

40	Directors' Report
52	Report of the Auditors
54	Balance Sheets
55	Profit and Loss Accounts
56	Statement of Changes in Equity
58	Statement of Cash Flows
60	Notes to the Financial Statements
95	Supplementary Information
96	Value Added Statement
97	Statistics of Shareholders

Directors' Report

For the year ended 31 December 2002

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2002.

Directors

The directors in office at the date of this report are as follows:-

George Huang Chang Yi
Peter Tay Buan Huat
Philip Tan Yuen Fah
Patrick Yeoh Khwai Hoh
Roger Yeo Kok Tong
Chow Kok Kee
John Lim Kok Min (Appointed on 8 January 2003)

Principal Activities

The principal activities of the Company during the financial year have been those relating to food distribution, food preparation, manufacturing and processing.

The principal activities of the subsidiaries are set out in note 5 to the financial statements.

There have been no significant changes in the activities of the Group or of the Company during the financial year.

Acquisitions and Disposals of Subsidiaries

During the financial year, the Company made a General Offer to acquire the remaining 70.1% interest in the equity of its 29.9% held associate, S Daniels Plc ("Daniels"). The General Offer was executed successfully and the Company acquired an additional 67.6% of Daniels for a purchase consideration of \$45.2 million. Together with the initial 29.9% held, the Company's interest in Daniels increased to 97.5% and Daniels became a subsidiary of the Group. The Company's share of the net assets of Daniels acquired amounted to \$24.667 million. The Company has initiated a compulsory acquisition of the remaining shares of Daniels.

Except as disclosed, there were no acquisitions or disposals of subsidiaries during the financial year.

Financial Results

Results of the Group and of the Company for the financial year were as follows:-

	Group \$'000	Company \$'000
Profit after taxation	30,525	41,998
Minority interests	(627)	-
Profit attributable to members of the Group	29,898	41,998
Accumulated profits brought forward, as previously reported	47,143	31,672
Effect of adopting SAS 12 (Revised)	1,926	1,724
Accumulated profits brought forward, as restated	49,069	33,396
Profit available for appropriation	78,967	75,394
Appropriations:-		
Final dividend paid - 2.5 cents per share less tax at 24.5% in respect of year 2001	9,447	9,447
Special dividend paid - 2 cents per share less tax at 24.5% in respect of year 2001	7,557	7,557
	17,004	17,004
Accumulated profits carried forward	61,963	58,390

Directors' Report (cont'd)

For the year ended 31 December 2002

Transfers to or from Reserves and Provisions

During the financial year, net exchange gains of \$1,890,000 arising from the translation of net assets of foreign subsidiaries were transferred to the Foreign Currency Translation Reserve of the Group.

Except as disclosed above, there were no material transfers to or from reserves during the financial year. Material movements in provisions are as set out in the accompanying financial statements.

Issues of Shares or Debentures

During the financial year, the Company issued a total of 1,024,250 ordinary shares of \$0.05 each fully paid at prices ranging from \$0.55 to \$0.78 per share for cash upon the exercise of options granted under the Company's share option plan.

Except as disclosed, neither the Company nor its subsidiaries issued any shares or debentures during the financial year.

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares, share options and share-based incentives in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:-

	Holdings in the name of the director, spouse or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company		
Ordinary Shares of \$0.05 each fully paid		
Wong Kok Siew (resigned on 8 January 2003)	80,000	80,000
George Huang Chang Yi	40,000	40,000
Peter Tay Buan Huat	350,000	380,000
Philip Tan Yuen Fah	20,000	20,000
Options to subscribe for Ordinary Shares of \$0.05 each		
Wong Kok Siew		
- Exercisable at \$0.55 per share between 24/08/2001 to 23/08/2005	200,000	200,000
- Exercisable at \$0.78 per share between 30/10/2001 to 29/10/2009	100,000	100,000
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2006	120,000	120,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2007	-	120,000
George Huang Chang Yi		
- Exercisable at \$0.55 per share between 24/08/2001 to 23/08/2005	70,000	70,000
- Exercisable at \$0.78 per share between 29/10/2001 to 28/10/2004	20,000	20,000
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2006	50,000	50,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2007	-	50,000
Peter Tay Buan Huat		
- Exercisable at \$0.55 per share between 24/08/2001 to 23/08/2010	1,000,000	1,000,000
- Exercisable at \$0.78 per share between 30/10/2001 to 29/10/2009	700,000	700,000
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2011	750,000	750,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2012	-	750,000
Philip Tan Yuen Fah		
- Exercisable at \$0.55 per share between 24/08/2001 to 23/08/2005	100,000	100,000
- Exercisable at \$0.78 per share between 29/10/2001 to 28/10/2004	20,000	20,000
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2006	70,000	70,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2007	-	70,000

Directors' Report (cont'd)

For the year ended 31 December 2002

Directors' Interests (cont'd)

Holdings in the name of the director, spouse or infant children

	<u>At beginning of the year/ date of appointment</u>	<u>At end of the year</u>
--	--	-------------------------------

The Company

Options to subscribe for Ordinary Shares of \$0.05 each

Patrick Yeoh Khwai Hoh		
- Exercisable at \$0.55 per share between 24/08/2001 to 23/08/2005	50,000	50,000
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2006	30,000	30,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2007	-	30,000
Roger Yeo Kok Tong		
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2006	30,000	30,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2007	-	30,000
Chow Kok Kee		
- Exercisable at \$0.69 per share between 28/07/2002 to 27/07/2006	30,000	30,000
- Exercisable at \$0.78 per share between 09/08/2003 to 08/08/2007	-	50,000

Conditional awards of Performance Shares

Peter Tay Buan Huat		
- 380,000 shares to be delivered after 2003 (note 1a)	up to 760,000	up to 760,000
- 380,000 shares to be delivered after 2004 (note 1b)	-	up to 760,000

Related Corporations

CapitaLand Limited

Ordinary Shares of \$1.00 each fully paid

George Huang Chang Yi	2,500	2,500
Peter Tay Buan Huat	17,000	17,000

CapitaMall Trust Management Limited

Unit holding in CapitaMall Trust

Wong Kok Siew	NA	10,000
Peter Tay Buan Huat	NA	10,000
Patrick Yeoh Khwai Hoh	NA	500,000

Chartered Semiconductor Manufacturing Ltd

Ordinary Shares of \$0.26 each fully paid

Peter Tay Buan Huat	5,193	5,193
---------------------	-------	-------

Embrace Ltd

Ordinary Shares of \$0.01 each fully paid

(held in trust by Overseas Union Bank Trustees Ltd)

Roger Yeo Kok Tong	-	500,000
--------------------	---	---------

Pacific Internet Ltd

Options to subscribe for Ordinary Shares of \$2 each

Wong Kok Siew		
- Exercisable at US\$32.48 per share between 10/11/2000 to 09/11/2004	8,000	8,000
- Exercisable at US\$25.60 per share between 25/04/2001 to 24/04/2005	6,000	6,000
- Exercisable at US\$3.60 per share between 10/01/2002 to 09/01/2006	6,000	6,000

Directors' Report (cont'd)

For the year ended 31 December 2002

Directors' Interests (cont'd)

	Holdings in the name of the director, spouse or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations		
Raffles Holdings Limited		
Ordinary Shares of \$0.50 each fully paid		
Wong Kok Siew	10,000	10,000
Patrick Yeoh Khwai Hoh	150,000	150,000
SembCorp Industries Ltd		
Ordinary Shares of \$0.25 each fully paid		
Wong Kok Siew	236,446	636,446
George Huang Chang Yi	1,475	1,475
Peter Tay Buan Huat	37,720	37,720
Options to subscribe for Ordinary Shares of \$0.25 each		
Wong Kok Siew		
- Exercisable at \$2.26 per share between 20/05/2001 to 19/05/2009	500,000	500,000
- Exercisable at \$1.99 per share between 27/06/2001 to 26/06/2010	500,000	500,000
- Exercisable at \$1.55 per share between 20/04/2002 to 19/04/2011	500,000	500,000
- Exercisable at \$1.59 per share between 08/05/2003 to 07/05/2012	-	400,000
- Exercisable at \$0.98 per share between 18/10/2003 to 17/10/2012	-	400,000
Peter Tay Buan Huat		
- Exercisable at \$1.294 per share between 22/04/2000 to 20/04/2003	115,689	115,689
- Exercisable at \$2.26 per share between 20/05/2001 to 19/05/2009	175,000	175,000
- Exercisable at \$1.99 per share between 27/06/2001 to 26/06/2010	25,000	25,000
- Exercisable at \$1.55 per share between 20/04/2002 to 19/04/2011	25,000	25,000
- Exercisable at \$1.59 per share between 08/05/2003 to 07/05/2012	-	12,500
- Exercisable at \$0.98 per share between 18/10/2003 to 17/10/2012	-	12,500
Conditional awards of Performance Shares		
Wong Kok Siew		
- 280,000 performance shares to be delivered after 2002 (note 1c)	up to 560,000	up to 560,000
- 300,000 performance shares to be delivered after 2003 (note 1a)	up to 600,000	up to 600,000
- 400,000 performance shares to be delivered after 2004 (note 1b)	-	up to 800,000
Conditional awards of Restricted Shares		
Wong Kok Siew		
- 800,000 restricted shares vested equally from 2002 to 2006 (note 2)	-	800,000
SembCorp Logistics Ltd		
Options to subscribe for Ordinary Shares of \$0.25 each		
Wong Kok Siew		
- Exercisable at \$2.50375 per share between 29/06/2001 to 28/06/2005	80,000	80,000
- Exercisable at \$1.8375 per share between 16/05/2002 to 15/05/2006	120,000	120,000
- Exercisable at \$2.01 per share between 28/02/2003 to 27/02/2007	-	120,000
SembCorp Marine Ltd		
Ordinary Shares of \$0.10 each fully paid		
Wong Kok Siew	-	75,000

Directors' Report (cont'd)

For the year ended 31 December 2002

Directors' Interests (cont'd)

Holdings in the name of the director, spouse or infant children

<u>At beginning of the year/ date of appointment</u>	<u>At end of the year</u>
--	-------------------------------

Related Corporations

SembCorp Marine Ltd

Options to subscribe for Ordinary Shares of \$0.10 each

Wong Kok Siew		
- Exercisable at \$0.70 per share between 8/09/2001 to 7/09/2005	300,000	225,000
- Exercisable at \$0.66 per share between 28/09/2002 to 27/09/2006	250,000	250,000
- Exercisable at \$0.90 per share between 08/11/2003 to 07/11/2007	-	250,000

Singapore Technologies Engineering Ltd

Ordinary Shares of \$0.10 each fully paid

Wong Kok Siew	5,137	5,137
George Huang Chang Yi	18,022	18,022
Philip Tan Yuen Fah	25,686	25,686
Patrick Yeoh Khwai Hoh	5,000	5,000

Options to subscribe for Ordinary Shares of \$0.10 each

Philip Tan Yuen Fah		
- Exercisable at \$2.72 per share between 20/02/2002 to 19/02/2006	95,000	95,000
- Exercisable at \$2.29 per share between 08/02/2003 to 07/02/2007	-	55,000

Singapore Airlines Limited

Ordinary Shares of \$0.50 each fully paid

George Huang Chang Yi	2,000	2,000
Patrick Yeoh Khwai Hoh	5,000	5,000

Singapore Telecommunications Limited

Ordinary Shares of \$0.15 each fully paid

Wong Kok Siew	3,110	3,420
Peter Tay Buan Huat	3,640	3,760
Philip Tan Yuen Fah	3,510	3,620
Patrick Yeoh Khwai Hoh	3,380	3,480
Roger Yeo Kok Tong	1,430	1,430
Chow Kok Kee	3,240	3,360
Heng Swee Keat (resigned on 8 January 2003)	2,870	2,870

ST Assembly Test Services Ltd

Ordinary Shares of \$0.25 each fully paid

Wong Kok Siew	2,000	2,000
Peter Tay Buan Huat	6,000	6,000

STT Communications Ltd

Options to subscribe for Ordinary Shares of \$0.50 each

Peter Tay Buan Huat		
- Exercisable at \$0.50 per share between 24/11/2002 to 23/11/2011	5,000	5,000

The Ascott Group Limited

Ordinary Shares of \$0.20 each fully paid

Philip Tan Yuen Fah	35,181	35,181
---------------------	--------	--------

Directors' Report (cont'd)

For the year ended 31 December 2002

Directors' Interests (cont'd)

	Holdings in the name of the director, spouse or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations		
The Ascott Group Limited		
Options to subscribe for Ordinary Shares of \$0.20 each		
Peter Tay Buan Huat		
- Exercisable at \$0.37 per share between 20/12/2001 to 19/12/2010	9,000	9,000
- Exercisable at \$0.32 per share between 29/06/2002 to 28/06/2011	8,000	8,000
Vertex Technology Fund (II) Ltd		
Ordinary Shares of US\$1.00 each fully paid (held in trust by Ballas Nominees (Private) Limited)		
Peter Tay Buan Huat	50	50
Redeemable Preference Shares of US\$0.01 each fully paid (held in trust by Ballas Nominees (Private) Limited)		
Peter Tay Buan Huat	50	50
Vertex Venture Holdings Ltd (note 3)		
Ordinary Shares of \$0.20 each fully paid		
Wong Kok Siew	2,635	-
Peter Tay Buan Huat	1,150	-
Roger Yeo Kok Tong	4,950	-

Note 1 : The actual number delivered will depend on the achievement of set targets over a 3 year period as indicated below. Achievement of targets below 80% level will mean no performance shares will be delivered, while achievement up to 200% will mean up to twice the number of conditional performance shares awarded could be delivered.

