

DANIELS CHILLED FOODS LIMITED

Report and Financial Statements

Year ended 31 December 2006

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DANIELS CHILLED FOODS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of Directors' responsibilities	4
Report of the independent auditors	5
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

DANIELS CHILLED FOODS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Roger Yeo
Robert Burnett
Ang Lee Nah
William Connolly
Terence G Stannard

SECRETARY

J S Hudson

REGISTERED OFFICE

Unit 4
Acorn Business Park
Killingbeck Drive
LEEDS
LS14 6UF

BANKERS

Barclays Bank Plc
London Corporate Banking
PO Box 544
54 Lombard Street
London
EC3V 9EX

SOLICITORS

S J Berwin & Co
222 Grays Inn Road
London
WC1X 8HB

AUDITORS

KPMG LLP
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

DANIELS CHILLED FOODS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2006

ACTIVITIES

The company's principal activities are the sale of chilled fresh soup, freshly squeezed juices, cut fruit, fresh salads and sandwich fillings

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 26 October 2006, Daniels Chilled Foods Limited acquired 100% of the share capital of Farmhouse Fare Limited, a leading UK manufacturer of fresh, chilled desserts and puddings

The business continued to show strong growth over the course of the year. This growth was driven by increased sales of New Covent Garden soups, together with increased sales of fresh cut fruit, and increased juice sales via both retail and foodservice distribution channels

The All Fresh business continued to struggle over the course of the year, and this is expected to continue into 2007

The Directors believe that the business is in a strong financial position, having generated good growth over the course of the year whilst maintaining a strong balance sheet. The Directors also believe that the business is well placed to take advantage of future opportunities, and are optimistic about future performance prospects

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks facing the business include raw material costs, which have increased over the past year due to poor harvests of key materials across the world. The Directors are addressing this risk by way of a review of the supplier base of the business in order to ensure continuous supply of key ingredients at the best prices. The business also needs to ensure it continues to offer a high standard of account management to its customer base, and will do so via building upon cross-functional relationships

DIVIDEND AND TRANSFER TO RESERVES

The Company made a profit after taxation for the year of £4,222,000 (2005 £3,313,000) and paid dividends of £2,000,000 (2005 £2,018,000). The profit of £2,222,000 (2005 £1,295,000) has been transferred to reserves. The directors do not recommend the payment of a final dividend

DIRECTORS AND THEIR INTERESTS

The names of the Directors of the Company who served during the year are shown below. No directors hold any interest in the immediate parent company

Peter Tay Buan Huat (resigned 28 September 2006)

Roger Yeo (appointed 28 September 2006)

Robert Burnett

Ang Lee Nah

William Connolly

Terence G Stannard

CREDITOR PAYMENT POLICY

It is the Company's normal practice to agree payment terms with its suppliers. Payment is made when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. At 31 December 2006 the amount owed to trade creditors payable within one year represented 60 days calculated in proportion to the amounts charged during the year to that date (2005 75 days)

DANIELS CHILLED FOODS LIMITED

DIRECTORS' REPORT

EMPLOYEES

The S Daniels group encourages its operating companies to provide information to its employees on a regular basis. This information includes the Company's performance, its prospects in the market it serves and the future outlook of the business. Group newsletters are issued twice a year to all employees. Employees are encouraged to participate in the group's performance through the Savings Related Share Option Scheme.

The S Daniels group recognises the special needs of disabled people and supports a policy of equal opportunities for all employees. Help is given to all personnel, both able and disabled, in job training and career development. Promotions for all employees are made on the basis of an individual's suitability and aptitude. Wherever possible the Company will continue to employ anyone who becomes disabled whilst in its employment.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this director's report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution to reappoint KPMG LLP at the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R Burnett
Director

DANIELS CHILLED FOODS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of Daniels Chilled Foods Ltd.

