



**SINGAPORE FOOD INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**

SGX “APPENDIX 7.2” ANNOUNCEMENT

**UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2008**

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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

The Board of Directors announces the results of the Group for the 9 Months ended 30 September 2008. These figures have not been audited or reviewed.

<u>S\$000</u>	<u>3Q 2008</u>	<u>3Q 2007</u>	<u>% Change</u>	<u>9M 2008</u>	<u>9M 2007</u>	<u>% Change</u>
Revenue	158,068	161,984	(2.4)	500,732	493,399	1.5
Cost of sales	(122,626)	(122,232)	0.3	(377,419)	(365,472)	3.3
Gross profit	35,442	39,752	(10.8)	123,313	127,927	(3.6)
Gross Margin %	22.4%	24.5%	(2.1)	24.6%	25.9%	(1.3)
Other income (net)	397	543	(26.9)	5,103	5,030	1.5
Marketing, selling and distribution expense	(10,370)	(11,186)	(7.3)	(33,017)	(34,793)	(5.1)
Administrative expenses	(13,168)	(15,086)	(12.7)	(46,235)	(47,427)	(2.5)
Other operating expenses	(5,061)	(6,044)	(16.3)	(15,204)	(17,918)	(15.1)
Total Operating & Administrative expenses	(28,599)	(32,316)	(11.5)	(94,456)	(100,138)	(5.7)
Profit from operations	7,240	7,979	(9.3)	33,960	32,819	3.5
Finance income	530	654	(19.0)	2,330	1,387	68.0
Finance expense	(1,081)	(1,213)	(10.9)	(3,194)	(3,495)	(8.6)
Profit before jointly-controlled entity and tax	6,689	7,420	(9.9)	33,096	30,711	7.8
Share of results of jointly-controlled entity, net of tax	(1)	(2)	N.M.	(4)	(5)	N.M.
Profit before income tax	6,688	7,418	(9.8)	33,092	30,706	7.8
Income tax expense	(478)	(1,537)	(68.9)	(6,508)	(8,918)	(27.0)
Profit after taxation	6,210	5,881	5.6	26,584	21,788	22.0
Attributable to:						
Equity holders of the Company	5,778	5,508	4.9	24,022	19,594	22.6
Minority interests	432	373	15.8	2,562	2,194	16.8
Profit after taxation	6,210	5,881	5.6	26,584	21,788	22.0
Profit after tax as a percentage of Turnover	3.9%	3.6%		5.3%	4.4%	
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	3.9%	3.6%		16.4%	12.8%	
Earnings per share for profit attributable to the equity holders of the Company during the period						
Basic (cents)	1.1	1.1		4.7	3.8	
Diluted (cents)*	1.1	1.1		4.7	3.8	

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

Note

Amounts are expressed in Singapore dollars, unless stated otherwise.

N.M. : Not meaningful

2. Balance Sheets

S\$'000	Group		Company	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007
Non-current assets				
Property, plant & equipment	105,365	113,279	6,761	5,711
Intangible assets	67,049	69,558	-	-
Subsidiaries	-	-	103,173	105,042
Jointly controlled entity	271	276	50	50
Other investments	25	207	-	-
Other assets	107	107	107	107
Deferred tax assets	919	957	393	391
	173,736	184,384	110,484	111,301
Current assets				
Inventories	48,339	51,029	23,177	26,633
Trade and other receivables	103,779	118,698	28,529	41,534
Cash and bank balances	17,428	26,221	11,386	10,888
	169,546	195,948	63,092	79,055
Total assets	343,282	380,332	173,576	190,356
Equity attributable to equity holders of the Company				
Share capital	36,219	36,016	36,219	36,016
Reserves	110,100	118,288	37,630	51,836
	146,319	154,304	73,849	87,852
Minority interest	10,718	10,551	-	-
Total equity	157,037	164,855	73,849	87,852
Non-current liabilities				
Financial liabilities (See note 2.3)	18,183	24,632	-	-
Deferred tax liabilities	2,885	3,736	-	-
	21,068	28,368	-	-
Current liabilities				
Financial liabilities (See note 2.3)	56,785	45,310	29,600	24,100
Trade and other payables	99,342	127,294	68,320	73,455
Current tax payable	9,050	14,505	1,807	4,949
	165,177	187,109	99,727	102,504
Total liabilities	186,245	215,477	99,727	102,504
Total equity and liabilities	343,282	380,332	173,576	190,356

2.1 Notes to Balance Sheet

The Group balance sheet excluded that of Schulz Fisheries Pty Ltd ("Schulz") and SFI Industries Pty Ltd ("SFII") with the completion of the divestment of Schulz in July 2008 and the voluntary winding up of SFII in September 2008.

