SINGAPORE FOOD INDUSTRIES LIMITED AND ITS SUBSIDIARIES

SGX "APPENDIX 7.2" ANNOUNCEMENT

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST HALF ENDED 30 JUNE 2006

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Singapore Food Industries Limited
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1. Consolidated Income Statements

The Board of Directors announces the results of the Group for the First Half ended 30 June 2006. These figures have not been audited.

S$000	2Q 2006	2Q 2005	Change	1H 2006	1H 2005	Change
Revenue	147,205	139,038	5.9	297,214	283,829	4.7
Cost of sales	(109,162)	(102,936)	6.0	(218,435)	(205,464)	6.3
Gross profit	**38,043**	**36,102**	**5.4**	**78,779**	**78,365**	**0.5**
Gross Margin %	25.8%	26.0%	(0.1)	26.5%	27.6%	(1.1)
Other income, net	714	749	(4.7)	943	1,701	(44.6)
Warehousing, selling & distribution expenses	(8,803)	(7,628)	15.4	(18,529)	(16,773)	10.5
Administrative & other operating expenses	(19,581)	(18,891)	3.7	(39,311)	(38,938)	1.0
Total Operating & Administrative expenses	(28,384)	(26,519)	7.0	(57,840)	(55,711)	3.8
Profits before interest and tax	**10,373**	**10,332**	**0.4**	**21,882**	**24,355**	**(10.2)**
Interest income	133	106	25.5	287	207	38.6
Interest expenses	(853)	(840)	1.5	(1,718)	(1,753)	(2.0)
Profit before associates/JV and tax	**9,653**	**9,598**	**0.6**	**20,451**	**22,809**	**(10.3)**
Share of results of jointly controlled entity	(2)	(2)	0.0	(3)	(3)	0.0
Profit before taxation	**9,651**	**9,596**	**0.6**	**20,448**	**22,806**	**(10.3)**
Taxation (Current & Deferred)	(2,608)	(2,682)	(2.8)	(5,960)	(6,331)	(5.9)
Profit after taxation	7,043	6,914	1.9	14,488	16,475	(12.1)
Attributable to:						
Shareholders of the Company	6,960	6,507	7.0	14,067	15,723	(10.5)
Minority interests	83	407	(79.6)	421	752	(44.0)
	7,043	**6,914**	**1.9**	**14,488**	**16,475**	**(12.1)**
Earnings per share (cents)						
Basic	**1.4**	**1.3**		**2.8**	**3.1**	
Diluted	**1.4**	**1.3**		**2.7**	**3.1**	
Profit after tax as a percentage of Turnover	4.8%	5.0%		4.9%	5.8%	
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	5.0%	5.1%		10.1%	12.3%	

Notes:
N.M: Not Meaningful

More details on this announcement can be found in the press release statement and the Analysts/Media presentation materials posted on the SGXNET at the same time with this announcement.

2. Balance Sheets

	Group			Company		
S$'000	**30.6.2006**	**31.3.2006**	**31.12.2005**	**30.6.2006**	**31.3.2006**	**31.12.2005**
Non-Current Assets						
Property, Plant & Equipment	126,956	125,705	130,923	5,312	5,578	5,647
Intangible assets	45,552	45,659	46,466	0	0	0
Subsidiaries	0	0	0	108,674	108,674	109,385
Jointly controlled entity	232	234	235	50	50	50
Other Investments	360	373	390	165	174	183
Deferred tax assets	739	738	1,141	359	359	359
	173,839	172,709	179,155	114,560	114,835	115,624
Current Assets						
Inventories	34,793	35,623	39,327	15,673	17,281	18,724
Trade and other receivables	97,643	93,990	93,884	45,911	40,230	41,330
Cash and bank balances	19,637	16,475	18,810	13,505	11,090	10,139
	152,073	146,088	152,021	75,089	68,601	70,193
Total Assets	325,912	318,797	331,176	189,649	183,436	185,817
Equity attributable to the holders of the parent						
Share Capital	33,959	32,818	25,528	34,149	32,818	25,528
Reserves	105,322	111,954	112,718	61,550	70,865	71,649
	139,281	144,772	138,246	95,699	103,683	97,177
Minority Interest	9,232	9,233	9,040	0	0	0
Total Equity	148,513	154,005	147,286	95,699	103,683	97,177
Non-Current Liabilities						
Interest-bearing bank loans and borrowings	14,501	14,774	16,104	0	0	0
Deferred tax liabilities	2,079	2,020	2,170	0	0	0
	16,580	16,794	18,274	0	0	0
Current Liabilities						
Bank overdrafts (secured)	3,669	3,042	1,447	0	0	0
Trade and other payables	95,463	91,245	110,198	56,632	54,941	63,362
Interest-bearing bank loans and borrowings	48,373	37,811	37,983	29,000	16,000	16,000
Current tax payable	13,314	15,900	15,988	8,318	8,812	9,278
	160,819	147,998	165,616	93,950	79,753	88,640
Total Liabilities	177,399	164,792	183,890	93,950	79,753	88,640
Total Equity and Liabilities	325,912	318,797	331,176	189,649	183,436	185,817