- (a) Period from 2001 to 2003
- (b) Period from 2002 to 2004
- (c) Period from 2000 to 2002

Note 2 : 800,000 SembCorp Industries Shares are comprised in conditional awards of restricted stocks granted to Wong Kok Siew pursuant to the SembCorp Industries Restricted Stock Plan subject to completion of the vesting periods referred to below and Wong Kok Siew continuing to be in the employment of the SembCorp Industries Group at the time of the vesting. Of the 800,000 SembCorp Industries Shares:

- (i) 200,000 SembCorp Industries Shares will vest on August 20, 2003;
- (ii) 200,000 SembCorp Industries Shares will vest on August 20, 2004;
- (iii) 200,000 SembCorp Industries Shares will vest on August 20, 2005; and
- (iv) 200,000 SembCorp Industries Shares will vest on August 20, 2006.

If Wong Kok Siew ceases to be in the employment of the SembCorp Industries Group before the completion of each vesting date, his awards of all unvested SembCorp Industries Shares will lapse with immediate effect and become null and void but he will be entitled to retain all SembCorp Industries Shares which have vested on or before the date of his cessation of employment.

Note 3 : On 20 September 2002, The Development Bank of Singapore Ltd announced, for and on behalf of Ellensburg Holding Pte. Ltd. ("Offeror"), a wholly owned subsidiary of Singapore Technologies Pte Ltd that the Offeror intends to make a voluntary conditional cash offer ("Offer") for all the issued ordinary shares of \$0.20 each ("Shares") in the capital of Vertex Venture Holdings Ltd ("VVH"). The Offer became unconditional in all respects on 23 October 2002 and closed at 3.30 p.m. on 22 November 2002. On 9 December 2002, the Offeror exercised its right of compulsory acquisition to acquire the Shares of the VVH shareholders who had not accepted the Offer or had failed or refused to accept the Offer by 3.30 p.m. on 22 November 2002. VVH was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 12 December 2002.

Directors' Report (cont'd)

For the year ended 31 December 2002

Directors' Interests (cont'd)

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

There was no change in any of the abovementioned interests in the Company between the end of the financial year and 21 January 2003.

Except as disclosed under the "Share Options" and "Share-Based Incentives" sections of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Dividends

Since the end of the last financial year, the Company has paid a net final dividend of \$9,447,000 and a net special dividend of \$7,557,000 in respect of the previous year as proposed in the directors' report of that year, adjusted for share options exercised under the Company's share option plan.

No dividend has been paid in respect of the year under review and the directors now propose the payment of a net final dividend of \$11,724,000 and a net special dividend of \$7,816,000.

Bad and Doubtful Debts

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

Current Assets

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ensure that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the consolidated financial statements misleading.

Charges and Contingent Liabilities

Since the end of the financial year:-

- (i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and
- (ii) no contingent liability of the Group or of the Company has arisen.

Ability to Meet Obligations

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

Directors' Report (cont'd)

For the year ended 31 December 2002

Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group or of the Company misleading.

Unusual Items

Except as disclosed in note 25 to the financial statements, in the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Share Options

(a) Singapore Food Industries Share Option Plan ("Option Plan")

The Option Plan was approved and adopted at the Company's Extraordinary General Meeting held on 28 October 1999. Details of the Option Plan were set out in the Directors' Report for the year ended 31 December 1999.

The Option Plan is administered by the Executive Resource and Compensation Committee ("ERCC") which comprises the following members:-

George Huang Chang Yi
Philip Tan Yuen Fah
Chow Kok Kee
Kuan Kwee Jee

(b) Options Granted

During the financial year, the following options were granted under the Plan:-

Option Category	No. of Holders	Exercise Period	Exercise Price (per share)	No of Shares Under Option
Group executives (including 1 group executive director)	1,277	09/08/03 - 08/08/12	\$0.78	5,898,000
Non-executive directors	8	09/08/03 - 08/08/07	\$0.78	400,000
	1,285			6,298,000

(c) Issue of Shares Under Option

During the financial year, the Company issued a total of 1,024,250 ordinary shares of \$0.05 each fully paid at exercise prices ranging from \$0.55 to \$0.78 per share for cash upon the exercise of options granted under the Option Plan.

Directors' Report (cont'd)

For the year ended 31 December 2002

Share Options (cont'd)

(d) Unissued Shares Under Option

At the end of the financial year, unissued shares of the Company under Option were as follows:-

Option Granted	No. of Holders	Exercise Period	Exercise Price (per share)	Aggregate Options Outstanding
1999 options	6	29/10/01 - 28/10/04	\$0.78	215,000
	116	30/10/01 - 29/10/09	\$0.78	2,686,000
2000 options	6	24/08/01 - 23/08/05	\$0.55	580,000
	487	24/08/01 - 23/08/10	\$0.55	4,320,000
2001 options	8	28/07/02 - 27/07/06	\$0.69	420,000
	789	28/07/02 - 27/07/11	\$0.69	4,851,750
2002 options	8	09/08/03 - 08/08/07	\$0.78	400,000
	844	09/08/03 - 08/08/12	\$0.78	4,881,000
				18,353,750

The details of options granted and exercised during the year were as follows:-

Option Participants	Options Granted [1]	Aggregate Options Granted [2]	Aggregate Options Cancelled/ Not Accepted [3]	Aggregate Options Exercised [4]	Aggregate Options Outstanding [5]
Directors of the Company					
- Wong Kok Siew (resigned on 8 January 2003)	120,000	540,000	-	-	540,000
- George Huang Chang Yi	50,000	190,000	-	-	190,000
- Peter Tay Buan Huat	750,000	3,200,000	-	-	3,200,000
- Philip Tan Yuen Fah	70,000	260,000	-	-	260,000
- Patrick Yeoh Khwai Hoh	30,000	110,000	-	-	110,000
- Roger Yeo Kok Tong	30,000	60,000	-	-	60,000
- Chow Kok Kee	50,000	80,000	-	-	80,000
Directors of subsidiaries	50,000	475,000	-	-	475,000
Other executives					
- Group	5,148,000	17,476,000	3,528,750	781,000	13,166,250
- Parent Group	-	578,000	48,000	257,500	272,500
	6,298,000	22,969,000	3,576,750	1,038,500	18,353,750

[1] Options granted during the financial year under review.

[2] Aggregate options granted since commencement of the Plan to the end of financial year under review.

[3] Aggregate options not accepted since commencement of the Plan to end of financial year under review.

[4] Aggregate options exercised since commencement of the Plan to end of financial year under review.

[5] Aggregate options outstanding as at end of financial year under review.

Directors' Report (cont'd)

For the year ended 31 December 2002

Share Options (cont'd)

(d) Unissued Shares Under Option (cont'd)

Since the commencement of the Option Plan, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Option Plan has been granted 5% or more of the total options available under the Option Plan.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

(e) Financial Effect of Options Granted

The fair value of each option granted at the date of grant is estimated using the Black-Scholes Option Pricing Model based on the assumptions set out below:-

Options Granted	Exercise Price	Fair Value of Option	Dividend Yield	Risk-Free Interest	Volatility	Expected Life
1999 options	\$0.78	\$0.108	5.13%	4.60%	25.9%	2.5 years
2000 options	\$0.55	\$0.041	8.18%	4.53%	21.5%	2.5 years
2001 options	\$0.69	\$0.112	6.52%	3.58%	34.5%	2.5 years
2002 options	\$0.78	\$0.101	5.77%	3.52%	26.5%	2.5 years

The Company has not recognised compensation expense for the share options granted under the Option Plan. Had the Company accounted for the fair value of the options and amortised it over the vesting period, the effect on the financial statements would not be significant.

Share - Based Incentives

(a) Performance Share Plan

The Singapore Food Industries Performance Share Plan (the "Performance Plan") was approved at the Company's Extraordinary General Meeting held on 30 March 2001. The Performance Plan was established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for the Company. The Performance Plan is administered by the ERCC. Details of the Performance Plan were set out in the Directors' Report for the year ended 31 December 2001.

During the financial year, conditional awards aggregating up to a maximum of 1,910,000 performance shares were granted to six key executives of the Company for the performance qualifying period of 2002 to 2004 depending on the achievement level (note 18). The key executives include Peter Tay Buan Huat, an executive director of the Board, who was conditionally awarded up to 760,000 performance shares.

At the end of the financial year, unissued shares of the Company under conditional awards granted under the Performance Plan were as follows :-

Award Granted	No. of Holders	Performance Period	Maximum Aggregate Awards
2001 awards	4	2001 to 2003	up to 1,640,000
2002 awards	6	2002 to 2004	up to 1,910,000
			<hr/> up to 3,550,000
Granted to :			
Executive director - Peter Tay Buan Huat			up to 1,520,000
Other executives			up to 2,030,000
			<hr/> up to 3,550,000

The maximum aggregate award of performance shares, aggregated with the share options under the Option Plan total up to 22,942,250 shares under option/awards and is within the 15% limit allowed under the SFI Share Option Plan and the SFI Performance and Restricted Share Plans.

Directors' Report (cont'd)

For the year ended 31 December 2002

Share - Based Incentives (cont'd)

(b) Restricted Stock Plan

The Singapore Food Industries Restricted Stock Plan (the "Restricted Plan") was approved at the Company's Extraordinary General Meeting held on 30 March 2001. The Restricted Plan is administered by the ERCC. Details of the Restricted Plan were set out in the Directors' Report for the year ended 31 December 2001.

No awards have been granted under the Restricted Stock Plan since its inception.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Philip Tan Yuen Fah	(Chairman, Non-executive director)
George Huang Chang Yi	(Non-executive director, resigned on 28 January 2003)
Heng Swee Keat	(Non-executive director, resigned on 8 January 2003)
Patrick Yeoh Khwai Hoh	(Non-executive director)
John Lim Kok Min	(Non-executive director, appointed on 28 January 2003)

The Audit Committee performs the functions specified by section 201B of the Companies Act, and the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The Audit Committee held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:-

- Assistance provided by the Company's officers to the internal and external auditors;
- Financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Interested party transactions (as defined in Chapter 9A of the Listing Manual of the Singapore Exchange).

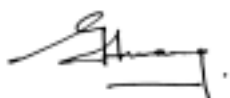
The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



George Huang Chang Yi
Director



Peter Tay Buan Huat
Director

Singapore
28 January 2003

Statement By Directors

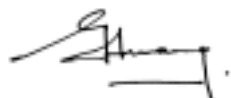
For the year ended 31 December 2002

We, being directors of Singapore Food Industries Limited, do hereby state that in our opinion:-

- (a) the financial statements set out on pages 54 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2002 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



George Huang Chang Yi

Director



Peter Tay Buan Huat

Director

Singapore
28 January 2003

Report of the Auditors to the Members of Singapore Food Industries Limited

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2002 as set out on pages 54 to 94. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-
- (i) the state of affairs of the Group and of the Company as at 31 December 2002 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements of the Group. The names of these subsidiaries are disclosed in note 5 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of subsidiaries incorporated in the Republic of Singapore, did not include any comment made under Section 207(3) of the Act.

In accordance with the requirements of the Public Accountants Board (Amendment) Rules 2002, we report below the economic interests held by employees and partners of KPMG Singapore who were not directly involved in the audit of the Company, its subsidiaries and associates for the financial year ended 31 December 2002 :

	At 1 January 2002	At 31 December 2002	Gross Aggregate Transactions
The Company			
Ordinary Shares of \$0.05 each fully paid	9,000	10,000	1,000
Former Holding Company SembCorp Industries Ltd			
Ordinary Shares of \$0.25 each fully paid	1,000	*	-

* SembCorp Industries Ltd ceased to be the immediate holding company as at 31 December 2002.

Report of the Auditors to the Members of Singapore Food Industries Limited (cont'd)

The requirements relating to the disclosure of economic interests were announced on 1 October 2002 to apply to all interests and transactions for the financial year commencing on 1 January 2002. As certain staff members and partners, who were with KPMG Singapore on 1 October 2002, were no longer with the firm when the arrangements were put in place for the collation of such information, the information disclosed does not include balances relating to employees and partners who have left KPMG Singapore during the financial year.