At the Company level, bank borrowings increased \$5.5 million following borrowings taken for the payment of FY 2007's final dividend of \$16.5 million and FY 2008's interim dividends of \$9.3 million in June 2008 and September 2008 respectively.

2.2 Net Asset Value Per Ordinary Share

	<u>Group</u>		<u>Company</u>	
	<u>30.9.2008</u>	<u>31.12.2007</u>	<u>30.9.2008</u>	<u>31.12.2007</u>
Net Asset Value Per Ordinary Share (Cents)	28.3	29.9	14.3	17.0

2.3. Financial Liabilities

<u>S\$'000</u>	<u>Group</u>	
	<u>30.9.2008</u>	<u>31.12.2007</u>
<u>Amount repayable within one year:</u>		
-Secured bank loans	15,112	12,654
-Unsecured bank loans	31,870	26,146
-Finance lease liabilities	316	468
-Secured bank overdrafts	6,887	3,442
-Provision for financial guarantee	2,600	2,600
	56,785	45,310
<u>Amount repayable after one year but within five years:</u>		
-Secured bank loans	17,619	23,723
-Finance lease liabilities	564	909
	18,183	24,632
Total	74,968	69,942

3. Consolidated Cash Flow Statement

SS'000	3Q 2008	3Q 2007	9M 2008	9M 2007
Profit before income tax	6,688	7,418	33,092	30,706
Adjustments for:				
Depreciation of property, plant and equipment	4,122	4,499	12,227	13,858
Amortisation of intangible assets	504	532	1,516	1,532
Interest expense	1,024	1,189	3,071	3,358
Interest income	(189)	(113)	(732)	(326)
Share of results of jointly-controlled entity	1	2	4	5
EBITDA	12,150	13,527	49,178	49,133
Gain on disposal of property, plant and equipment	6	(88)	(19)	(272)
Gain on disposal of intangible assets	-	-	(24)	-
Allowance for stock obsolescence	277	436	1,272	1,856
Allowance for doubtful receivables	57	24	123	137
Impairment loss on property, plant and equipment	-	-	331	-
Impairment loss on other asset	-	12	-	36
Impairment loss on intangible asset	439	-	439	1,112
Gain on disposal and liquidation of subsidiaries	(492)	-	(492)	-
Equity compensation costs	52	(248)	442	136
Operating profits before working capital changes	12,489	13,663	51,250	52,138
Changes in working capital:				
Inventories	(2,618)	(3,766)	(556)	(14,216)
Trade and other receivables	2,421	(1,049)	4,520	353
Trade and other payables	(6,665)	1,061	(11,886)	2,627
Cash generated from operations	5,627	9,909	43,328	40,902
Income taxes paid	(3,565)	(3,781)	(12,088)	(12,037)
Cash flows from operating activities	2,062	6,128	31,240	28,865
Investing Activities				
Purchase of property, plant and equipment	(6,335)	(1,777)	(11,265)	(6,160)
Additional payments for investment in an existing subsidiary	-	(1,131)	-	(1,131)
Disposal and liquidation of subsidiaries, net of cash disposed of	1,084	-	1,084	-
Interest received	189	113	732	326
Proceeds from disposal of intangible assets	-	-	106	-
Proceeds from disposal of property, plant and equipment	20	166	283	885
Cash flows from investing activities	(5,042)	(2,629)	(9,060)	(6,080)
Financing Activities				
Proceed from issuance of new shares	-	81	217	1,519
Proceeds from bank loans	5,825	(4,620)	10,997	16,231
Repayment of bank loans and finance lease obligations	(8,030)	(934)	(3,199)	(12,235)
Interest paid	(1,024)	(1,189)	(3,071)	(3,358)
Dividends paid	(9,293)	-	(35,101)	(25,559)
Cash flows from financing activities	(12,522)	(6,662)	(30,157)	(23,402)
Net increase/(decrease) in cash and cash equivalents	(15,502)	(3,163)	(7,977)	(617)
Cash and cash equivalents at beginning of the period	33,412	24,298	26,221	21,438
Effect of exchange rate changes on balances held in foreign currencies	(482)	(95)	(816)	219
Cash & cash equivalents at end of the period	17,428	21,040	17,428	21,040

3.1 Notes to Consolidated Cash Flow Statement

Operating cash flows for 9M 2008 was \$2.4 million higher than 9M 2007 as a result of lower working capital requirements during the period compared to 9M 2007. Capital expenditures totalled \$11.3 million (9M 2007: \$6.2 million), mainly for the UK operations.

