from SSTFI was \$1.5 million for 1H 2007, compared with a small loss for 1H 2006, the results being the consequence of the export ban on chicken products, weak domestic demand and \$0.7 million of stock provisions made for the half year.

7.3 Notes to the Consolidated Income Statement

7.3.1 Operating and Administrative expenses

<u>S\$'000</u>	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>Change %</u>	<u>1H 2007</u>	<u>1H 2006</u>	<u>Change %</u>
Marketing, selling & distribution expenses	12,491	10,298	21.3	24,297	21,694	12.0
Administrative expenses	15,858	12,892	23.0	31,806	25,807	23.2
Other operating expenses	5,941	5,194	14.4	11,874	10,339	14.8
Total Operating & Administrative expenses	34,290	28,384	20.8	67,977	57,840	17.5

<u>S\$'000</u>	<u>1H 2007 vs 1H 2006</u>
Due to higher exchange rates	2,031
Inclusion of expenses from Farmhouse Fare*	1,472
Restructuring costs for Cresset	883
Amortisation of Farmhouse Fare intangibles	1,000
Increase due to operational activities	4,751
Total Increase	10,137

* Acquired end of October 2006.

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

S\$'000	2Q 2007	2Q 2006	1H 2007	1H 2006
Exchange (loss)/gains, net	129	5	392	(170)
Gain on disposal of property, plant and equipment, net	134	(8)	184	23
Grants received	4,564	202	4,714	431
Bad debts recovered (trade)	15	15	22	27
Gain on disposal of intangible assets	0	23	0	384
Loss on liquidation of a subsidiary	0	0	0	(648)
Impairment loss on intangible assets	(1,112)	0	(1,112)	0
Others	539	477	834	896
	4,269	714	5,034	943

(b) Expenses

S\$'000	2Q 2007	2Q 2006	1H 2007	1H 2006
Depreciation	4,683	4,544	9,359	8,349
Amortisation of intangibles	500	0	1,000	0
Provision for doubtful debts	(45)	144	113	229
Bad debts written off	0	6	91	6
Provision for stock obsolescence	859	327	1,420	538
Equity compensation costs	192	164	384	369

7.3.3 Exceptional items

1H 2007 results included the following exceptional items which were all recorded in 2Q 2007:-

- \$4.4 million GBRMPA Restructure Grant received by our Australian subsidiary
- \$1.1 million impairment loss on fishing licence. The licences have been written down to its fair values less cost to sell.
- \$0.9 million restructuring costs in Cresset for the ambient business
- Exceptional stock provisions of \$0.5 million and \$0.7 million related mainly to the suspension of poultry imports to Singapore were recorded in 2Q 2007 and 1H 2007 by SSTFI respectively.

The net impact of the above increased PBT by \$1.9 million and \$1.7 million for 2Q 2007 and 1H 2007 respectively.

No exceptional items were included in the results for 2Q 2006. 1H 2006 included a \$0.6 million loss on liquidation of a dormant subsidiary in Malaysia which was reported in 1Q 2006.

7.3.4 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

The supply situation in Food Distribution has been resolved and supplies have reverted to normal.

Food Catering is expected to perform better in the second half of the year as the recent renewal of the UAE contract will increase sales.

Abattoir and Auction revenues will be assisted by the \$3 per pig slaughter fee increase for the full 2H2007. Barring a serious outbreak of pig diseases, the pig supply numbers is expected to stabilise at 1H 2007 numbers, which is an improvement over 2H 2006.

8.2 Overseas Operations

With the exception of Cresset, the UK/Europe businesses are expected to perform well in the second half year.

Cresset has been restructured. The objective is to have Cresset achieve break-even in cash terms by 4Q 2007. Production for a key ambient customer (with low margins) ceased at the end of 2Q 2007. Staff reductions have continued throughout 2Q 2007. A number of initiatives are being taken that should deliver overhead cost savings to improve the situation in Cresset. The key performance driver will be our ability to grow our CRM volumes ahead of a fast-growing segment.

SSTFI performance for 2H 2007 is expected to continue to be weak. Price increases have been effected in the domestic market at the end of 2Q2007, to help mitigate higher raw material costs and consolidation of manufacturing activities at one site should reduce overheads considerably. The import ban of chicken products from the Peoples' Republic of China is not expected to be lifted soon.