KPMG

Certified Public Accountants

Singapore
28 January 2003

Balance Sheets

As at 31 December 2002

	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Non-Current Assets					
Property, plant and equipment	3	100,080	68,838	10,549	12,290
Intangible assets	4	51,447	17,724	-	-
Subsidiaries	5	-	-	107,537	35,717
Associates	6	-	15,254	-	29,609
Jointly controlled entity	7	77	42	50	50
Other financial assets	8	410	383	243	279
Deferred tax assets	9	690	722	210	405
Current Assets					
Inventories	10	26,963	24,006	12,304	16,944
Trade and other receivables	11	73,033	59,454	33,417	45,599
Cash and bank balances		34,165	14,005	27,963	5,601
		134,161	97,465	73,684	68,144
Less:					
Current Liabilities					
Bank overdrafts	15	6,428	621	-	-
Trade and other payables	16	92,122	68,430	53,226	69,454
Current portion of interest bearing bank loans and borrowings	17	56,811	17,833	44,743	7,000
Provision for taxation		13,758	13,551	9,654	10,636
		169,119	100,435	107,623	87,090
Net Current Liabilities		(34,958)	(2,970)	(33,939)	(18,946)
		117,746	99,993	84,650	59,404
Less:					
Non-Current Liabilities					
Interest-bearing bank loans and borrowings	17	4,792	2,839	-	-
Employee benefits	18	600	1,000	600	1,000
Deferred tax liabilities	9	2,072	639	-	-
		7,464	4,478	600	1,000
Minority Interests		(9,604)	(10,273)	-	-
Net Assets		100,678	85,242	84,050	58,404
Capital and Reserves					
Share capital	19	25,052	25,001	25,052	25,001
Reserves	20	75,626	60,241	58,998	33,403
Share Capital and Reserves		100,678	85,242	84,050	58,404

The accompanying notes form an integral part of these financial statements.

Profit And Loss Accounts

For the year ended 31 December 2002

	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue	21	392,289	373,928	229,307	252,072
Cost of sales		(293,901)	(282,071)	(183,696)	(200,562)
Gross profit		98,388	91,857	45,611	51,510
Other operating income		1,593	952	853	1,020
Warehousing, selling and distribution expenses		(22,213)	(19,897)	(15,374)	(16,136)
Administrative and other operating expenses		(38,100)	(34,091)	(6,779)	(10,029)
Total operating expenses		(60,313)	(53,988)	(22,153)	(26,165)
Profit from operations		39,668	38,821	24,311	26,365
Non-operating income, net		2,227	1,480	30,658	7,374
Finance costs		(1,401)	(1,006)	(509)	(94)
Share of results of associates		(264)	(86)	-	-
Amortisation of goodwill on acquisition of associates		(472)	(354)	-	-
Share of results of associates, net		(736)	(440)	-	-
Share of results of jointly controlled entity		45	28	-	-
Profit from ordinary activities before taxation	22	39,803	38,883	54,460	33,645
Taxation	23	(9,278)	(10,401)	(12,462)	(9,169)
Profit from ordinary activities after taxation		30,525	28,482	41,998	24,476
Minority interests		(627)	(828)	-	-
Net profit for the year		29,898	27,654	41,998	24,476
Earnings per Share	24				
Basic		6.0 cents	5.5 cents		
Fully diluted		5.9 cents	5.5 cents		

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2002

	Share Capital \$'000	Share Premium \$'000	Merger Reserve \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Total Capital and Reserves \$'000
Group						
2001						
At 1 January 2001, as previously reported	25,000	9,212	2,245	36,963	(653)	72,767
Effect of adopting SAS 12 (note 25b)	-	-	-	1,440	-	1,440
At 1 January 2001, as restated	25,000	9,212	2,245	38,403	(653)	74,207
Net profit for the year	-	-	-	27,654	-	27,654
Issue of shares	1	7	-	-	-	8
Dividends paid (note 26)	-	-	-	(16,988)	-	(16,988)
Exchange differences on translation of net assets of foreign subsidiaries	-	-	-	-	361	361
At 31 December 2001	25,001	9,219	2,245	49,069	(292)	85,242
2002						
At 1 January 2002, as previously reported	25,001	9,219	2,245	47,143	(292)	83,316
Effect of adopting SAS 12 (note 25b)	-	-	-	1,926	-	1,926
At 1 January 2002, as restated	25,001	9,219	2,245	49,069	(292)	85,242
Net profit for the year	-	-	-	29,898	-	29,898
Issue of shares	51	601	-	-	-	652
Dividends paid (note 26)	-	-	-	(17,004)	-	(17,004)
Exchange differences on translation of net assets of foreign subsidiaries	-	-	-	-	1,890	1,890
At 31 December 2002	25,052	9,820	2,245	61,963	1,598	100,678

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity (cont'd)

For the year ended 31 December 2002

	Share Capital \$'000	Share Premium \$'000	Merger Reserve \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Total Capital and Reserves \$'000
Company						
2001						
At 1 January 2001, as previously reported	25,000	-	-	24,816	-	49,816
Effect of adopting SAS 12 (note 25b)	-	-	-	1,092	-	1,092
At 1 January 2001, as restated	25,000	-	-	25,908	-	50,908
Net profit for the year	-	-	-	24,476	-	24,476
Issue of shares	1	7	-	-	-	8
Dividends paid (note 26)	-	-	-	(16,988)	-	(16,988)
At 31 December 2001	25,001	7	-	33,396	-	58,404
2002						
At 1 January 2002, as previously reported	25,001	7	-	31,672	-	56,680
Effect of adopting SAS 12 (note 25b)	-	-	-	1,724	-	1,724
At 1 January 2002, as restated	25,001	7	-	33,396	-	58,404
Net profit for the year	-	-	-	41,998	-	41,998
Issue of shares	51	601	-	-	-	652
Dividends paid (note 26)	-	-	-	(17,004)	-	(17,004)
At 31 December 2002	25,052	608	-	58,390	-	84,050

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2002

	Group	
	2002 \$'000	2001 \$'000
Operating Activities		
Profit from ordinary activities before taxation	39,803	38,883
Adjustments for:-		
Amortisation of goodwill	893	354
Loss on disposal of fishing licences	4	19
Impairment loss on club memberships	22	250
Share of losses of associates	264	86
Share of profits of jointly controlled entity	(45)	(28)
Gain on disposal of property, plant and equipment	(384)	(321)
Gain on disposal of interest in associate	(802)	-
Compensation cost of performance share plan	800	1,000
Depreciation of property, plant and equipment	10,112	9,000
Interest income	(552)	(694)
Interest expenses	1,401	1,006
Operating profit before working capital changes	51,516	49,555
Changes in working capital:-		
Inventories	2,084	(692)
Trade and other receivables	16,929	(14,744)
Trade and other payables	(702)	9,536
Cash generated from operations	69,827	43,655
Income taxes paid	(9,263)	(7,930)
Cash flows from operating activities	60,564	35,725
Investing Activities		
Acquisition of subsidiary, net of cash acquired	(54,254)	-
Acquisition of property, plant and equipment	(12,491)	(9,205)
Acquisition of unquoted equity investment	-	(4)
Acquisition of fishing licences	(260)	(1,376)
Acquisition of interest in associate	-	(29,609)
Acquisition of additional interest in jointly controlled entity	-	(50)
Interest received	552	694
Proceeds from disposal of property, plant and equipment	477	931
Proceeds from disposal of fishing licences	-	244
Proceeds from disposal of interest in associate	4,071	-
Payment to performance share trust fund	(1,200)	-
Cash flows from investing activities	(63,105)	(38,375)
Balance carried forward	(2,541)	(2,650)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows (cont'd)

For the year ended 31 December 2002

	Group	
	2002 \$'000	2001 \$'000
Balance brought forward	(2,541)	(2,650)
Financing Activities		
Issue of new shares	652	8
Repayment of finance lease obligations	(984)	(929)
Proceeds from bank loans	42,777	12,120
Interest paid	(1,401)	(1,006)
Dividends paid	(17,004)	(16,988)
Dividends paid to minority shareholder of a subsidiary	(1,250)	(288)
Cash flows from financing activities	22,790	(7,083)
Net increase/(decrease) in cash and cash equivalents	20,249	(9,733)
Cash and cash equivalents at beginning of the year	13,997	23,940
Effect of exchange rate changes on balances in foreign currencies	(81)	(210)
Cash and cash equivalents at end of the year	34,165	13,997
Comprising :		
Cash and bank balances	34,165	14,005
Bank overdraft (unsecured)	-	(8)
	34,165	13,997

Notes to Statement of Cash Flows :

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$14,482,000 (2001 : \$9,649,000) of which \$1,991,000 (2001: \$444,000) was acquired under finance leases.

The acquisition of subsidiary is shown in the statement as a single item. The individual assets and liabilities at the date of acquisition is set out below:-

	\$'000
Property, plant and equipment	26,399
Intangible assets	12,077
Inventories	5,041
Trade and other receivables	30,508
Trade and other payables	(24,394)
Borrowings	(2,962)
Overdraft	(7,299)
Provision for taxation	(1,593)
Net assets acquired	37,777
Previously accounted as an associate	(13,110)
Goodwill on acquisition	22,288
Cash paid	46,955
Overdraft of subsidiary acquired	7,299
Net cash flow on acquisition	54,254

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2002

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 28 January 2003.

1. Domicile and Activities

Singapore Food Industries Limited (the "Company") is incorporated in the Republic of Singapore with its registered office at 234 Pandan Loop, Singapore 128422.

The principal activities of the Company are those relating to food distribution, food preparation, manufacturing and processing. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

The consolidated financial statements for the year ended 31 December 2002 relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in associates and jointly controlled entity.

The immediate and intermediate holding company as at 31 December 2002 is Ambrosia Investment Pte Ltd and Singapore Technologies Pte Ltd respectively. The ultimate holding company is Temasek Holdings (Private) Limited. All the companies are incorporated in the Republic of Singapore.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard ("SAS") including related Interpretations promulgated by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

The financial statements, which are expressed in Singapore dollars unless stated to be expressed in Singapore dollars thousands, are prepared on the historical cost basis.

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

The business combinations which meet the criteria for merger accounting under Section 69B of the Act and Statement of Accounting Standard No. 22, "Business Combinations" are accounted for under the pooling of interests method. Under this method of accounting, the combined assets, liabilities and reserves are recorded at their existing carrying amounts (after having made adjustments as is necessary to ensure that a uniform set of accounting policies is adopted) following the business combination. The difference between the nominal value of the share capital issued and the nominal value of shares received is taken to the merger deficit/reserve. The consolidated financial statements include the results of operations and the assets and liabilities of the pooled enterprises as if they had been part of the group for the whole of the current and preceding periods.

The acquisition of other subsidiaries is accounted for under the purchase method and included in the consolidated financial statements from the date that control commences until the date that control ceases. Goodwill, which represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is accounted for in accordance with note 2(d).

Notes to the Financial Statements (cont'd)

31 December 2002

2. Summary of Significant Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

(ii) Associates and Jointly Controlled Entities

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement.

Investments in associates and jointly controlled entities are stated in the Company's balance sheet at cost less impairment losses. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly controlled entities on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds the carrying amount of the associate or jointly controlled entity, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or jointly controlled entity.

(iii) Transactions Eliminated on Consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Disposals

On disposal of a subsidiary, associate or jointly controlled entity, any attributable amount of purchase goodwill not previously amortised through the profit and loss account or which had previously been dealt with as movement in Group reserves is included in the calculation of the profit and loss on disposal.

(c) Property, Plant and Equipment

(i) Owned Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on the straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows: -

Freehold buildings	-	30 to 50 years
Leasehold land and buildings	-	Over period of lease not exceeding 30 years
Coldroom buildings	-	Over period of lease not exceeding 30 years
Plant and machinery, operating equipment	-	5 years
Other fixed assets	-	1 to 5 years

No depreciation is provided on freehold land and assets under construction.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(ii) Leased Assets

Lease in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Capitalised lease assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Notes to the Financial Statements (cont'd)

31 December 2002

2. Summary of Significant Accounting Policies (cont'd)

(d) *Intangible Assets*

(i) *Goodwill*

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised from the date of initial recognition over its estimated useful life of 20 years.

(ii) *Transferable Licences*

Fishing licences are stated at cost less accumulated amortisation and impairment losses. Prior to 1 January 2002, fishing licences, which are considered to have an indefinite life, was stated at cost. The change in accounting policy does not have a material financial impact on the Group. Amortisation is from the date of initial recognition over the estimated useful life of 20 years.

(e) *Financial Assets*

Equity held for the long-term are stated at cost less allowance for diminution in value which, in the opinion of the directors, are other than temporary.

Profit or losses on disposal of financial assets are determined as the difference between the net disposal proceeds and the carrying amount of the financial assets and are accounted for in the profit and loss account as they arise.

(f) *Inventories*

Inventories, which comprise inventories of food products and raw materials, are stated at the lower of cost, determined on a weighted average basis, and net realisable value. In arriving at net realisable value, due allowance is made for all obsolete and slow moving inventories.

(g) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management. Secured bank overdrafts are excluded as they are used by the Group for its financing activities.