We have audited the financial statements of Daniels Chilled Foods Ltd for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Daniels Chilled Foods Ltd
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Director's Report is consistent with the financial statements

KPMG LLP
KPMG LLP

Chartered Accountants

Registered Auditor

30 October 2007

DANIELS CHILLED FOODS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2006

	Note	2006 £000	2005 £000
TURNOVER	2	79,074	65,340
Cost of sales		(56,111)	(45,157)
GROSS PROFIT		<u>22,963</u>	<u>20,183</u>
Distribution costs		(12,150)	(11,665)
Administrative expenses		(4,355)	(3,492)
		<u>(16,505)</u>	<u>(15,157)</u>
OPERATING PROFIT	4	6,458	5,026
Interest payable and similar charges	5	(389)	(375)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,069	4 651
Tax on profit on ordinary activities	6	(1,847)	(1,338)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>4,222</u>	<u>3,313</u>

All activities derive from continuing operations

There is no material difference between the above and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the period is not given.

DANIELS CHILLED FOODS LIMITED

BALANCE SHEET 31 December 2006

	Note	2006 £000	2005 Restated £000
FIXED ASSETS			
Tangible assets	8	18,388	19,894
Investments	9	9,539	1
		<u>27,927</u>	<u>19,895</u>
CURRENT ASSETS			
Stocks	10	2,864	2,612
Debtors	11	11,846	11,686
Cash at bank		2,944	25
		<u>17,654</u>	<u>14,323</u>
CREDITORS: amounts falling due within one year	12	<u>(26,878)</u>	<u>(23,000)</u>
NET CURRENT LIABILITIES		<u>(9,224)</u>	<u>(8,677)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,703	11,218
CREDITORS: amounts falling due after more than one year	13	(8,397)	(3,119)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(453)</u>	<u>(490)</u>
		<u>9,853</u>	<u>7,609</u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Capital contribution reserve		48	26
Profit and loss account		9,804	7,582
EQUITY SHAREHOLDERS' FUNDS	18	<u>9,853</u>	<u>7,609</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



R Burnett

Director

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time. The effects of these new standards are noted below

- FRS 20 has resulted in a cost of £22,000 for 2006 as disclosed in note 20. The details of the share option plans can be found in note 20
- FRS 21 'Events after the balance sheet date'. The adoption of FRS 21 had no effect on the company's profit or net assets,
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'. The adoption of the presentational requirements of FRS 25 had no effect on the company's profit and net assets, and
- FRS 28 'Corresponding amounts'. The adoption of FRS 28 had no material effect on the company's profit or net assets as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention

Group accounts

Group accounts have not been prepared because the Company is a wholly owned subsidiary of S Daniels plc which itself prepares group accounts

Cash flow statement

The Directors have taken advantage of the exemption contained in Financial Reporting Standard No 1 from preparing a cash flow statement on the grounds that the Company is a wholly owned subsidiary of S Daniels plc which itself prepares a consolidated cash flow statement incorporating the Company

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows

Freehold property	2% per annum
Leasehold property	Over life of lease
Plant and machinery	10-33% per annum
Motor vehicles	25% per annum
Computer equipment	20-33% per annum
Fixtures, fittings, tools and equipment	10-15% per annum

Investments

Investments are stated at cost less provision for any impairment in value

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs

Deferred taxation

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

The Group has adopted Financial Reporting Standard 19 "Deferred Tax". Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from revaluations of fixed assets where there is no binding contract to dispose of those assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to profit and loss account in equal annual amounts over the lease term.

Pensions

The Company makes contributions to the S Daniels plc Group Personal Pension Scheme or an individual's personal pension plan for certain employees on a defined contribution basis. Pension costs are charged to the profit and loss account on the basis of contributions payable.

Share based payments

The share option programme allows employees to acquire shares of the immediate parent company, Singapore Food Industries. The fair value of employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in capital and reserves. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, for options granted with non-market vesting conditions, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to capital and reserves.