3. Consolidated Cash Flow Statement

S$'000	2Q 2006	2Q 2005	1H 2006	1H 2005
Profit from ordinary activities before taxation	**9,651**	**9,596**	**20,448**	**22,806**
Adjustments for:				
Depreciation of property, plant and equipment	4,544	4,729	8,349	9,981
Interest expenses	853	840	1,718	1,753
Interest income	(133)	(106)	(287)	(207)
Share of results of jointly controlled entity	2	2	3	3
EBITDA	**14,917**	**15,061**	**30,231**	**34,336**
Gain on disposal of property, plant and equipment	8	0	(23)	(40)
Gain on disposal of intangibles	(23)	0	(384)	0
Loss on liquidation of a subsidiary	0	0	648	0
Provision for employee share option expense	59	101	163	180
Provision for cost of performance shares	105	60	206	119
Provision for diminution in value of other financial assets	9	15	18	30
Operating profits before working capital changes	**15,075**	**15,237**	**30,859**	**34,625**
Changes in working capital:				
Inventories	1,413	2,314	4,499	3,357
Trade and other receivables	(1,604)	(7,353)	(3,696)	6,729
Trade and other payables	1,946	934	(5,938)	(9,762)
Operating Cash Flows	16,830	11,132	25,724	34,949
Income taxes paid	(5,296)	(2,638)	(8,331)	(4,255)
Cash flows from operating activities	**11,534**	**8,494**	**17,393**	**30,694**
Investing Activities				
Acquisition of property, plant and equipment	(2,462)	(4,173)	(4,021)	(9,106)
Interest received	133	106	287	207
Proceeds from disposal of intangibles	92	0	1,044	0
Proceeds from disposal of property, plant and equipment	36	1	67	43
Cash flows from investing activities	**(2,201)**	**(4,066)**	**(2,623)**	**(8,856)**
Financing Activities				
Issue of new shares	1,141	480	2,084	1,676
Proceeds from bank loans	9,901	9,751	11,172	4,441
Interest paid	(853)	(840)	(1,718)	(1,753)
Dividend received from treasury shares	64	47	64	47
Dividend paid	(16,427)	(16,254)	(25,422)	(24,350)
Cash flows from financing activities	**(6,174)**	**(6,816)**	**(13,820)**	**(19,939)**
Net (decrease)/increase in cash & cash equivalents	**3,159**	**(2,388)**	**950**	**1,899**
Cash & cash equivalents at the beginning of the period	**16,475**	**19,981**	**18,810**	**15,665**
Effect of exchange rate changes on balances held in foreign currencies	**3**	**(4)**	**(123)**	**25**
Cash & cash equivalents at the end of period	**19,637**	**17,589**	**19,637**	**17,589**

4. Notes to Consolidated Cash Flow Statement

Cash flows generated from operations for the Group totalled $17.4 million for 1H2006 (1H 2005: $30.7 million), a decrease of $13.3 million or 43.3 per cent due to a lower EBITDA, higher working capital requirements and tax payments. Payments for capital expenditures for 1H 2006 totalled $4.0 million (1H 2005: $9.1 million), mainly for the UK/Europe operations. $1.0 million of proceeds were received for the disposal of a fishing licence by an Australian subsidiary to the Australian Commonwealth Government. This buy-back of fishing licences is a consequence of the Australian Government's environmental legislation in restructuring the fishing industry around the Great Barrier Reef Marine Park.