In Australia, the receipt of the GBRMPA grant has paved the way for exit from commercial fishing operations. We continue to review business options regarding the seafood processing business.

8.3 Overall Outlook for FY 2007

Overall, we expect better earnings for FY 2007.

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

1H 2007	Food			Others	Adjustments	Total
	Food Distribution	Food Preparation, Manufacturing and Processing	Abattoir and Hog Auction			
SS'000						
<u>Revenue</u>						
-External customers	61,832	259,192	10,391	0	0	331,415
-Inter-segment	9,023	9,212	673	0	(18,908)	0
Total revenue	70,855	268,404	11,064	0	(18,908)	331,415
Segment results	2,442	19,375	3,472	3,036	(3,036)	25,289
Interest Income	0	171	0	0	0	171
Interest Expense	0	(2,169)	0	0	0	(2,169)
	2,442	17,377	3,472	3,036	(3,036)	23,291
Share of results of jointly controlled entity						(3)
Profit before taxation						23,288
Taxation						(7,381)
Profit after taxation						15,907
Minority Interests						(1,821)
Profit after tax and minority interests						14,086
<u>Assets and Liabilities</u>						
Segment Assets	46,316	288,260	26,874	2,183	0	363,633
Unallocated Assets	0	600	0	358	0	958
Total Assets	46,316	288,860	26,874	2,541	0	364,591
Segment Liabilities	14,069	146,574	3,024	25,142	0	188,809
Unallocated Liabilities	2,161	12,798	1,268	0	0	16,227
Total Liabilities	16,230	159,372	4,292	25,142	0	205,036
Capital Expenditure	492	3,832	26	33	0	4,383

By Business Activity

1H 2006	Food					Total
	Distribution	Food Preparation, Manufacturing and Processing	Abattoir and Hog Auction	Others	Adjustments	
\$S'000						
Revenue						
-External customers	68,859	220,055	8,300	0	0	297,214
-Inter-segment	8,712	6,611	675	0	(15,998)	0
Total revenue	77,571	226,666	8,975	0	(15,998)	297,214
Segment results	5,012	15,743	1,127	6,108	(6,108)	21,882
Interest Income	0	287	0	0	0	287
Interest Expense	0	(1,718)	0	0	0	(1,718)
	5,012	14,312	1,127	6,108	(6,108)	20,451
Share of results of jointly controlled entity						(3)
Profit before taxation						20,448
Taxation						(5,960)
Profit after taxation						14,488
Minority Interests						(421)
Profit after tax and minority interests						14,067
Assets and Liabilities						
Segment Assets	42,823	241,255	28,315	12,780	0	325,173
Unallocated Assets	0	381	0	358	0	739
Total Assets	42,823	241,636	28,315	13,138	0	325,912
Segment Liabilities	13,863	111,177	3,151	33,815	0	162,006
Unallocated Liabilities	2,994	10,783	1,616	0	0	15,393
Total Liabilities	16,857	121,960	4,767	33,815	0	177,399
Capital Expenditure	78	3,835	78	30	0	4,021

By Geographical Region

\$S'000	Turnover		PBT		Assets		Capital Expenditure	
	1H 2007	1H 2006	1H 2007	1H 2006	1H 2007	1H 2006	1H 2007	1H 2006
Singapore	113,723	118,732	12,046	11,710	99,590	106,846	749	413
UK/Europe	199,805	162,235	9,136	8,436	239,843	194,235	3,354	3,455
Australia	14,257	11,699	3,645	979	16,464	13,871	280	86
China & Others	3,630	4,548	(1,536)	(674)*	7,736	10,221	0	67
Total Overseas	217,692	178,482	11,245	8,741	264,043	218,327	3,634	3,608
Total	331,415	297,214	23,291	20,451	363,633	325,173	4,383	4,021

%	Turnover		PBT	
	1H 2007	1H 2006	1H 2007	1H 2006
Singapore	34.3	39.9	51.7	57.3
Overseas	65.7	60.1	48.3	42.7
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

There were no 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 2Q 2007 and 2Q 2006.

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 not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRSs") for periods effective from 1 January 2007 are currently being assessed and expected to have no material impact on the Group results.

17. 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 First Half ended 30 June 2007 of the Group and the Company to be false or misleading.

By order of the Board

Ms Susan Kong Yim Pui

Company Secretary

19 July 2007