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit is attributable to the manufacture and marketing of chilled fresh soup, freshly squeezed fruit juices, fresh salads and sandwich fillings.

	2006 £000	2005 £000
Sales and analyses		
United Kingdom	77,555	63,893
Europe	1,519	1,447
	<u>79,074</u>	<u>65,340</u>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £000	2005 £000
Directors' emoluments		
Remuneration	301	223
Equity settled share based payments	6	-
Other emoluments	10	10
Pension contributions	21	18
	<u>338</u>	<u>251</u>
Highest paid Director.		
Remuneration of the highest paid Director	281	233
Equity settled share based payments	6	-
Contributions to defined contribution pension schemes	21	18
	<u>308</u>	<u>251</u>
	2006	2005
	No	No
The number of directors who exercised share options during the year was	-	-
The number of directors for whom contributions were made to a defined contribution pension scheme was	-	-
Average number of persons employed (including directors)		
Directors and managers	92	91
Production and distribution	578	500
Administration	102	98
	<u>772</u>	<u>689</u>
	£000	£000
Staff costs during the year (including Directors)		
Wages and salaries	16,022	13,793
Social security costs	1,434	1,329
Pension and other costs	117	103
	<u>17,573</u>	<u>15,225</u>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

4. OPERATING PROFIT

	2006 £000	2005 £000
Operating profit is after charging:		
Depreciation		
Owned assets	2,856	2,654
Leased assets	-	-
Rentals under operating leases		
Land and buildings	574	576
Hire of plant and machinery	947	721
Loss on disposal of other tangible fixed assets	8	-
Auditors' remuneration		
Audit	45	44
Other services	24	20
	<u> </u>	<u> </u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £000	2005 £000
Bank loans, overdrafts, and other loans payable within five years	389	372
Other interest	-	3
	<u> </u>	<u> </u>
	389	375
	<u> </u>	<u> </u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £000	2005 £000
<i>Current Tax</i>		
United Kingdom corporation tax based on the profit for the year 30% (2005 30%)	1,884	1,274
Adjustments in respect of prior periods	-	(150)
	<u> </u>	<u> </u>
<i>Total Current Tax</i>	1,884	1,124
<i>Deferred Tax</i>		
Accelerated capital allowances	(13)	226
Short term timing differences	(11)	(12)
Adjustment in respect of prior years	(13)	-
	<u> </u>	<u> </u>
<i>Total Deferred Tax</i>	(37)	214
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>1,847</u>	<u>1,338</u>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

6. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

The current tax charge for the year is higher *(2005 lower)* than the standard rate of corporation tax in the UK of 30% *(2005 30%)*. The differences are explained below

	2006 £000	2005 £000
Profit on ordinary activities before tax	6,069	4,651
United Kingdom corporation tax at 30% <i>(2005 30%)</i> based on the profit for the year	1,821	1,395
Expenses not deductible for tax purposes	39	33
Capital allowance in excess of depreciation	13	(170)
Other short term timing differences	11	16
Adjustment in respect of prior years	-	(150)
	1,884	1,124

7. DIVIDENDS

	2006 £000	2005 £000
First interim dividend paid £8.97 per share <i>(2005 £9.13 per share)</i>	1,000	1,018
Second interim dividend paid £8.97 per share <i>(2005 £8.97 per share)</i>	1,000	1,000
	2,000	2,018

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

8 TANGIBLE FIXED ASSETS

	Freehold property £000	Leasehold property £000	Plant and Machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 January 2006	7,974	2,423	25,514	1,377	410	37,698
Additions	-	-	1,267	101	-	1,368
Disposals	-	-	(18)	-	-	(18)
At 31 December 2006	7,974	2,423	26,763	1,478	410	39,048
Accumulated depreciation						
At 1 January 2006	526	398	15,447	1,034	399	17,804
Charge for the year	189	142	2,329	189	7	2,856
Eliminated on disposals	-	-	-	-	-	-
At 31 December 2006	715	540	17,776	1,223	406	20,660
Net book value						
At 31 December 2006	7,259	1,883	8,987	255	4	18,388
At 31 December 2005	7,448	2,025	10,067	343	11	19,894