A final dividend of 4.0 cents gross (3.2 cents net) per share was paid on 8 June 2006 totalling $16.4 million. Together with an interim dividend of 2.2 cents gross (1.76 cents net) per share paid on 25 January 2006, the total dividends paid of 4.96 cents net in respect of FY2005 was $25.4 million ($24.4 million or 4.8 cents net per share for comparable period last year).

5. Statement of Changes in Equity

The Group (S$'000)	Share capital	Share premium	Capital Reserve	Merger Reserve	Employee share options reserve	Equity compensation reserve	Treasury shares	Other reserve	Accumulated profits	Foreign currency translation reserve	Total attributable to equity holders of the parent	Minority interest	Total equity
At 1 April 2005	25,374	13,475	0	2,245	353	296	(1,088)	0	90,229	7,938	138,822	9,161	147,983
Exchange differences on translation of net assets of foreign subsidiaries	0	0	0	0	0	0	0	0	0	(1,599)	(1,599)	89	(1,510)
Equity compensation costs	0	0	0	0	101	60	0	0	0	0	161	0	161
Dividends received	0	0	0	0	0	0	47	0	0	0	47	0	47
Net gains recognised directly in equity	0	0	0	0	101	60	47	0	0	(1,599)	(1,391)	89	(1,302)
Net profit for the quarter	0	0	0	0	0	0	0	0	6,507	0	6,507	407	6,914
Total recognised income and expense for the quarter	0	0	0	0	101	60	47	0	6,507	(1,599)	5,116	496	5,612
Issue of shares	34	446	0	0	0	0	0	0	0	0	480	0	480
Dividends paid	0	0	0	0	0	0	0	0	(16,254)	0	(16,254)	0	(16,254)
At 30 June 2005	**25,408**	**13,921**	**0**	**2,245**	**454**	**356**	**(1,041)**	**0**	**80,482**	**6,339**	**128,164**	**9,657**	**137,821**
At 1 April 2006	32,818	0	9,212	2,245	748	342	(718)	(409)	98,748	1,786	144,772	9,233	154,005
Exchange differences on translation of net assets of foreign subsidiaries	0	0	0	0	0	0	0	0	0	2,608	2,608	(84)	2,524
Equity compensation costs	0	0	0	0	58	105	0	0	0	0	163	0	163
Dividends received	0	0	0	0	0	0	64	0	0	0	64	0	64
Net gains recognised directly in equity	0	0	0	0	58	105	64	0	0	2,608	2,835	(84)	2,751
Net profit for the quarter	0	0	0	0	0	0	0	0	6,960	0	6,960	83	7,043
Total recognised income and expense for the quarter	0	0	0	0	58	105	64	0	6,960	2,608	9,795	(1)	9,794
Issue of shares	1,141	0	0	0	0	0	0	0	0	0	1,141	0	1,141
Dividends paid	0	0	0	0	0	0	0	0	(16,427)	0	(16,427)	0	(16,427)
At 30 June 2006	**33,959**	**0**	**9,212**	**2,245**	**806**	**447**	**(654)**	**(409)**	**89,281**	**4,394**	**139,281**	**9,232**	**148,513**