During the nine month period, \$25.8 million were paid in respect of FY 2007's interim and final dividends of 1.8 cents per share and 3.2 cents per share respectively. In addition, another \$9.3 million were paid in respect of FY 2008 interim dividends of 1.8 cents per share. Whereas, during the nine month period in 2007, \$25.6 million were paid in respect of FY 2006's interim and final dividends of 1.8 cents per share and 3.2 cents per share respectively.

The disposal and liquidation of subsidiaries was shown in the statement as a single item. The individual assets and liabilities at the date of disposal/liquidation is set out below:-

	Disposal	Liquidation	Total
Property, plant and equipment	99	-	99
Intangible assets	1,615	-	1,615
Other assets	186	-	186
Inventories	143	-	143
Trade and other receivables	2,407	-	2,407
Cash	799	2,212	3,011
Trade and other payables	(125)	0	(125)
Net Assets disposed	5,124	2,212	7,336
Less: Minority Interest	(2,562)	-	(2,562)
	2,562	2,212	4,774
Gain on disposal/liquidation	435	57	492
Total consideration	2,997	2,269	5,266
Less: consideration in intangible assets	(1,171)	-	(1,171)
Cash received	1,826	2,269	4,095
Cash of subsidiary disposed	(799)	(2,212)	(3,011)
Net cash flow on disposal/liquidation	1,027	57	1,084

4. Statement of Changes in Equity

	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
The Group (S\$'000)												
At 1 July 2007	35,934	9,212	2,245	1,208	726	(654)	(409)	93,939	6,708	148,909	10,646	159,555
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	-	-	(665)	(665)	(64)	(729)
Net profit for the quarter	-	-	-	-	-	-	-	5,467	-	5,467	373	5,840
Total recognised income and expense for the quarter	-	-	-	-	-	-	-	5,467	(665)	4,802	309	5,111
Issue of shares under share options	80	-	-	-	-	-	-	-	-	80	-	80
Value of employee services received for issue of share option and performance shares	-	-	-	(9)	(197)	-	-	-	-	(206)	-	(206)
Fair value adjustment	-	-	-	-	68	-	(109)	41	-	-	-	0
At 30 September 2007	36,014	9,212	2,245	1,199	597	(654)	(518)	99,447	6,043	153,585	10,955	164,540

	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
The Group (S\$'000)												
At 1 July 2008	36,219	9,212	2,245	1,501	801	(654)	(518)	103,660	(1,533)	150,933	12,817	163,750
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	-	-	(1,149)	(1,149)	31	(1,118)
Net profit for the year	-	-	-	-	-	-	-	5,778	-	5,778	432	6,210
Total recognised income and expense for the quarter	-	-	-	-	-	-	-	5,778	(1,149)	4,629	463	5,092
Value of employee services received for issue of share option and performance shares	-	-	-	93	(43)	-	-	-	-	50	-	50
Disposal of subsidiary	-	-	-	-	-	-	-	(9,293)	-	(9,293)	(2,562)	(2,562)
Dividends	-	-	-	-	-	-	-	-	-	-	-	(9,293)
At 30 September 2008	36,219	9,212	2,245	1,594	758	(654)	(518)	100,145	(2,682)	146,319	10,718	157,037

4. Statement of Changes in Equity (Continued)

	Share capital	Employee share options reserve	Equity compensation reserve	Treasury shares*	Other reserve	Accumulated profits	Total equity
The Company (S\$'000)							
At 1 July 2007	35,934	1,208	726	(654)	(409)	55,861	92,666
Net profit for the quarter, representing income and expense for the quarter	-	-	-	-	-	3,188	3,188
Issue of shares under share options	80	-	-	-	-	-	80
Value of employee services received for issue of share options and performance shares	-	(9)	(197)	-	-	-	(206)
Fair value adjustment	-	-	68	-	(109)	41	-
At 30 September 2007	36,014	1,199	597	(654)	(518)	59,090	95,728

	Share capital	Employee share options reserve	Equity compensation reserve	Treasury shares*	Other reserve	Accumulated profits	Total equity
The Company (S\$'000)							
At 1 July 2008	36,219	1,501	801	(654)	(518)	37,331	74,680
Net profit for the quarter, representing income and expense for the quarter	-	-	-	-	-	8,412	8,412
Value of employee services received for issue of share options and performance shares	-	93	(43)	-	-	-	50
Dividends	-	-	0	-	-	(9,293)	(9,293)
At 30 September 2008	36,219	1,594	758	(654)	(518)	36,450	73,849

* The Company does not hold any treasury shares falling within the meaning prescribed in Section 76H of the Companies Act.