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

9. FIXED ASSET INVESTMENTS

		£'000
Shares in group undertakings at cost	<i>Note</i>	
At 1 January 2006		1
Acquisition of Farmhouse Fare Limited	9a	9,538
		<hr/>
At 31 December 2006		9,539
		<hr/>

The Company owns 100% of the ordinary share capital of the following companies all of which are registered in England and Wales

Johnsons Fresh Products Limited	Dormant
Kent Seal Foods Limited	Dormant
Sun-Ripe Limited	Dormant
Juice Limited	Dormant (indirectly held)
Johnson's Freshly Squeezed Juice Limited	Dormant (indirectly held)
The New Covent Garden Soup Company Limited	Dormant
All Square Foods Limited	Dormant
Get Fresh Limited	Dormant
Farmhouse Fare Limited	Trading
Bilash Foods Limited	Dormant

9a On 26 October 2006 Daniels Chilled Foods Limited acquired the entire share capital of Farmhouse Fare Limited. The acquisition has been accounted for by the acquisition method of accounting. Farmhouse Fare Limited prepares its financial statements to 31 March each year.

	Book Value	Fair Value Adjustment	Value at Acquisition
	£000	£000	£000
Net assets acquired			
Fixed assets	1,165	-	1,165
Stock	728	-	728
Debtors	1,077	-	1,077
Cash	288	-	288
Creditors	(2,053)	-	(2,053)
			<hr/>
Net Assets	1,205	-	1,205
Goodwill			8,333
			<hr/>
Consideration			9,538
Satisfied by			
Cash consideration			7,759
Deferred consideration			1,779
			<hr/>
			9,538
			<hr/>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

10 STOCKS

	2006 £000	2005 £000
Raw materials and consumables	2,203	1,982
Finished goods and goods for resale	661	630
	<u>2,864</u>	<u>2,612</u>

11. DEBTORS

	2006 £000	2005 £000
Trade debtors	9,932	8,627
Amounts owed by group undertakings	668	1,276
Amounts owed by subsidiary undertakings	61	-
Other debtors	473	1,027
Prepayments and accrued income	712	756
	<u>11,846</u>	<u>11,686</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £000	2005 £000
Bank loans and overdrafts	2,242	720
Trade creditors	9,442	8,720
Amounts owed to subsidiary undertakings	4,164	4,164
Amounts owed to group undertakings	143	-
Amounts owed to parent company	5,045	6,359
Corporation tax	939	796
Other creditors including taxation and social security	183	452
Accruals and deferred income	4,720	1,789
	<u>26,878</u>	<u>23,000</u>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £000	2005 £000
Bank loan repayable after 12 months	<u>8,397</u>	<u>3,119</u>

14. BANK LOANS AND OVERDRAFTS

	2006 £'000	2005 £'000
Bank loan	<u>10,639</u>	<u>3,839</u>
In one year or less or on demand	2,242	720
In more than one year but not more than two years	2,258	736
In more than two years but not more than five years	5,815	2,022
In more than five years	324	361
	<u>10,639</u>	<u>3,839</u>

Interest rates on the bank loans are at fixed and variable rates. All loans are secured by a fixed charge over the assets of the Company and its subsidiaries.