5. Statement of Changes in Equity (Continued)

The Company (S$'000)	Share capital	Share premium	Employee share options reserve	Equity compensation reserve	Treasury shares	Other reserve	Accumulated profits	Total equity
At 1 April 2005	25,374	4,263	353	296	(1,088)	0	61,809	91,007
Equity compensation costs	0	0	101	60	0	0	0	161
Dividends received	0	0	0	0	47	0	0	47
Net gains recognised directly in equity	0	0	101	60	47	0	0	208
Net profit for the quarter	0	0	0	0	0	0	7,633	7,633
Total recognised income and expense for the quarter	0	0	101	60	47	0	7,633	7,841
Issue of shares	34	444	0	0	0	0	0	478
Dividends paid	0	0	0	0	0	0	(16,254)	(16,254)
At 30 June 2005	**25,408**	**4,707**	**454**	**356**	**(1,041)**	**0**	**53,188**	**83,072**
At 1 April 2006	32,818	0	748	342	(718)	(409)	70,902	103,683
Equity compensation costs	0	0	58	105	0	0	0	163
Dividends received	0	0	0	0	64	0	0	64
Net gains recognised directly in equity	0	0	58	105	64	0	0	227
Net profit for the quarter	0	0	0	0	0	0	7,075	7,075
Total recognised income and expense for the quarter	0	0	58	105	64	0	7,075	7,302
Issue of shares	1,141	0	0	0	0	0	0	1,141
Dividends paid	0	0	0	0	0	0	(16,427)	(16,427)
At 30 June 2006	**33,959**	**0**	**806**	**447**	**(654)**	**(409)**	**61,550**	**95,699**

6. Consolidated Economic Value Added ("EVA") Statement

EVA for 1H 2006 was lower at $9.0million (1H 2005: $11.1 million). The decrease is the result of lower net operating profits, higher average EVA Capital balances and a higher Weighted Average Cost of Capital ("WACC"), compared with 1H 2005. FY 2006's higher WACC of 7.0 per cent versus 6.3 per cent for FY 2005 is the result of using a higher risk-free rate of return of 3.31 per cent (FY2005: 2.62 per cent) and higher borrowing rate of 4.04 per cent (FY2005: 3.03 per cent). Market risk premium placed on equities for FY2006 remains at 6.0 per cent. Average EVA Capital for 1H 2006 was 3.4 per cent higher at $221.1 million compared with $213.7 million for 1H 2005 due to higher revenue reserves. Return on EVA Capital on an annualised basis is 15.1 per cent compared with 16.7 per cent for 1H 2005. This gives an annualised EVA Spread (Return on EVA Capital less WACC) of 8.1 per cent (1H 2005: 10.4 per cent).

S$'000	**1H 2006**	**1H 2005**
Profit Before Taxation and after share of results of Joint Venture	20,448	22,806
Adjustments for:		
Increase/(Decrease) in general provision for doubtful debts	(128)	(297)
Increase/(Decrease) in general provision for stock obsolescence	(1)	(14)
Interest expense	1,718	1,753
Interest expense on non-capitalised leases	55	51
Unusual Item	648	0
Adjusted Earnings Before Income Tax	22,740	24,299
Less Cash Operating Taxes	6,004	6,476
Net Operating Profit After Tax (NOPAT)	**16,736**	**17,823**
Average EVA Capital Employed	221,052	213,711
Weighted Average Cost of Capital	7.00%	6.30%
Capital Charge	7,736	6,732
Economic Value Added (EVA)	**9,000**	**11,091**

7. Financial Highlights

$'Ms	1H 2006	1H 2005	% Change
Turnover	297.2	283.8	4.7
Gross Margins (%)	26.5	27.6	(1.1)
EBITDA	30.2	34.3	(12.0)
PBT (before Joint Venture)	20.5	22.8	(10.3)
Net Profit Attributable to Shareholders ("PATMI")	14.1	15.7	(10.5)
Profit after Tax as a percentage of Sales (%)	4.9	5.8	(0.9)
Earnings per Share (Cents)	2.8	3.1	(11.4)
Economic Value Added ("EVA")	9.0	11.1	(18.9)
EVA Spread (%)*	8.1	10.4	(2.3)
Return on Equity (%)*	20.3	24.4	(4.1)
Return on Total Assets (%)*	9.9	11.0	(1.1)
Interest Cover (times)	12.9	14.0	(7.9)
Debt/Equity Ratio	0.4	0.5	
Net Assets per Share (cents)	27.1	25.2	7.6