4.1 Changes in Company's Capital

As at 30 September 2008, there were unexercised options for 28,057,005 (31 December 2007: 25,490,755) ordinary shares under the SFI Share Option Plan.

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

S\$'000	9M 2008	9M 2007
Profit Before Taxation	33,092	30,706
Adjustments for:		
Increase/(Decrease) in allowance for doubtful debts	(18)	(218)
Increase/(Decrease) in allowance for stock obsolescence	(212)	(324)
Amortisation of intangible assets	1,516	1,532
Interest expense	3,071	3,358
Interest expense on non-capitalised leases	187	75
Adjusted Earnings Before Income Tax	37,636	35,129
Less Cash Operating Taxes	7,593	9,620
Net Operating Profit After Tax (NOPAT)	30,043	25,509
Average EVA Capital Employed	257,366	242,317
Weighted Average Cost of Capital	6.6%	6.9%
Capital Charge	12,740	12,540
Economic Value Added (EVA)	17,303	12,969
Return on EVA Capital (annualised)	15.6%	14.0%
EVA Spread (annualised)	9.0%	7.1%

5.1 Notes on EVA Statement

EVA for 9M 2008 at \$17.3 million was 33.4 per cent higher than 9M 2007 as a result of higher operating profits reported. Capital charge was slightly higher at \$12.7 million because of higher average EVA Capital as a result of higher revenue reserves and higher bank borrowings. Based on 9M 2008 results, the annualised return on EVA Capital is 15.6 per cent compared with 14.0 per cent for 9M 2007. This gives an annualised EVA Spread (Return on EVA Capital less WACC) of 9.0 per cent (9M 2007: 7.1 per cent).

6. Dividends

	3Q 2008	3Q 2007
Name of Dividend	NA	Interim
Dividend Type	NA	Cash
Dividend Per Share	NA	1.80 cents per ordinary share (Tax Exempt- 1-Tier)

(a) Commentary on interim dividend for FY 2008

Interim dividend in respect of FY 2008 of 1.80 cents per share was declared together with the announcement of 2Q 2008 results and paid on 26 September 2008. FY2007's interim dividends of an equivalent amount per share was declared together with the announcement of 3Q 2007 results and paid in January 2008.

7. Review of Performance of the Group

Summary by Geographical Regions

TURNOVER

S\$'000

	3Q 2008		3Q 2007		+ / (-)	
	3Q 2008	3Q 2007	3Q 2008	3Q 2007	%	%
Singapore	70,420	66,795	204,074	180,518	5.4	13.0
UK/Ireland	80,745	86,964	270,850	286,769	(7.2)	(5.6)
Others	6,903	8,225	25,808	26,112	(16.1)	(1.2)
Total Overseas	87,648	95,189	296,658	312,881	(7.9)	(5.2)
Group	158,068	161,984	500,732	493,399	(2.4)	1.5

PBT

S\$'000

	3Q 2008		3Q 2007		+ / (-)	
	3Q 2008	3Q 2007	3Q 2008	3Q 2007	%	%
Singapore	9,363	8,230	23,169	20,276	13.8	14.3
UK/Ireland	(2,520)	(572)	6,821	8,564	N.M.	(20.4)
Others	(154)	(238)	3,106	1,871	N.M.	66.0
Total Overseas	(2,674)	(810)	9,927	10,435	N.M.	(4.9)
Group	6,689	7,420	33,096	30,711	(9.9)	7.8
PBT %	4.2%	4.6%	6.6%	6.2%	(0.4%)	0.4%

N.M.: Not meaningful

7.1 Overview

Group 3Q 2008 sales and PBT compared to 3Q 2007 were affected by the weaker Sterling Pound. Using the same exchange rate as 3Q 2007, sales in 3Q 2008 would have been \$169.0 million showing a 4.3 per cent increase instead of registering a 2.4 per cent decline. PBT would have been \$6.8 million showing a smaller decrease of 8.5 per cent (instead of the reported 9.9 per cent decline).