(h) *Impairment*

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

(i) *Liabilities and Interest-Bearing Borrowings*

Trade and other payables and interest-bearing borrowings are recognised at cost.

(j) *Employee Benefits*

(i) *Defined Contribution Plans*

Contributions to defined contribution plans are recognised as an expense in the profit and loss accounts.

(ii) *Equity and Equity-Related Compensation Benefits*

Singapore Food Industries Stock Option Plan

The stock option programme allows Group employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Notes to the Financial Statements (cont'd)

31 December 2002

2. Summary of Significant Accounting Policies (cont'd)

(j) Employee Benefits (cont'd)

(ii) Equity and Equity-Related Compensation Benefits (cont'd)

Singapore Food Industries Performance Share Plan

An initial estimate is made for the cost of compensation under the Company's performance share plan based on the number of shares expected to be awarded at the end of the performance period, valued at market price at the date of the grant of the award. The cost is charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance criteria relate.

At each reporting date, the compensation cost is remeasured based on the latest estimate of the number of shares that will be awarded considering the performance criteria and the market price of the shares at the reporting date. Any increase or decrease in compensation cost over the previous estimate is recorded in that reporting period.

The final measure of compensation cost is based on the number of shares ultimately awarded and the market price at the date the performance criteria are met.

(k) Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(l) Revenue Recognition

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services and other sales taxes and is after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend Income

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(iii) Interest Income

Interest income from bank deposits is accrued on a time-apportioned basis.

(m) Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

Notes to the Financial Statements (cont'd)

31 December 2002

2. Summary of Significant Accounting Policies (cont'd)

(n) Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

(o) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the shareholders.

(p) Foreign Currencies

(i) Translation of Foreign Currencies

Monetary assets and liabilities in foreign currencies, except for foreign currency liabilities hedged by forward exchange contracts, are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

(ii) Financial Statements of Foreign Operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity.

(q) Derivative Financial Instruments

The Group uses derivative financial instruments for example, forward exchange contracts, to hedge its exposure to foreign exchange risk arising from operational, financial and investing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis to the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or positions.

A hedge of any future transaction is held off balance sheet.

Notes to the Financial Statements (cont'd)

31 December 2002

3. Property, Plant and Equipment

Group	At 1/1/02 \$'000	Additions \$'000	Acquisition of Subsidiary \$'000	Disposals/ Write-Offs \$'000	Transfers \$'000	Translation Adjustments \$'000	At 31/12/02 \$'000
Cost							
Freehold land and buildings	804	-	9,554	-	-	32	10,390
Leasehold land and buildings	64,892	8,467	1,000	(305)	-	349	74,403
Coldroom buildings	15,503	-	-	-	-	-	15,503
Plant and machinery	23,464	2,308	45,568	(1,777)	50	471	70,084
Operating equipment	22,893	2,205	-	(1,257)	(50)	89	23,880
Office and computer equipment, furniture and fittings	9,360	912	2,263	(778)	-	45	11,802
Motor vehicles	6,084	590	1,648	(627)	-	26	7,721
	<u>143,000</u>	<u>14,482</u>	<u>60,033</u>	<u>(4,744)</u>	<u>-</u>	<u>1,012</u>	<u>213,783</u>

Accumulated Depreciation

Freehold land and buildings	670	41	1,243	-	-	14	1,968
Leasehold land and buildings	17,000	3,407	676	(303)	-	142	20,922
Coldroom buildings	8,861	770	-	-	-	-	9,631
Plant and machinery	18,118	2,148	28,762	(1,754)	11	259	47,544
Operating equipment	18,791	1,845	-	(1,255)	(11)	23	19,393
Office and computer equipment, furniture and fittings	7,080	1,027	1,585	(778)	-	1	8,915
Motor vehicles	3,642	874	1,368	(561)	-	7	5,330
	<u>74,162</u>	<u>10,112</u>	<u>33,634</u>	<u>(4,651)</u>	<u>-</u>	<u>446</u>	<u>113,703</u>

	Depreciation Charge 2001 \$'000	Carrying Amount 2002 \$'000	2001 \$'000
Freehold land and buildings	-	8,422	134
Leasehold land and buildings	3,104	53,481	47,892
Coldroom buildings	775	5,872	6,642
Plant and machinery	1,675	22,540	5,346
Operating equipment	1,951	4,487	4,102
Office and computer equipment, furniture and fittings	736	2,887	2,280
Motor vehicles	759	2,391	2,442
	<u>9,000</u>	<u>100,080</u>	<u>68,838</u>

At 31 December 2002, the net book value of the Group's assets acquired under finance leases amounted to \$2,982,000 (2001: \$2,059,000).

Notes to the Financial Statements (cont'd)

31 December 2002

3. Property, Plant and Equipment (cont'd)

Company	At 1/1/02 \$'000	Additions \$'000	Disposals/ Write-Offs \$'000	At 31/12/02 \$'000
Cost				
Leasehold land and buildings	1,175	-	-	1,175
Coldroom buildings	15,503	-	-	15,503
Plant and machinery	4,846	-	-	4,846
Operating equipment	12,890	321	(11)	13,200
Office and computer equipment, furniture and fittings	4,884	548	(21)	5,411
Motor vehicles	4,834	79	(291)	4,622
	<u>44,132</u>	<u>948</u>	<u>(323)</u>	<u>44,757</u>
Accumulated Depreciation				
Leasehold land and buildings	474	41	-	515
Coldroom buildings	8,861	770	-	9,631
Plant and machinery	4,780	24	-	4,804
Operating equipment	11,232	562	(11)	11,783
Office and computer equipment, furniture and fittings	3,470	740	(21)	4,189
Motor vehicles	3,025	528	(267)	3,286
	<u>31,842</u>	<u>2,665</u>	<u>(299)</u>	<u>34,208</u>
		Depreciation Charge	Carrying Amount	
		2001	2002	2001
		\$'000	\$'000	\$'000
Leasehold land and buildings		40	660	701
Coldroom buildings		775	5,872	6,642
Plant and machinery		70	42	66
Operating equipment		522	1,417	1,658
Office and computer equipment, furniture and fittings		571	1,222	1,414
Motor vehicles		483	1,336	1,809
		<u>2,461</u>	<u>10,549</u>	<u>12,290</u>

Notes to the Financial Statements (cont'd)

31 December 2002

4. Intangible Assets

Group	Goodwill \$'000	Fishing Licences \$'000	Total \$'000
Cost			
At 1 January 2002	14,144	3,934	18,078
Acquisition of subsidiary	15,405	-	15,405
Additions during the year	22,288	260	22,548
	<u>51,837</u>	<u>4,194</u>	<u>56,031</u>
Accumulated Amortisation			
At 1 January 2002	354	-	354
Acquisition of subsidiary	3,337	-	3,337
Amortisation charge for the year	697	196	893
	<u>4,388</u>	<u>196</u>	<u>4,584</u>
At 31 December 2002	<u>4,388</u>	<u>196</u>	<u>4,584</u>
Amortisation charge for 2001	<u>354</u>	<u>-</u>	<u>354</u>
Carrying Amount			
At 31 December 2002	<u>47,449</u>	<u>3,998</u>	<u>51,447</u>
At 31 December 2001	<u>13,790</u>	<u>3,934</u>	<u>17,724</u>

5. Subsidiaries

	Company	
	2002 \$'000	2001 \$'000
Unquoted shares, at cost	111,851	40,031
Less:		
Impairment losses at beginning and end of the year	4,314	4,314
	<u>107,537</u>	<u>35,717</u>

Notes to the Financial Statements (cont'd)

31 December 2002

5. Subsidiaries (cont'd)

Details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Activities	Place of Incorporation and Business	Effective Equity held by the Group		Cost of Investment	
			2002 %	2001 %	2002 \$'000	2001 \$'000
International Cuisine Limited @	Production and marketing of chilled ready cooked food	United Kingdom	100%	100%	2,670	2,670
LM Food Industries Pte Ltd #	Contract manufacturing of food products	Singapore	100%	100%	755	755
Myanmar ST Food Industries Ltd *	Dormant	Myanmar	100%	100%	135	135
Piesin Sdn Bhd *	Voluntary liquidation	Malaysia	100%	100%	3,248	3,248
Primary Industries Pte Ltd and its subsidiaries #	Provision of abattoir services	Singapore	78.5%	78.5%	13,569	13,569
- Farmers Abattoir Pte Ltd	Abattoir related activities	Singapore	78.5%	78.5%	-	-
- Hog Auction Market Pte Ltd	Auctioneers of pigs	Singapore	78.5%	78.5%	-	-
Primary Industries (Qld) Pty Ltd and its subsidiaries *	Provision of land logistics support	Australia	100%	100%	664	664
- Schulz Fisheries Pty Ltd	Commercial fishing	Australia	50%	50%	-	-
- Urangan Fisheries Pty Ltd	Processing of seafood	Australia	51%	51%	-	-
Shanghai ST Food Industries Co., Ltd. *	Manufacture and sale of frozen foodstuff	People's Republic of China	96%	96%	5,814	5,814
Singapore Food Development Pte Ltd #	Investment holding	Singapore	100%	100%	1,307	1,307
ST Agritech International Pte Ltd #	Provision of technical and management services for agri-food business	Singapore	100%	100%	10,000	10,000
Balance carried forward					38,162	38,162

Notes to the Financial Statements (cont'd)

31 December 2002

5. Subsidiaries (cont'd)

Name of Subsidiary	Principal Activities	Place of Incorporation and Business	Effective Equity held by the Group		Cost of Investment	
			2002 %	2001 %	2002 \$'000	2001 \$'000
Balance brought forward					38,162	38,162
SFI Industries Pty Ltd* (formerly ST Seafood International Pty Ltd)	Provision of management services	Australia	100%	100%	1,869	1,869
S Daniels Plc and its subsidiaries ^	Investment holding	United Kingdom	97.5%	29.9%**	71,820	-
- Daniels Chilled Foods Ltd	Production and marketing of chilled soup, freshly squeezed juices, fresh salads and sandwich fillings	United Kingdom	97.5%	-	-	-
- All Square Foods Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Bilash Foods Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Brash Brothers Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Copak Vendona Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Daniels Foods Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Daniels Group Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Get Fresh Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Johnsons Fresh Products Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Johnsons Freshly Squeezed Juice Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Juice Ltd	Dormant	United Kingdom	97.5%	-	-	-
Balance carried forward					111,851	40,031

Notes to the Financial Statements (cont'd)

31 December 2002

5. Subsidiaries (cont'd)

Name of Subsidiary	Principal Activities	Place of Incorporation and Business	Effective Equity held by the Group		Cost of Investment	
			2002 %	2001 %	2002 \$'000	2001 \$'000
Balance brought forward					111,851	40,031
- Kent Seal Foods Ltd	Dormant	United Kingdom	97.5%	-	-	-
- S Daniel Dried Fruit Ltd	Dormant	United Kingdom	97.5%	-	-	-
- Sun-Ripe Ltd	Dormant	United Kingdom	97.5%	-	-	-
- The New Covent Garden Soup Company Ltd	Dormant	United Kingdom	97.5%	-	-	-
					<u>111,851</u>	<u>40,031</u>

Audited by KPMG Singapore.

@ Audited by KPMG Newcastle, United Kingdom.

^ Audited by Deloitte and Touche Birmingham, United Kingdom.

* These subsidiaries are not significant as defined under Clause 902B(4)(b)(i) of the SGX-ST Listing Manual.

** Associate in 2001 (note 6).

During the financial year, the Company made a General Offer to acquire the remaining 70.1% interest in the equity of its 29.9% held associate, S Daniels Plc ("Daniels"). The General Offer was executed successfully and the Company acquired an additional 67.6% of Daniels for a purchase consideration of \$45.2 million. Together with the initial 29.9% held, the Company's interest in Daniels increased to 97.5% and Daniels became a subsidiary of the Group. The Company's share of the net assets of Daniels acquired amounted to \$24.667 million. The Company has initiated a compulsory acquisition of the remaining shares of Daniels.

6. Associates

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Unquoted shares, at cost	-	3,132	-	3,132
Quoted shares, at cost	-	26,477	-	26,477
Goodwill on acquisition (note 4)	-	(14,144)	-	-
	-	12,333	-	26,477
Share of post-acquisition losses	-	15,465	-	29,609
	-	(211)	-	-
	-	15,254	-	29,609
Market value of quoted shares	-	9,891	-	9,891

Notes to the Financial Statements (cont'd)

31 December 2002

6. Associates (cont'd)

Details of the associates were as follows:-

Name of Associate	Principal Activities	Place of Incorporation and Business	Effective Equity held by the Group	
			2002 %	2001 %
Aik Hua F & B Group Pte Ltd*	Coffee shop, food court and restaurant operator	Singapore	-	30
S Daniels Plc @**	Investment holding	United Kingdom	-	29.90

* Audited by Ernst and Young Singapore.

@ Audited by Deloitte and Touche Birmingham, United Kingdom.

** Subsidiary in 2002 (note 5).

During the financial year, the Company disposed of its interest in Aik Hua F & B Group Pte Ltd. The gain on divestment of \$802,000 for the Group has been recognised in the profit and loss account.