* Annualised

8. Dividends

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

9. Review of Performance of the Group

9.1 Commentary on Turnover

2Q 2006 vs 2Q 2005

TURNOVER S$'000	**2Q 2006**	**2Q 2005**	**+/(-)**	**+/(-) %**
Food Distribution	33,419	35,072	(1,653)	(4.7)
Food Preparation, Manufacturing & Processing	109,781	98,194	11,587	11.8
Abattoir & Hog Auction	4,005	5,772	(1,767)	(30.6)
	147,205	139,038	8,167	5.9

TURNOVER S$'000	**2Q 2006**	**2Q 2005**	**+/(-)**	**+/(-) %**
Singapore	59,661	61,241	(1,580)	(2.6)
UK/Europe	79,237	67,557	11,680	17.3
Australia	6,328	8,652	(2,324)	(26.9)
China	1,979	1,588	391	24.6
Total Overseas	87,544	77,797	9,747	12.5
Total	147,205	139,038	8,167	5.9

Turnover for 2Q 2006 increased $8.2 million or 5.9 per cent to $147.2 million from $139.0 million for 2Q2005. Growth came from the United Kingdom /Europe (“UK/Europe”) and China.

Food Distribution sales decreased $1.7 million or 4.7 per cent for the quarter as a result of lower sales to most sectors. Only exports, ship supplies and sales to small supermarkets were higher.

Turnover from Food Preparation, Manufacturing and Processing rose by $11.6 million or 11.8 per cent due to growth from overseas subsidiaries which registered a combined growth of $9.7 million or 12.5 per cent over 2Q 2005. In Singapore, catering revenues for the quarter were 9.0 per cent higher, contributed by shipments of “meals-ready-to-eat” (“MRE”) to a Middle-East country totalling S$2.4 million. Catering revenues from SAF were comparable to 2Q 2005 while commercial catering sales were lower. In the UK, Daniels’ sales for the quarter grew 24.8 per cent in Sterling Pound terms. Due to the strengthening of the Singapore Dollar against the Sterling Pound for the period, the growth in Singapore Dollar terms was $7.8 million or 18.8 per cent. This resulted in sales for Daniels for 2Q2006 of $49.1 million from $41.3 million in 2Q2005. Soup sales at Daniels grew 8.6 per cent quarter-on-quarter (“q-o-q”). Prepared fruit sales grew 79.1 cent while juice and drinks grew by 20.7 per cent. ICL sales increased 17.4 per cent compared with 2Q2005, showing recovery from the Sudan-

1 impact last year. This translated to an increase of $2.6 million or 11.7 per cent in Singapore Dollar terms. Cresset contributed $5.4 million in turnover for the quarter, an increase of $1.4 million or 34.3 per cent. In Euro terms, sales increased 39.8 per cent qoq. The increase is due to higher chilled ready meals ("CRM") sales as a result of the second and third key customers acquired in 4Q2005 and 2Q2006 respectively.

Turnover of the Group's Australian subsidiaries decreased $2.3 million, or 26.9 per cent. 2Q2005 turnover included final billings under the facilities management contract with the SAF, which ended at the end of July 2005 and was renewed in August 2005. Sales from seafood processing and commercial fishing were lower during the quarter.

In China, sales grew $0.4 million or 24.6 per cent qoq due to higher sales of frozen ready meals to the food service sector. Sales of traditional chicken-based products were marginally lower.

Abattoir and Hog Auction revenues were $1.8 million or 30.6 per cent lower than 2Q 2005 as a result of lower slaughter and auction numbers, averaging 730 and 709 pigs per day respectively (2Q 2005: 1,079 and 994 respectively). This is the result of reduced pig supply from the single source farm in Bulan.

1H 2006 vs 1H 2005

TURNOVER

S$'000	**1H 2006**	**1H 2005**	**+/(-)**	**+/(-) %**
Food Distribution	68,859	66,846	2,013	3.0
Food Preparation, Manufacturing & Processing	220,055	206,066	13,989	6.8
Abattoir & Hog Auction	8,300	10,917	(2,617)	(24.0)
	297,214	283,829	13,385	4.7

TURNOVER

S$'000	**1H 2006**	**1H 2005**	**+/(-)**	**+/(-) %**
Singapore	118,732	118,550	182	0.2
UK/Europe	162,235	146,149	16,086	11.0
Australia	11,699	15,945	(4,246)	(26.6)
China	4,548	3,185	1,363	42.8
Total Overseas	178,482	165,279	13,203	8.0
Total	297,214	283,829	13,385	4.7

Turnover for 1H 2006 increased $13.4 million or 4.7 per cent to $297.2 million from $283.8 million for 1H 2005. Growth came from UK/Europe and China.