9M 2008 Group turnover increased 1.5 per cent over 9M 2007 to \$500.7 million. Profit before tax ("PBT") increased 7.8 per cent to \$33.1 million. The Group results were affected by a 10.4 per cent weakening of the Sterling Pound against Singapore Dollars compared with 9M 2007. Using the same exchange rates as in 9M 2007, sales would have been \$530.8 million while profits would have been \$34.7 million, and would have registered growth of 7.6 per cent and 12.9 per cent respectively.

7.2 Singapore Operations

Singapore operations showed strong growth.

3Q 2008 sales grew 5.4 per cent over 3Q 2007 with higher turnover from Food Catering, Abattoir and Auction. Food Catering sales in 3Q 2008 were higher as a result of price adjustment relative to the same period last year. Abattoir and Hog Auction registered increased revenues due to higher pig numbers. As a result, 3Q 2008 PBT in Singapore grew 13.8 per cent to \$9.4 million.

For the nine months, sales grew 13.0 per cent compared with same period last year, with all three business sectors reporting higher turnover. Food Distribution reported sales growth of 11.6 per cent, revenue for Food Catering grew 13.6 per cent while revenue for Abattoir and Auction increased by 19.9 per cent. Despite food cost inflation, gross margins maintained at 22.0 per cent. PBT grew 14.3 per cent, driven by revenue growth.

7.3 UK/Ireland Operations

As stated in 7.5.4, UK sales are traditionally lower in the 2Q and 3Q and stronger in 1Q and 4Q. In this 3Q, results were affected by higher raw material costs, affecting margins.

The combined UK/Ireland sales for 3Q 2008 at \$80.7 million was 7.2 per cent lower than 3Q 2007. Removing the impact of the weaker Sterling Pound, sales would have been \$91.7 million and would have shown a 5.4 per cent increase. UK/Ireland reported a loss of \$2.5 million for 3Q 2008 versus a loss of \$0.6 million in 3Q 2007.

3Q 2008 UK sales grew 5.7 per cent in Sterling Pound terms. PBT was however £0.7 million lower due to higher raw material costs. The sales growth came primarily from ICL which registered an increase of 18.8 per cent to £9.9 million for the quarter. Daniels sales at £17.2 million for 3Q2008 were comparable to 3Q 2007 but margins were lower. Farmhouse Fare sales were down 13.7 per cent and at lower margins. Higher overhead expenses were also incurred throughout 3Q 2008 for the launch of new products with a key customer at the end of 3Q. Cresset reported a loss of \$1.6 million versus 3Q 2007 of \$1.8 million.

In Sterling Pound terms, the UK operations reported 5.3 per cent growth in turnover for the nine months period. The weaker Sterling Pound had a negative impact of \$30.1 million on translated sales from the UK, while PBT was negatively impacted by \$1.6 million. Cresset reported YTD loss of \$5.2 million, \$0.9 million lower than previous nine months period (which included \$0.9 million restructuring costs). PBT from UK/Ireland at \$6.8 million was consequently 20.4 per cent lower. Removing the impact of foreign exchange, PBT from UK/Ireland was down \$0.1 million or 1.9 per cent for the nine months period due to lower margins from ICL and Farmhouse Fare.

7.4 Other Overseas Operations

Revenues for Australia for 3Q 2008 PBT was \$5.9 million (\$0.5 million lower). PBT at \$0.2 million was comparable with 3Q 2007. 3Q 2008 results included a \$0.1 million grant from the Department of Agriculture, Fisheries and Forestry, \$0.4 million gain on disposal of a subsidiary and \$0.4 million impairment loss on intangibles. SSTFI registered turnover of \$1.0 million for 3Q 2008, which was 44.1 per cent lower than 3Q 2007. Operating loss at \$0.4 million for the quarter was comparable to 3Q 2007.

Turnover from China and Australia was slightly down at \$25.8 million for the nine months. 9M 2008 PBT was \$3.1 million compared with \$1.9 million in 9M 2007. The Australian subsidiaries reported PBT of \$4.2 million which included S\$4.3 million (A\$3.4 million) grant from the Australian government, \$0.4 million gain on disposal of a subsidiary and a \$0.7 million impairment loss. Whereas, 9M 2007 PBT included a S\$4.4 million grant and a S\$1.1 million impairment loss. Shanghai STFI ("SSTFI") registered losses of \$1.1 million versus 2007's loss of \$2.0 million.