7. Jointly Controlled Entity

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Unquoted shares, at cost	50	50	50	50
Share of post-acquisition losses	27	(8)	-	-
	<u>77</u>	<u>42</u>	<u>50</u>	<u>50</u>

Details of the jointly controlled entity are as follows:

Name of Jointly Controlled Entity	- SembCorp Network Pte Ltd
Principal Activities	- Provision of logistics support and services
Place of Incorporation and Business	- Singapore
Effective Equity Held by the Group	- 50% (2001: 50%)

The Group's share of the results, assets and liabilities of the jointly controlled entity are as follows:

	2002 \$'000	2001 \$'000
Results		
Revenue	53	47
Expenses	(8)	(19)
Profit before taxation	<u>45</u>	<u>28</u>
Taxation	(10)	(8)
Profit after taxation	<u>35</u>	<u>20</u>
Assets and Liabilities		
Current assets	96	50
Current liabilities	(19)	(8)
Net current assets	<u>77</u>	<u>42</u>

Notes to the Financial Statements (cont'd)

31 December 2002

8. Other Financial Assets

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
At cost				
• Unquoted equity investments	167	118	-	14
• Unquoted transferable club memberships	458	515	458	515
	<u>625</u>	<u>633</u>	<u>458</u>	<u>529</u>
Less : Impairment losses				
At 1 January	250	-	250	-
Impairment during the year (note 22)	22	250	22	250
Impairment written off	(57)	-	(57)	-
At 31 December	<u>215</u>	<u>250</u>	<u>215</u>	<u>250</u>
	<u>410</u>	<u>383</u>	<u>243</u>	<u>279</u>

9. Deferred Tax

Movements in deferred tax assets and liabilities during the year are as follows:-

Group	At 1/1/02 \$'000	Effect of SAS 12 \$'000	At 1/1/02 (restated) \$'000	Credit/ (Charge) to income \$'000	Acquisition of subsidiary \$'000	At 31/12/02 \$'000
Deferred Tax Assets/(Liabilities)						
Property, plant and equipment	(2,086)	314	(1,772)	(73)	(1,131)	(2,976)
Other financial assets	-	61	61	(56)	-	5
Inventories	-	274	274	(28)	-	246
Trade and other receivables	-	846	846	(155)	-	691
Provisions	-	291	291	70	-	361
Employee benefits	100	283	383	(92)	-	291
	<u>(1,986)</u>	<u>2,069</u>	<u>83</u>	<u>(334)</u>	<u>(1,131)</u>	<u>(1,382)</u>
Comprising :						
Deferred tax assets	-	722	722	(32)	-	690
Deferred tax liabilities	(1,986)	1,347	(639)	(302)	(1,131)	(2,072)
	<u>(1,986)</u>	<u>2,069</u>	<u>83</u>	<u>(334)</u>	<u>(1,131)</u>	<u>(1,382)</u>

Notes to the Financial Statements (cont'd)

31 December 2002

9. Deferred Tax (cont'd)

Company	At 1/1/02 \$'000	Effect of SAS 12 \$'000	At 1/1/02 (restated) \$'000	Credit/ (Charge) to income \$'000	At 31/12/02 \$'000
Deferred Tax Assets/(Liabilities)					
Property, plant and equipment	(1,319)	80	(1,239)	162	(1,077)
Other financial assets	-	61	61	(56)	5
Inventories	-	274	274	(28)	246
Trade and other receivables	-	796	796	(125)	671
Provisions	-	268	268	(35)	233
Employee benefits	-	245	245	(113)	132
	<u>(1,319)</u>	<u>1,724</u>	<u>405</u>	<u>(195)</u>	<u>210</u>

10. Inventories

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Stores	2,566	1,520	-	-
Raw materials	8,657	674	-	-
Finished goods	17,664	23,416	13,492	18,167
	<u>28,887</u>	<u>25,610</u>	<u>13,492</u>	<u>18,167</u>
Less:				
Allowance for obsolescence -				
At 1 January	1,604	1,250	1,223	1,016
Allowance of subsidiary acquired	341	-	-	-
Allowance made during the year	237	542	-	207
Inventories written off	(258)	(188)	(35)	-
At 31 December	<u>1,924</u>	<u>1,604</u>	<u>1,188</u>	<u>1,223</u>
	<u>26,963</u>	<u>24,006</u>	<u>12,304</u>	<u>16,944</u>

11. Trade and Other Receivables

Note	Group		Company		
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	
Trade receivables	12	65,729	55,998	26,098	41,095
Deposits, prepayments and other receivables	13	7,173	3,394	3,365	1,731
Amounts due from - subsidiaries	14	-	-	3,823	2,711
- related companies		131	62	131	62
		<u>73,033</u>	<u>59,454</u>	<u>33,417</u>	<u>45,599</u>

Notes to the Financial Statements (cont'd)

31 December 2002

12. Trade Receivables

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade receivables	75,061	59,837	29,435	44,437
Less:				
Allowance for doubtful receivables -				
At 1 January	3,839	3,567	3,342	3,352
Allowance of subsidiary acquired	5,328	-	-	-
Allowance made during the year	752	712	351	356
Bad debts written off	(587)	(440)	(356)	(366)
At 31 December	9,332	3,839	3,337	3,342
	<u>65,729</u>	<u>55,998</u>	<u>26,098</u>	<u>41,095</u>

13. Deposits, Prepayments and Other Receivables

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Deposits	104	116	85	97
Prepayments	4,338	2,083	2,701	1,199
Staff loans	14	4	5	3
Other receivables	2,717	1,191	574	432
	<u>7,173</u>	<u>3,394</u>	<u>3,365</u>	<u>1,731</u>

14. Amounts Due from/to Subsidiaries

	Company	
	2002 \$'000	2001 \$'000
Amounts due from subsidiaries		
• Current accounts (trade)	656	821
• Loans receivable	3,167	1,890
	<u>3,823</u>	<u>2,711</u>
Amounts due to subsidiaries		
• Current accounts (trade)	864	3,657
• Loans payable	10,976	23,220
	<u>11,840</u>	<u>26,877</u>

The amounts due from/to the subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statements (cont'd)

31 December 2002

15. Bank Overdrafts

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Bank overdrafts				
• Secured	6,428	613	-	-
• Unsecured	-	8	-	-
	<u>6,428</u>	<u>621</u>	<u>-</u>	<u>-</u>

The secured banking facilities of the bank overdrafts are disclosed in note 17 (a).

16. Trade and Other Payables

	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade payables and accruals		87,417	61,914	39,779	40,219
Other payables		2,658	2,454	1,229	1,390
Amounts due to					
- subsidiaries	14	-	-	11,840	26,877
- intermediate holding company		-	590	-	590
- related companies		1,904	3,423	235	329
- jointly controlled entity		143	49	143	49
		<u>92,122</u>	<u>68,430</u>	<u>53,226</u>	<u>69,454</u>

The EVA Staff Incentive Plan was introduced by the Company in 1996. In 2000, an EVA Trust Fund was set up with a trustee company of a bank to act as trustees of the Fund, being the aggregate amount due to executives of the Company pursuant to the Plan. The financial statements do not include such trust fund which amounted to \$5,749,000 (2001: \$4,583,000) as at 31 December 2002.

17. Interest-Bearing Bank Loans and Borrowings

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Secured bank loans	8,593	6,000	-	-
Unsecured bank loans	50,087	12,756	44,743	7,000
Finance lease liabilities	2,923	1,916	-	-
	<u>61,603</u>	<u>20,672</u>	<u>44,743</u>	<u>7,000</u>

Notes to the Financial Statements (cont'd)

31 December 2002

17. Interest-Bearing Bank Loans and Borrowings (cont'd)

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Payable:				
Within 1 year				
- Secured bank loans	5,931	4,304	-	-
- Unsecured bank loans	49,908	12,756	44,743	7,000
- Finance lease liabilities	972	773	-	-
	56,811	17,833	44,743	7,000
After 1 year but within 5 years				
- Secured bank loans	2,662	1,356	-	-
- Unsecured bank loans	179	-	-	-
- Finance lease liabilities	1,951	1,143	-	-
	4,792	2,499	-	-
After 5 years				
- Secured bank loans	-	340	-	-
	-	340	-	-
	4,792	2,839	-	-
	<u>61,603</u>	<u>20,672</u>	<u>44,743</u>	<u>7,000</u>

(a) Secured Bank Loans

The secured banking facilities of the Group, comprising term loans and overdrafts, are secured on the assets of certain subsidiaries with a total carrying value at 31 December 2002 of \$117,302,000 (2001: \$38,924,000).

Included in secured bank loans are:-

- Term loan of \$1,257,000 (2001: \$1,385,000) which is repayable in 40 equal quarterly instalments of \$53,000 (2001: \$50,000) commencing from March 1998;
- Term loan of \$2,896,000 (2001: \$4,054,000) which is repayable in 12 equal quarterly instalments of \$391,000 (2001: \$369,000) commencing from 30 March 2001; and
- Term loan of \$1,789,000 (2001: \$2,038,000) which is repayable in 40 equal quarterly instalments of \$90,000 (2001: \$85,000) commencing from December 1997.

Notes to the Financial Statements (cont'd)

31 December 2002

17. Interest-Bearing Bank Loans and Borrowings (cont'd)

(b) Finance Lease Liabilities

	2002			2001		
	Instalments Payable \$'000	Interest \$'000	Principal \$'000	Instalments Payable \$'000	Interest \$'000	Principal \$'000
Payable:						
Within 1 year	1,164	192	972	931	158	773
After 1 year but within 5 years	2,291	340	1,951	1,378	235	1,143
	<u>3,455</u>	<u>532</u>	<u>2,923</u>	<u>2,309</u>	<u>393</u>	<u>1,916</u>

Information on interest rates and the Group's exposure to interest rate and currency risk are set out in note 29.

18. Employee Benefits

	Group and Company	
	2002 \$'000	2001 \$'000
Compensation cost for performance share plan		
At 1 January	1,000	-
Provision made during the year (note 22)	800	1,000
Payments to trust fund	(1,200)	-
	<u>600</u>	<u>1,000</u>
At 31 December		

In 2002, a Performance Share Trust Fund was set up with a trustee company of a bank to act as trustees of the Fund, being the aggregate amount due to executives of the Company pursuant to the Plan. The financial statements do not include such trust fund which amounted to \$1,200,000 as at 31 December 2002.

Share Option Plan

The Singapore Food Industries Share Option Plan (the "Option Plan") was approved and adopted at the Company's Extraordinary General Meeting held on 28 October 1999. The Option Plan is administered by the Executive Resource and Compensation Committee ("ERCC") which comprises the following members:-

George Huang Chang Yi
Philip Tan Yuen Fah
Chow Kok Kee
Kuan Kwee Jee

Notes to the Financial Statements (cont'd)

31 December 2002

18. Employee Benefits (cont'd)

Share Option Plan (cont'd)

Other information regarding the Option Plan is set out below:

- (a) The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.
- (b) The 1999 options vested on the 2nd anniversary of the grant date. From 2000 onwards, options granted will vest 25% each on the 1st to the 4th anniversary of the grant date.
- (c) The options granted expire after 5 years from the date of the grant for non-executive directors and 10 years for group and parent group executives.

Performance Share Plan

The Singapore Food Industries Performance Share Plan (the "Performance Plan") was approved and adopted at the Company's Extraordinary General Meeting held on 30 March 2001. The Performance Plan is administered by the ERCC.

Other information regarding the Performance Plan is set out below:-

- (a) The awards of performance shares are given conditional on performance targets set based on medium-term corporate objectives.
- (b) The final number of shares given will depend on the level of achievement of the targets over a three-year performance period and will only be released at the end of each performance period.

Restricted Stock Plan

The Singapore Food Industries Restricted Stock Plan (the "Restricted Plan") was approved and adopted at the Company's Extraordinary General Meeting held on 30 March 2001. The Restricted Plan is administered by the ERCC.

Other information regarding the Restricted Plan is set out below:-

- (a) Restricted share awards vest upon the satisfactory completion of time-based service conditions.
- (b) Performance related restricted share awards vest upon satisfactory completion of a period of service beyond a performance-target completion date.