15. PROVISION FOR LIABILITIES AND CHARGES

	£000
Deferred taxation	
Liability at 1 January 2006	490
Credit to profit and loss account	(37)
Liability at 31 December 2006	<u>453</u>

	Provided		Unprovided	
	2006 £000	2005 £000	2006 £000	2005 £000
Accelerated capital allowances	544	570	-	-
Short term timing differences	(91)	(80)	-	-
	<u>453</u>	<u>490</u>	<u>-</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised 120,000 Ordinary shares of 1p each	<u>1,200</u>	<u>1,200</u>
Called up, allotted and fully paid 111,520 Ordinary shares of 1p each	<u>1,115</u>	<u>1,115</u>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

17 PRIOR YEAR ADJUSTMENT

The adoption of FRS20 'Share-based payments' has required share based payments to be accounted for. The prior year results have been restated as follows

Consolidated balance sheet

	Profit and loss account	Capital contribution reserve
	£'000	£'000
31 December 2005 as previously reported	7,608	-
Adoption of FRS 20	(26)	26
	<u>7,582</u>	<u>26</u>
31 December 2005 restated	7,582	26

18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £000	2005 £000
Opening shareholders' funds	7,609	6,314
Profit for the financial year	4,222	3,313
Equity settled share based payments	22	-
Dividends	(2,000)	(2,018)
	<u>9,853</u>	<u>7,609</u>
Closing shareholders' funds	<u>9,853</u>	<u>7,609</u>

19 FINANCIAL COMMITMENTS

	2006 £000	2005 £000
Capital commitments		
Contracted for but not provided	<u>11</u>	<u>45</u>

Operating lease commitments

	2006		2005	
	Property £000	Other £000	Property £000	Other £000
Leases which expire				
Within one year	-	68	-	31
Within two to five years	167	686	160	552
More than five years	364	4	361	52
	<u>531</u>	<u>758</u>	<u>521</u>	<u>635</u>

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

20 EMPLOYEE SHARE SCHEMES

The Singapore Food Industries Share Option Plan (the "Option Plan") was approved and adopted by the members of Singapore Food Industries on 28 October 1999

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares

a) The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price of the options granted at the time of the grant. However, to date no options have been granted at a discount to market price

b) The options granted expire after 10 years from the date of the grant

The number and weighted average exercise prices of share options are as follows

	Weighted average exercise price 2006 £	Number of options	Weighted average exercise price 2005 £	Number of options 2005
Outstanding at the beginning of the period	0.30	1,525,000	0.26	698,000
Granted during the period	0.31	1,043,000	0.33	935,000
Forfeited during the period	0.31	(63,000)	0.31	(28,000)
Exercised during the period	-	-	0.26	(80,000)
Outstanding at the end of the period	0.31	2,505,000	0.30	1,525,000

No share options were exercised during the year (2005: 80,000)

The options outstanding at the year end have an exercise price in the range of £0.27 and £0.33 and a weighted average contractual life of 9 years

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Hull-White Model

The value of share options and the assumptions used are as follows for the current and comparative year

	10 August 2006	13 June 2005	10 June 2004	4 August 2003
Fair value at grant date	£0.02	£0.03	£0.02	£0.03
Share price	£0.31	£0.33	£0.27	£0.26
Exercise price	£0.31	£0.33	£0.27	£0.26
Expected volatility	16.71%	16.41%	16.68%	24.84%
Expected dividends	7.11%	5.74%	6.51%	6.11%

DANIELS CHILLED FOODS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

20 EMPLOYEE SHARE SCHEMES *(continued)*

The total expenses recognised for the period arising from share based payments are as follows

	2006 £'000	2005 As restated £'000
Equity settled share based payments	22	17
Capital contribution reserve as at 31 December	48	26

The expected volatility is based on the historical volatility (calculated based on 36 months closing share price returns prior to grant date)

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the grant date fair value measurement of the services rendered.

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 – Related Party Transactions, not to report transactions with investee companies in the S Daniels plc group, as these are eliminated in the consolidated financial statements of S Daniels plc.

22 ULTIMATE PARENT COMPANY

The immediate parent company is S Daniels plc, a company registered in England & Wales, which is the smallest group into which the Company is consolidated. Copies of its financial statements are available from 4 Acorn Business Park, Killingbeck Drive, Leeds, LS14 6UF.

The ultimate parent company is Temasec Holdings (Private) Ltd, a company registered in Singapore.