7.5 Notes to the Consolidated Income Statement

7.5.1 Operating and Administrative expenses

<u>\$S'000</u>	<u>3Q 2008</u>	<u>3Q 2007</u>	<u>Change %</u>	<u>9M 2008</u>	<u>9M 2007</u>	<u>Change %</u>
Marketing, selling & distribution expenses	10,370	11,186	(7.3)	33,017	34,793	(5.1)
Administrative expenses	13,168	15,086	(12.7)	46,235	47,427	(2.5)
Other operating expenses	5,061	6,044	(16.3)	15,204	17,918	(15.1)
Total Operating & Administrative expenses	28,599	32,316	(11.5)	94,456	100,138	(5.7)

3Q 2008 vs 3Q 2007

Total Operating and Administrative expenses at \$28.6 million were \$3.7 million lower than 3Q 2007, resulting from a weaker Sterling Pound when translating the expenses of the UK subsidiaries. If the Pound were the same as in 2007, total expenses would have been \$31.0million, 4.0 per cent lower than 3Q 2007.

9M 2008 vs 9M 2007

Total Operating and Administrative expenses at \$94.5 million were \$5.7 million lower than 9M 2007, benefiting from a weaker Sterling Pound when translating the expenses of the UK subsidiaries. If the Pound were the same as in 2007, total expenses would have been \$100.9 million, comparable to 9M 2007.

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

S\$'000	3Q 2008	3Q 2007	9M 2008	9M 2007
(Loss)/Gain on disposal of property, plant and equipment	(6)	88	19	272
Grants received	160	128	4,661	4,842
Gain on disposal of intangible assets	-	-	24	-
Impairment loss on intangible assets	(439)	-	(439)	(1,112)
Impairment loss on property, plant and equipment	-	-	(331)	-
Impairment loss on other assets	-	(12)	0	(36)
Gain on disposal/liquidation of subsidiaries	492	-	492	-
Miscellaneous income	190	339	677	1,064
	397	543	5,103	5,030

(b) Expenses

S\$'000	3Q 2008	3Q 2007	9M 2008	9M 2007
Bad debts written off	(4)	82	70	195
Bad debts recovered	(11)	(28)	(19)	(50)
Depreciation of property, plant and equipment	4,122	4,499	12,227	13,858
Amortisation of intangible assets	504	532	1,516	1,532
Provision for stock obsolescence	277	436	1,272	1,856

(c) Finance Income/(expense)

S\$'000	3Q 2008	3Q 2007	9M 2008	9M 2007
<u>Finance Income</u>				
Interest income from banks	189	113	732	326
Net exchange gain	283	13	1,610	405
Fair value gains/(losses) on forward exchange contracts	58	528	(12)	656
	530	654	2,330	1,387
<u>Finance expense</u>				
Interest expenses:				
- bank loans and overdrafts	1,015	1,174	3,041	3,308
- finance leases	9	15	30	50
Impairment loss on trade receivables	57	24	123	137
	1,081	1,213	3,194	3,495

7.5.3 Income Tax Expense

9M2008 results included \$2.7 million tax write back relating to prior years on those tax years finalised, of which \$1.0 million was written back in 3Q 2008.

7.5.4 Seasonal Operations

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

8 Outlook for 2008

8.1 Singapore Operations

Food Distribution has reported growth in sales and profit for the first 9 months of the year. We expect trading conditions to be considerably less favourable in the coming months. Food Catering remains stable with price adjustment for cost increases having been secured in August 2008. Improved operating efficiencies are expected for the rest of the year.

Singapore performance in 2008 is expected to be better than 2007.

8.2 Overseas Operations

Overall, sales for all core categories in Sterling Pound grew in UK over the nine month period, except for Farmhouse Fare. Daniels (soup) is expected to continue to grow in the coming winter months while Farmhouse Fare's acquisition of a major new customer is expected to contribute growth in the fourth quarter and into next year. ICL is also expected to deliver sales growth in the fourth quarter but at reduced margins as raw material costs continue to be difficult. At Cresset, management has entered into consultations with the workforce, to discuss the future of the business.

In Sterling Pound terms, the UK operations are expected to deliver revenue growth over 2007.

8.3 Overall Outlook for FY 2008

Although we expect FY2008 earnings to be better than FY2007 at the Group level, continued deterioration in economic conditions and the outcome of Cresset consultations may adversely affect earnings for the full year.

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.