Notes to the Financial Statements (cont'd)

31 December 2002

18. Employee Benefits (cont'd)

At 31 December 2002, details of the options granted under the Option Plan and awards given under the Performance Share Plan for unissued ordinary shares of \$0.05 each of the Company were as follows:-

Date of grant of options/awards	Exercise price	Number of options/awards outstanding 1 Jan 2002	Options/awards granted	Options exercised	Options/awards cancelled or lapsed	Number of options/awards outstanding 31 Dec 2002	Exercise period
Share Options:							
1999	\$0.78	415,000	-	(200,000)	-	215,000*	29/10/01-28/10/04
1999	\$0.78	2,880,000	-	(140,000)	(54,000)	2,686,000*	30/10/01-29/10/09
2000	\$0.55	580,000	-	-	-	580,000*	24/08/01-23/08/05
2000	\$0.55	5,135,250	-	(607,250)	(208,000)	4,320,000*	24/08/01-23/08/10
2001	\$0.69	420,000	-	-	-	420,000**	28/07/02-27/07/06
2001	\$0.69	5,223,000	-	(77,000)	(294,250)	4,851,750**	28/07/02-27/07/11
2002	\$0.78	-	400,000	-	-	400,000	09/08/03-08/08/07
2002	\$0.78	-	5,898,000	-	(1,017,000)	4,881,000	09/08/03-08/08/12
		<u>14,653,250</u>	<u>6,298,000</u>	<u>(1,024,250) @</u>	<u>(1,573,250)</u>	<u>18,353,750</u>	
Performance Shares:							
2001	-	up to 1,640,000	-	-	-	up to 1,640,000	
2002	-	-	up to 1,910,000	-	-	up to 1,910,000	
	-	<u>up to 1,640,000</u>	<u>up to 1,910,000</u>	<u>-</u>	<u>-</u>	<u>up to 3,550,000</u>	

* Options vested in 2001.

** Options vested in 2002.

@ During the financial year, a total of 1,024,250 ordinary shares of \$0.05 each were issued fully paid at prices ranging from \$0.55 to \$0.78 per share as indicated above, for cash upon the exercise of share options. The proceeds of \$51,213 and \$608,230 were credited to share capital and share premium respectively. The daily closing price of the shares during the financial year ranged from \$0.675 to \$0.87 per share.

19. Share Capital

	2002 No. of Shares ('000)	2001 No. of Shares ('000)	2002 \$'000	2001 \$'000
Authorised:				
Ordinary shares of \$0.05 each	<u>1,500,000</u>	<u>1,500,000</u>	<u>75,000</u>	<u>75,000</u>
Issued and fully paid:				
At 1 January	500,014	500,000	25,001	25,000
Shares issued under share option plan	1,025	14	51	1
At 31 December	<u>501,039</u>	<u>500,014</u>	<u>25,052</u>	<u>25,001</u>

During the financial year, the Company issued a total of 1,024,250 ordinary shares of \$0.05 each fully paid at prices ranging from \$0.55 to \$0.78 per share for cash upon the exercise of options granted under the Company's share option plan.

Notes to the Financial Statements (cont'd)

31 December 2002

19. Share Capital (cont'd)

At the end of the financial year, unissued ordinary shares of \$0.05 each of the Company granted/awarded to eligible employees and directors of the Company and the Group under equity - related compensation plans were as follows:-

	No of Unissued Shares	
	2002	2001
Singapore Food Industries Share Option Plan	18,353,750	14,653,250
Singapore Food Industries Performance Share Plan	up to 3,550,000	up to 1,640,000
Singapore Food Industries Restricted Stock Plan	-	-
	<u>up to 21,903,750</u>	<u>up to 16,293,250</u>

20. Reserves

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Share premium	9,820	9,219	608	7
Merger reserve	2,245	2,245	-	-
Accumulated profits	61,963	49,069	58,390	33,396
Foreign currency translation reserve	1,598	(292)	-	-
	<u>75,626</u>	<u>60,241</u>	<u>58,998</u>	<u>33,403</u>

In accordance with SAS 1 (Revised 2000), movements in reserves for the Group and the Company are set out in the Statement of Changes in Equity.

- (a) Share Premium -
The application of the share premium account is governed by Sections 69 - 69F of the Companies Act, Chapter 50.
- (b) Merger Reserve -
Merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares acquired in respect of the business combinations accounted for under the pooling of interest method.
- (c) Foreign Currency Translation Reserve -
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

21. Revenue

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

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Sale of food products	268,295	242,070	130,597	146,280
Provision of services	123,994	131,858	98,710	105,792
	<u>392,289</u>	<u>373,928</u>	<u>229,307</u>	<u>252,072</u>

Notes to the Financial Statements (cont'd)

31 December 2002

22. Profit From Ordinary Activities Before Taxation

Profit from ordinary activities before taxation includes the following: -

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(a) Other Operating Income				
Exchange gain/(loss)	321	(219)	298	13
Gain on disposal of property, plant and equipment	384	321	10	56
Management fee income	238	486	507	910
Grants received	517	245	-	-
Rental income	133	119	38	41
	<u>1,593</u>	<u>952</u>	<u>853</u>	<u>1,020</u>
(b) Non-Operating Income				
Bad debts recovered (trade)	312	176	312	176
Commission income	22	60	-	-
Dividends from subsidiaries	-	-	28,382	6,374
Gain on disposal of interest in associate	802	-	939	-
Impairment loss on club membership (note 8)	(22)	(250)	(22)	(250)
Interest income				
- Subsidiaries	-	-	-	29
- Banks	552	694	495	600
Loss on disposal of fishing licences	(4)	(19)	-	-
Others	565	819	552	445
	<u>2,227</u>	<u>1,480</u>	<u>30,658</u>	<u>7,374</u>
(c) Staff Costs				
Wages and salaries	59,155	55,924	34,111	36,871
Central provident fund contributions	5,422	5,713	4,916	5,283
Compensation cost for Performance Share Plan (note 18)	800	1,000	800	1,000
Other staff related costs	7,293	7,249	2,270	2,603
	<u>72,670</u>	<u>69,886</u>	<u>42,097</u>	<u>45,757</u>
Number of employees at 31 December	<u>2,490</u>	<u>1,958</u>	<u>1,231</u>	<u>1,370</u>

Notes to the Financial Statements (cont'd)

31 December 2002

22. Profit From Ordinary Activities Before Taxation (cont'd)

(d) Other Operating Expenses	Note	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Allowances for					
- Doubtful debts	12	752	712	351	356
- Inventory obsolescence	10	237	542	-	207
Amortisation of intangible assets	4	893	354	-	-
Auditors' remuneration					
- Auditors of the Company					
- current year		135	135	110	110
- prior year		-	(3)	-	-
- Other auditors					
- current year		114	122	35	63
Bad debts written off (trade)		19	23	17	4
Depreciation of property, plant and equipment	3	10,112	9,000	2,665	2,461
Operating lease expenses		705	908	298	344
		<u>3,104</u>	<u>2,219</u>	<u>1,263</u>	<u>1,130</u>
(e) Directors' Remuneration					
Directors' remuneration is recognised as follows:-					
Staff costs					
- Directors of the Company		860	803	860	803
- Other directors		1,791	1,043	-	-
Directors' fees					
- Directors of the Company		403	327	403	327
- Other directors		50	46	-	-
		<u>3,104</u>	<u>2,219</u>	<u>1,263</u>	<u>1,130</u>
(f) Finance Costs					
Bank overdrafts		136	8	-	-
Finance leases		169	191	-	-
Term loans		1,096	807	509	94
		<u>1,401</u>	<u>1,006</u>	<u>509</u>	<u>94</u>

Notes to the Financial Statements (cont'd)

31 December 2002

23. Taxation

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Based on results for the year				
- Current tax	9,767	11,546	12,267	9,801
- Deferred tax	303	(801)	195	(632)
	10,070	10,745	12,462	9,169
Under/(over) provision in prior years				
- Current tax	(567)	(477)	-	-
- Deferred tax	31	-	-	-
	(536)	(477)	-	-
	9,534	10,268	12,462	9,169
Share of associates' taxation	(266)	125	-	-
Share of jointly controlled entity's taxation	10	8	-	-
	9,278	10,401	12,462	9,169
Reconciliation of Effective Tax Rate				
Profit before taxation	39,803	38,883	54,460	33,645
Income tax at 22% (2001: 24.5%)	8,757	9,560	11,981	8,243
Tax effect of permanent differences				
- Tax exempt revenue	(204)	-	(204)	-
- Non-deductible expenses	569	419	110	154
Other tax effects				
- Tax rebate/exemption	(49)	(510)	(12)	(376)
- Change in tax rates	(4)	(6)	30	(9)
- Over provision in prior years'				
- current tax	(567)	(477)	-	-
- deferred tax	31	-	-	-
- Others	745	1,415	557	1,157
	9,278	10,401	12,462	9,169

Notes to the Financial Statements (cont'd)

31 December 2002

24. Earnings Per Share

	Group	
	2002	2001
(a) Basic Earnings per Share		
The basic earnings per share is based on:-		
Net profit for the year (\$'000)	<u>29,898</u>	<u>27,654</u>
Weighted average number of shares at beginning of the year ('000)	500,014	500,000
Weighted average number of shares issued under share option plan during the year ('000)	<u>634</u>	<u>4</u>
Weighted average number of shares in issue during the year ('000)	<u>500,648</u>	<u>500,004</u>
(b) Fully Diluted Earnings per Share		
The fully diluted earnings per share is based on:-		
Net profit for the year (\$'000)	<u>29,898</u>	<u>27,654</u>
Weighted average number of shares in issue used in the calculation of basic earnings per share ('000)	500,648	500,004
Potential dilutive ordinary shares under share options ('000)	<u>1,921</u>	<u>890</u>
Weighted average number of shares in issue during the year ('000)	<u>502,569</u>	<u>500,894</u>

25. Changes in Accounting Policies

(a) Adoption of New/Revised Accounting Standards

In 2002, the Company adopted six new/revised accounting standards in the manner elaborated below:

SAS 12 (revised 2001) - Income Taxes

The adoption of SAS 12 (revised 2001) - *Income Taxes* resulted in the Group and the Company recognising deferred tax asset arising from temporary differences in respect of general provisions. The deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. This change in accounting policy has been applied retrospectively by adjusting the opening balances of accumulated profits at 1 January 2002 and 2001; comparatives have been restated.

Other Standards

The adoption of SAS 30 (2002) - *Interim Financial Reporting*, SAS 37 (2002) - *Information Reflecting the Effects of Changing Prices*, SAS 38 (2002) - *Financial Reporting in Hyperinflationary Economies*, SAS 39 (2002) - *Agriculture* and the limited revisions to SAS 17 (revised 2001) - *Employee Benefits* did not give rise to any adjustments to the opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

Notes to the Financial Statements (cont'd)

31 December 2002

25. Changes in Accounting Policies (cont'd)

(b) Effects of Changes in Accounting Policies

The changes in accounting policies, to the extent that they are applied retrospectively, have the following impact:

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<i>Effect of changes in accounting policies on accumulated profits:</i>				
Opening accumulated profits, as previously reported	47,143	36,963	31,672	24,816
Effect of adopting SAS 12	2,069	1,583	1,724	1,092
Minority interest	(143)	(143)	-	-
	1,926	1,440	1,724	1,092
Opening accumulated profits, as restated	49,069	38,403	33,396	25,908
<i>Effect of changes in accounting policies on net profit for the year:</i>				
Net profit before changes in accounting policies	29,898	27,168	41,998	23,844
Effect of adopting SAS 12	-	486	-	632
Net profit for the year	29,898	27,654	41,998	24,476

26. Dividends

During the financial year, the following dividends were paid:-

	Group and Company	
	2002 \$'000	2001 \$'000
Final dividend of 2.5 cents per share less tax of 24.5% (2001: 2.5 cents per share less tax of 24.5%)	9,447	9,438
Special dividend of 2.0 cents per share less tax of 24.5% (2001: 2.0 cents per share less tax of 24.5%)	7,557	7,550
	17,004	16,988

Notes to the Financial Statements (cont'd)

31 December 2002

26. Dividends (cont'd)

After the balance sheet date, the Directors proposed the following dividends. These dividends have not been provided for:

	Group and Company	
	2002 \$'000	2001 \$'000
Final dividend proposed of 3.0 cents less tax of 22% (2001: 2.5 cents less tax of 24.5%)	11,724	9,438
Special dividend proposed of 2.0 cents less tax of 22% (2001: 2.0 cents less tax of 24.5%)	7,816	7,550
	19,540	16,988

27. Commitments

At the balance sheet date, outstanding commitments of the Group and the Company, which were not provided for in the financial statements, were as follows:-

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Capital expenditure				
- Approved and contracted for	288	5,177	-	-
- Approved and not contracted for	-	1,767	-	-
	288	6,944	-	-
Foreign exchange contracts	51,422	4,579	51,422	4,579
Lease commitments				
- Within 1 year	857	849	298	298
- After 1 year but within 5 years	3,025	3,054	1,193	1,193
- After 5 years	10,747	11,693	1,436	1,734
	14,629	15,596	2,927	3,225
Total Commitments	66,339	27,119	54,349	7,804

The Group leases several plots of land, buildings and motor vehicles under operating leases. The land leases range from 24 to 50 years. The leases relating to the buildings and motor vehicles will expire in September 2006 and March 2004 respectively. Certain land leases give the Group the option for renewal after the expiry dates at rates to be agreed upon renewal.

28. Significant Related Party Transactions

Identity of Related Parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making the financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Notes to the Financial Statements (cont'd)

31 December 2002

28. Significant Related Party Transactions (cont'd)

Transaction with Directors

Total directors' remuneration is disclosed in note 22 (e).

The directors participate in the Company's equity - related compensation plans, the terms and conditions of which are stated in note 18. Details of options/awards granted, exercised and outstanding are set out below:-

Option Participants	Options/ Awards Outstanding 1/1/2002	Options/ Awards Granted	Aggregate Options Exercised	Options/ Awards Cancelled or Lapsed	Options/ Awards Outstanding 31/12/2002
Share Options:					
- Wong Kok Siew (resigned on 8 January 2003)	420,000	120,000	-	-	540,000
- George Huang Chang Yi	140,000	50,000	-	-	190,000
- Peter Tay Buan Huat	2,450,000	750,000	-	-	3,200,000
- Philip Tan Yuen Fah	190,000	70,000	-	-	260,000
- Patrick Yeoh Khwai Hoh	80,000	30,000	-	-	110,000
- Roger Yeo Kok Tong	30,000	30,000	-	-	60,000
- Chow Kok Kee	30,000	50,000	-	-	80,000
	<u>3,340,000</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>4,440,000</u>
Performance Shares:					
- Peter Tay Buan Huat	up to 760,000	up to 760,000	-	-	up to 1,520,000

Other Related Party Transactions

During the financial year, there were the following significant transactions with related parties, based on terms agreed by the parties:-

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Related companies				
- Corporate costs paid	250	1,750	250	1,750
- Purchases	1,206	3,328	-	-

29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policies in relation to derivative financial instruments are set out in Note 2(q).

Notes to the Financial Statements (cont'd)

31 December 2002

29. Financial Instruments (cont'd)

(b) Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Investments and transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparty to fail to meet their obligations.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets.

(c) Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's investment portfolio and long-term debt obligations. The Company does not use derivative financial instruments to hedge its investment portfolio.

(d) Effective Interest Rates and Repricing Analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
Group 2002						
Financial Assets						
Cash and cash equivalents		0.125% - 3.6%	34,165	34,165	-	-
Financial Liabilities						
Secured bank loans	17					
- GBP floating rate		5.20% - 7.25%	(4,706)	(2,044)	(2,662)	-
- A\$ floating rate		6.07% - 6.10%	(3,887)	(3,887)	-	-
			(8,593)	(5,931)	(2,662)	-
Unsecured bank loans	17					
- GBP floating rate		4.1875% - 6.49%	(45,160)	(44,981)	(179)	-
- US\$ floating rate		2.86% - 3.975%	(3,832)	(3,832)	-	-
- RMB floating rate		5.418% - 6.417%	(1,095)	(1,095)	-	-
			(50,087)	(49,908)	(179)	-
Finance lease liabilities	17	7.164% - 13.080%	(2,923)	(972)	(1,951)	-
Bank overdrafts	15	5.25% - 8.65%	(6,428)	(6,428)	-	-
			(68,031)	(63,239)	(4,792)	-

Notes to the Financial Statements (cont'd)

31 December 2002

29. Financial Instruments (cont'd)

(d) Effective Interest Rates and Repricing Analysis (cont'd)

	Note	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
Group 2001						
Financial Assets						
Cash and cash equivalents		0.125% - 5.45%	14,005	14,005	-	-
Financial Liabilities						
Secured bank loans	17					
- GBP floating rate		5.46% - 7.41%	(2,036)	(340)	(1,356)	(340)
- A\$ floating rate		4.75% - 6.38%	(3,964)	(3,964)	-	-
			(6,000)	(4,304)	(1,356)	(340)
Unsecured bank loans	17					
- GBP floating rate		5.00% - 6.00%	(364)	(364)	-	-
- US\$ floating rate		5.23% - 8.69%	(1,831)	(1,831)	-	-
- RMB floating rate		6.00% - 6.42%	(3,561)	(3,561)	-	-
- S\$ floating rate		2.34% - 2.48%	(7,000)	(7,000)	-	-
			(12,756)	(12,756)	-	-
Finance lease liabilities	17	7.25% - 13.76%	(1,916)	(773)	(1,143)	-
Bank overdrafts	15	8.40% - 9.25%	(621)	(621)	-	-
			(21,293)	(18,454)	(2,499)	(340)
Company 2002						
Financial Assets						
Cash and cash equivalents		0.125% - 1.375%	27,963	27,963	-	-
Financial Liabilities						
Unsecured bank loans						
- GBP floating rate		4.1875% - 4.43%	(44,743)	(44,743)	-	-

Notes to the Financial Statements (cont'd)

31 December 2002

29. Financial Instruments (cont'd)

(d) Effective Interest Rates and Repricing Analysis (cont'd)

	Note	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
Group 2001						
Financial Assets						
Cash and cash equivalents		0.125% - 3.75%	5,601	5,601	-	-
Financial Liabilities						
Unsecured bank loans - S\$ floating rate	17	2.34% - 2.48%	(7,000)	(7,000)	-	-

(e) Foreign Currency Risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Singapore Dollar. The currencies giving rise to this risk are primarily US Dollar, Australian Dollar and British Pound.

The Group hedges approximately 75 percent of all trade payables denominated in foreign currency. At any point in time, the Group also hedges approximately 75 percent of its estimated foreign currency exposure in respect of forecast purchases over the following three months. The Group also enters into forward exchange contracts to hedge its other foreign currency risk.

In respect of other monetary assets and liabilities held in currencies other than the Singapore Dollar, the Group reviews periodically that the net exposure is kept at an acceptable level.

(f) Sensitivity Analysis

In managing its interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 December 2002, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax by approximately \$446,000 (2001: \$161,000).

It is estimated that a general increase of one percentage point in value of the Singapore Dollar against other foreign currencies would increase the Group's profit before tax by approximately \$655,000 (2001: \$699,000). The forward exchange contracts have not been included in this calculation.

(g) Fair Values

Recognised Financial Instruments

The fair values of the financial assets and liabilities approximate their carrying values.

It is not practicable to estimate the fair values of the Company's long-term unquoted equity investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amounts recorded at the balance sheet date reflect the corresponding fair values.

Notes to the Financial Statements (cont'd)

31 December 2002

29. Financial Instruments (cont'd)

(g) Fair Values (cont'd)

Unrecognised Financial Instruments

The valuation of financial instruments not recognised in the balance sheet reflects amounts which the Group expects to pay or receive to terminate the contracts or replace the contracts at their current market rates as at the balance sheet date.

The notional amount and net fair value of financial instruments not recognised in the balance sheet as at 31 December are:

	Group and Company	
	2002	2001
	\$'000	\$'000
Forward foreign currency purchases:		
- Contractual value	51,422	4,579
- Unrealised gains (net)	210	62
	<u>51,632</u>	<u>4,641</u>
Fair Value	<u>51,632</u>	<u>4,641</u>

30. Contingent Liabilities

At 31 December 2002, there were the following outstanding contingent liabilities in respect of:

- (a) Guarantees amounting to \$5.403 million (2001: \$5.675 million) given by the Company to banks for banking facilities extended to a subsidiary.
- (b) Claim of \$2.567 million (equivalent to A\$2.602 million) representing damages for an alleged breach of an implied contract brought against a subsidiary of the Company. The directors of the subsidiary are of the opinion that the claim has no merits and will not result in any liability.

31. Segment Reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

Food distribution - The distribution and trading of food products.

Food preparation, manufacturing and processing - The management of cookhouses, preparation of cooked meals and manufacturing of food products.

Abattoir and hog auction - The provision of abattoir and related services and auctioning of pigs.

Notes to the Financial Statements (cont'd)

31 December 2002

31. Segment Reporting (cont'd)

Geographical Segments

The Group operates in four principal geographical areas, namely Singapore, United Kingdom, Australia and the People's Republic of China ("PRC"). The food distribution business segment is conducted in Singapore and PRC. The abattoir and hog auction business segment is conducted in Singapore. The food preparation, manufacturing and processing business segment is conducted in Singapore, United Kingdom, Australia and PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the country of operation. Segment assets are based on the geographical location of the assets and operations.

(a) Business Segments

	Food Distribution \$'000	Food Preparation, Manufacturing and Processing \$'000	Abattoir and Hog Auction \$'000	Others \$'000	Eliminations \$'000	TOTAL \$'000
Revenue and Expenses						
2002						
Revenue						
- External customers	134,061	241,191	17,037	-	-	392,289
- Inter-segment	23,572	13,737	4,963	-	(42,272)	-
Total revenue	<u>157,633</u>	<u>254,928</u>	<u>22,000</u>	<u>-</u>	<u>(42,272)</u>	<u>392,289</u>
Segment results	10,284	26,463	4,596	28,382	(28,382)	41,343
Interest income	495	57	-	-	-	552
Interest expense	(509)	(892)	-	-	-	(1,401)
	<u>10,270</u>	<u>25,628</u>	<u>4,596</u>	<u>28,382</u>	<u>(28,382)</u>	<u>40,494</u>
Share of associates and joint venture results, net						(691)
Profit from ordinary activities before taxation						39,803
Taxation						(9,278)
Profit from ordinary activities after taxation						30,525
Minority interests						(627)
Profit after taxation and minority interests						<u>29,898</u>

Notes to the Financial Statements (cont'd)

31 December 2002

31. Segment Reporting (cont'd)

(a) Business Segments (cont'd)

	Food Distribution \$'000	Food Preparation, Manufacturing and Processing \$'000	Abattoir and Hog Auction \$'000	Others \$'000	Eliminations \$'000	TOTAL \$'000
Revenue and Expenses						
2001						
Revenue						
- External customers	148,633	207,783	17,512	-	-	373,928
- Inter-segment	5,603	8,524	5,516	-	(19,643)	-
	<u>154,236</u>	<u>216,307</u>	<u>23,028</u>	<u>-</u>	<u>(19,643)</u>	<u>373,928</u>
Total revenue	<u>154,236</u>	<u>216,307</u>	<u>23,028</u>	<u>-</u>	<u>(19,643)</u>	<u>373,928</u>
Segment results	9,589	25,159	4,859	6,374	(6,374)	39,607
Interest income	600	94	-	-	-	694
Interest expense	(94)	(912)	-	-	-	(1,006)
	<u>10,095</u>	<u>24,341</u>	<u>4,859</u>	<u>6,374</u>	<u>(6,374)</u>	<u>39,295</u>
Share of associates and joint venture results, net						(412)
Profit from ordinary activities before taxation						38,883
Taxation						(10,401)
Profit from ordinary activities after taxation						28,482
Minority interests						(828)
Profit after taxation and minority interests						<u>27,654</u>
Assets and Liabilities						
2002						
Segment assets	<u>28,818</u>	<u>160,066</u>	<u>34,590</u>	<u>63,391</u>	<u>-</u>	<u>286,865</u>
Segment liabilities	<u>16,681</u>	<u>103,212</u>	<u>5,608</u>	<u>51,082</u>	<u>-</u>	<u>176,583</u>
Capital expenditure	<u>142</u>	<u>10,377</u>	<u>3,622</u>	<u>341</u>	<u>-</u>	<u>14,482</u>
2001						
Segment assets	<u>40,676</u>	<u>93,193</u>	<u>32,370</u>	<u>34,189</u>	<u>-</u>	<u>200,428</u>
Segment liabilities	<u>15,874</u>	<u>69,117</u>	<u>5,423</u>	<u>14,499</u>	<u>-</u>	<u>104,913</u>
Capital expenditure	<u>543</u>	<u>7,159</u>	<u>1,037</u>	<u>910</u>	<u>-</u>	<u>9,649</u>

Notes to the Financial Statements (cont'd)

31 December 2002

31. Segment Reporting (cont'd)

(b) Geographical Segments

	Singapore \$'000	United Kingdom \$'000	Australia \$'000	China and Others \$'000	TOTAL \$'000
2002					
Total revenue from external customers	244,927	113,405	25,082	8,875	392,289
Segment assets	153,229	108,230	14,871	10,535	286,865
Segment liabilities	104,809	56,621	8,387	6,766	176,583
Capital expenditure	4,785	9,176	429	92	14,482
Significant non-cash items - Depreciation	4,738	3,698	841	835	10,112
2001					
Total revenue from external customers	268,878	75,263	21,543	8,244	373,928
Segment assets	144,493	29,906	14,959	11,070	200,428
Segment liabilities	68,996	19,468	9,316	7,133	104,913
Capital expenditure	3,309	2,893	1,939	1,508	9,649
Significant non-cash items - Depreciation	4,707	2,512	806	975	9,000

32. Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the adoption of the requirements of the new and revised accounting standards stated in note 25.

Supplementary Information

For the year ended 31 December 2002 (SGX-ST Listing Manual Requirements)

1. Directors' Remuneration

The following information relates to remuneration of Directors of Singapore Food Industries Limited:

Number of Directors in Remuneration Bands	2002	2001
Remuneration Bands		
\$500,000 and above	1	1
\$250,000 to \$499,999	-	-
Below \$250,000	6	7
Total	7	8

2. Interested Persons Transactions

Interested Persons Transactions ("IPT") carried out during the financial year, pursuant to the Shareholders' Mandate and as defined under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") are as follows:

- (a) General Transactions (Aggregate value)
 - Purchases of goods and services \$1.932 million
- (b) Placement of funds with related company SembCorp Industries Ltd ("SembCorp"):
 - Daily (over-night) placements and short-term deposits \$18.137 million
- (c) Payment of Management and Corporate Support Services to SembCorp totalling \$250,000.

During the financial year, there were no borrowings, foreign exchange, swap and options transactions entered into with and no subscription of debt securities issued by any interested person (as defined in Chapter 9 of the Listing Manual).

3. Dealings In Securities

The Company has procedures in place on dealings in securities, whereby there should be no dealings in the Company's shares by its officers during the period commencing two weeks prior to the announcement of the Company's quarterly, half-year and full-year results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in its own securities is allowed.

Value Added Statement

For the year ended 31 December 2002

	2002 \$'000	2001 \$'000
VALUE ADDED FROM :		
Turnover	392,289	373,928
Less: bought in materials and services	(266,702)	(252,151)
GROSS VALUE ADDED	<u>125,587</u>	<u>121,777</u>
Investment, interest & other income	3,913	3,386
Share of associated companies' loss	(264)	(86)
Share of joint ventures' profit	45	28
Other non-operating expenses	(272)	(1,172)
TOTAL VALUE ADDED	<u><u>129,009</u></u>	<u><u>123,933</u></u>
DISTRIBUTION		
To employees in salaries, wages & benefits	74,297	70,748
To government in income & other taxes	10,012	11,769
To providers of capital on: -		
Interest paid on borrowings	1,401	1,006
Dividends to shareholders	17,004	0
RETAINED IN BUSINESS		
Depreciation and amortisation	11,754	9,933
Retained profits	12,894	27,168
Minority interests	627	828
OTHER NON-OPERATING EXPENSES	<u>1,020</u>	<u>2,481</u>
TOTAL DISTRIBUTION	<u><u>129,009</u></u>	<u><u>123,933</u></u>
Average number of employees	1,975	1,914
PRODUCTIVITY ANALYSIS		
Value added per employee (\$'000)	63.59	63.62
Value added per dollar of employment costs (\$)	1.69	1.72
Value added per dollar sales (\$)	0.32	0.33
Value added per dollar investment in net fixed assets (\$)	1.25	1.77

Statistics of Shareholders

As at 17 February 2003

Authorised share capital	:	S\$75,000,000
Issued and fully paid-up capital	:	S\$25,052,175
Class of shares	:	Ordinary shares of S\$0.05 each

Analysis Of Shareholdings

Range of Shareholdings	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)
1 - 999	309	2.14	148,725	0.03
1,000 - 10,000	13,332	92.07	30,004,182	5.99
10,001 - 1,000,000	824	5.69	33,437,738	6.67
1,000,001 and above	15	0.10	437,452,855	87.31
TOTAL	14,480	100.00	501,043,500	100.00

Based on information available to the Company as at 17 February 2003, approximately 28.00 % of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Substantial Shareholders

Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ambrosia Investment Pte. Ltd.	359,731,154	71.80	-	-
Singapore Technologies Pte Ltd ¹	-	-	359,731,154	71.80
Singapore Technologies Holdings Pte Ltd ²	-	-	359,731,154	71.80
Temasek Holdings (Private) Limited ³	-	-	359,731,154	71.80

Notes:

- 1 Singapore Technologies Pte Ltd ("STPL") is deemed to be interested in the 359,731,154 shares held by Ambrosia Investment Pte. Ltd., a wholly-owned subsidiary of STPL.
- 2 Singapore Technologies Holdings Pte. Ltd. is deemed to be interested in the 359,731,154 shares held by Ambrosia Investment Pte. Ltd. by virtue of its more than 20 per cent. interest in the issued share capital of STPL.
- 3 Temasek Holdings (Private) Limited is deemed to be interested in the 359,731,154 shares held by STPL by virtue of the provisions of section 7 of the Companies Act, Cap. 50.

Statistics of Shareholders (cont'd)

As at 17 February 2003

Top Twenty Shareholders

No.	Name of Shareholder	Number of Shares Held	Percentage (%)
1	Ambrosia Investment Pte. Ltd.	359,731,154	71.80
2	DBS Nominees Pte Ltd	16,383,817	3.27
3	NTUC Fairprice Co-operative Ltd	15,000,000	2.99
4	United Overseas Bank Nominees Pte Ltd	9,654,066	1.93
5	DB Nominees (S) Pte Ltd	6,978,435	1.39
6	Raffles Nominees Pte Ltd	6,901,619	1.38
7	Citibank Nominees Singapore Pte Ltd	6,836,663	1.36
8	The Asia Life Assurance Society Ltd - S'pore Life Fund	4,023,000	0.80
9	HSBC (Singapore) Nominees Pte Ltd	3,597,112	0.72
10	Oversea-Chinese Bank Nominees Pte Ltd	1,907,659	0.38
11	DBS Vickers Securities (S) Pte Ltd	1,881,330	0.38
12	UOB Kay Hian Pte Ltd	1,365,000	0.27
13	Lee Hee Seng	1,083,000	0.22
14	Lim Chye Huat @ Bobby Lim Chye Huat	1,060,000	0.21
15	Lek Siah Joo @ Lek Swee Chew	1,050,000	0.21
16	Morph Investments Ltd	767,000	0.15
17	OCBC Securities Private Limited	622,000	0.12
18	Tay Siew Choon	531,000	0.11
19	Overseas Union Enterprise Limited	500,000	0.10
20	Phillip Securities Pte Ltd	390,500	0.08
		<u>440,263,355</u>	<u>87.87</u>

Notice of Annual General Meeting

Singapore Food Industries Limited
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN THAT the 29th Annual General Meeting of the Company will be held at [(venue(], 234 Pandan Loop, Singapore 128422 on Tuesday, April 8, 2003 at [(3.00 p.m.(] to transact the following business :-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended December 31, 2002 and the Auditors' Report thereon. (Resolution 1)
 2. To declare a first and final dividend of 3 cents per ordinary share (less income tax) for the year ended December 31, 2002. (Resolution 2)
 3. To declare a special dividend of 2 cents per ordinary share (less income tax) for the year ended December 31, 2002. (Resolution 3)
 4. (a) To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 91 of the Articles of Association of the Company and who, being eligible, will offer themselves for re-election :-
 - (i) Mr. [••] (Resolution 4)
 - (ii) Mr. Patrick Yeoh Khwai Hoh (Resolution 5)
 - (b) To re-elect the following Director who will cease to hold office pursuant to Article 97 of the Articles of Association of the Company and who being eligible, will offer himself for re-election :-
 - (i) Mr John Lim Kok Min (Resolution 6)
- Mr. Patrick Yeoh Khwai Hoh and Mr. John Lim Kok Min will, upon re-election as Directors of the Company, remain as members of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Limited.
5. To approve Directors' fees of S\$402,753 for the financial year ended December 31, 2002 (2001 : S\$322,666). (Resolution 7)
 6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)
 7. To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions :-

8. Authority to issue shares under section 161 of the Companies Act, Cap. 50

That pursuant to section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed fifty per cent. (50%) of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent. (20%) of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

 (Resolution 9)
9. Authority to issue shares pursuant to the Share Plans

That approval be and is hereby given to the Directors to :- (Resolution 10)

 - (a) offer and grant options in accordance with the provisions of the Singapore Food Industries Share Option Plan ("Share Option Plan") and/or to grant awards in accordance with the provisions of the Singapore Food Industries Performance Share Plan ("Performance Share Plan") and/or the Singapore Food Industries Restricted Stock Plan ("Restricted Stock Plan") (the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan, together, the "Share Plans"); and
 - (b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan provided that the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time.

Notice of Annual General Meeting (cont'd)

Singapore Food Industries Limited
(Incorporated in the Republic of Singapore)

10. Grant of options to directors and employees of the Parent Group

(Resolution 11)

That approval be given for up to twenty per cent. (20%) of the total number of shares available under the Singapore Food Industries Share Option Plan (the "Share Option Plan") to be made available for the grant of options ("Options") under the Share Option Plan to persons who are employees (including executive directors) and non-executive directors of a company being the holding company of the Company designated by the committee appointed to administer the Share Option Plan (the "Committee") for the purposes of the Share Option Plan (the "Parent Company") and such of the Parent Company's subsidiaries as are designated by the Committee for the purposes of the Share Option Plan ("Parent Group Executives/Directors"), provided that any such employee or non-executive director whose services have been seconded to the Company or any of its subsidiaries shall not be treated as a Parent Group Executive/Director for the purposes of this Resolution.

BY ORDER OF THE BOARD

LENA CHIA YUE JOO (MS)
COMPANY SECRETARY

Singapore
March [•14•] 2003

STATEMENT PURSUANT TO ARTICLE 54 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (a) Resolution 9 is to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in total fifty per cent. (50%) of the issued share capital of the Company for the time being, with a sub-limit of twenty per cent. (20%) of shares issued other than on a *pro rata* basis to shareholders.
- (b) Resolution 10 is to empower the Directors to issue shares in the capital of the Company pursuant to the Singapore Food Industries Share Option Plan, the Singapore Food Industries Performance Share Plan and the Singapore Food Industries Restricted Stock Plan (together, the "Share Plans") provided that the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed fifteen per cent. (15%) of the issued share capital of the Company for the time being. The Rules of the respective Share Plans are available for inspection at the Registered Office of the Company at 234 Pandan Loop, Singapore 128422 during normal office hours from the date hereof up to and including the date of the 29th Annual General Meeting.
- (c) Resolution 11 is to approve the grant of options to directors and employees of the parent company designated by the committee (the "Committee") administering the Singapore Food Industries Share Option Plan, and subsidiaries of such parent company (the "Parent Group").

Notes :-

- (i) A member may appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (ii) A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Company Secretary's office at 51 Cuppage Road #09-01 StarHub Centre, Singapore 229469 not less than 48 hours before the time appointed for holding the 29th Annual General Meeting.

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

Further to the announcement made by the Company on January 28, 2003, the Board of Directors of the Company wishes to confirm that the Register of Members and Share Transfer Books will be closed from April 17, 2003 to April 21, 2003 (both dates inclusive) (the "Books Closure Date") for the purpose of determining members' entitlements to the dividends to be proposed at the 29th Annual General Meeting of the Company to be held on April 8, 2003.

Duly completed transfers in respect of the ordinary shares in the capital of the Company together with all relevant documents of title received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to the close of business at 5.00 p.m. on April 16, 2003 will be registered to determine members' entitlements to the proposed dividends, subject to approval of members of the Company to the proposed dividends at the 29th Annual General Meeting. Subject as aforesaid, members whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Books Closure Date will be entitled to the dividends.

The proposed dividends if approved at the 29th Annual General Meeting, will be paid on May 5, 2003.

Proxy Form

Singapore Food Industries Limited
(Incorporated in the Republic of Singapore)
29th Annual General Meeting

Important :

1. For investors who have used their CPF moneys to buy shares in the capital of Singapore Food Industries Limited, the 2002 Annual Report is forwarded to them at the request of their CPF Appointed Nominees and is sent solely FOR INFORMATION ONLY.
2. The Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ of _____
(Full name in Block Capitals) (Address)

being a member/members of Singapore Food Industries Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Number of Shares
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 29th Annual General Meeting of the Company to be held at [•venue•], 234 Pandan Loop, Singapore 128422 on Tuesday, April 8, 2003 at [•3.00 p.m.•] and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of 29th Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the 29th Annual General Meeting.)

NO.	RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
Resolution 1	Adoption of Accounts and Reports		
Resolution 2	Declaration of a First and Final Dividend		
Resolution 3	Declaration of a Special Dividend		
Resolution 4	Re-election of Mr. [••]		
Resolution 5	Re-election of Mr. Patrick Yeoh Khwai Hoh		
Resolution 6	Re-election of Mr. John Lim Kok Min		
Resolution 7	Approval of Directors' fees		
Resolution 8	Re-appointment of KPMG as Auditors		
	Special Business		
Resolution 9	Authority for Directors to issue shares pursuant to section 161 of the Companies Act, Cap. 50		
Resolution 10	Authority for Directors to offer and grant options and/or grant awards and allot and issue shares, pursuant to the Singapore Food Industries Share Option Plan, Singapore Food Industries Performance Share Plan and Singapore Food Industries Restricted Stock Plan		
Resolution 11	Authority for Directors to grant options to directors and employees of Parent Group		

Dated this _____ day of _____, 2003

Total Number Of Shares Held

Signature(s) of Member(s) or Common Seal

IMPORTANT : PLEASE READ NOTES OVERLEAF

NOTES :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company Secretary's office at 51 Cuppage Road #09-01 StarHub Centre, Singapore 229469 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized.
6. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

**AFFIX STAMP
HERE**

**The Company Secretary
SINGAPORE FOOD INDUSTRIES LIMITED
51 Cuppage Road
#09-01 StarHub Centre
Singapore 229469**

Fold along this line