Food Distribution sales increased $2.0 million or 3.0 per cent for the half year as a result of higher exports and ship supplies sales.

Turnover from Food Preparation, Manufacturing and Processing rose by $14.0 million or 6.8 per cent, contributed by a 8.0 per cent (or $13.2 million) growth from overseas subsidiaries over 1H2005. In Singapore, catering revenues for 1H2006 were flat, the lower sales to SAF and lower commercial catering sales being offsetted by the exports of MRE to a Middle-Eastern country. In the UK, Daniels' sales for 1H2006 grew 18.4 per cent in Sterling Pound terms. In Singapore Dollar terms, growth was 10.8 per cent (or $9.9 million) to $101.1 million due to a 6.4 per cent strengthening of the Singapore Dollar against the Sterling Pound. Soup sales at Daniels grew 9.7 per cent during 1H2006. Prepared fruit sales continued to outperform the market, growing by 77.4 per cent over 1H 2005. Juice and drinks also grew strongly by 12.3 per cent. CRM sales in ICL increased 12.1 per cent over 1H2005 in Sterling Pound terms, translating to an increase of $2.4 million or 5.0 per cent in Singapore Dollars terms. Cresset contributed $11.5 million in turnover for 1H2006, an increase of $3.9 million or 51.6 per cent over 1H2005 from higher CRM sales. In Euro terms, sales increased 62.0 per cent in 1H 2006.

Turnover of the Group's Australian subsidiaries decreased $4.2 million, or 26.6 per cent, as 2Q2005 had the benefit of final billings under the first facilities management contract with the Singapore Armed Forces, which was renewed in August 2005. Sales from commercial fishing and seafood processing were lower due to poorer catches and lower exports.

In China, sales grew $1.4 million or 42.8 per cent compared with 1H2005, as sales of frozen ready meals to the food service sector continued to increase.

Abattoir and Hog Auction revenues were $2.6 million or 24.0 per cent lower than 1H 2005 as a result of low pig supply which resulted in lower slaughter and auction numbers, averaging 793 and 767 pigs per day respectively (1H 2005: 1,074 and 986 respectively).

9.2 Commentary on Profit Before Taxation ("PBT")

2Q 2006 vs 2Q 2005

PBT S$'000	**2Q 2006**	**2Q 2005**	**+/(-)**	**+/(-) %**
Food Distribution	2,811	3,067	(256)	(8.3)
Food Preparation, Manufacturing & Processing	6,396	4,437	1,959	44.2
Abattoir & Hog Auction	446	2,094	(1,648)	(78.7)
	9,653	9,598	55	0.6
PBT %	6.6%	6.9%	(0.3%)	

PBT S$'000	**2Q 2006**	**2Q 2005**	**+/(-)**	**+/(-) %**
Singapore	7,003	8,927	(1,924)	(21.6)
UK/Europe	2,614	(952)	3,566	N.M.
Australia	79	1,965	(1,886)	(96.0)
China & Others	(43)	(342)	299	N.M.
Total Overseas	2,650	671	1,979	294.9
Total	9,653	9,598	55	0.6

PBT for 2Q 2006 at $9.7 million was marginally higher than 2Q 2005. PBT margins were lower at 6.6 per cent (2Q 2005: 6.9 per cent) due to lower margins from the Singapore operations which declined from 14.6 per cent in 2Q2005 to 11.7 per cent in 2Q2006. PBT margins from overseas operations went up from 0.9 per cent to 3.0 per cent.

PBT from Food Distribution was 8.3 per cent lower due to lower sales and higher operating costs.

Profits from Food Preparation, Manufacturing and Processing were higher by $2.0 million or 44.2 per cent. Singapore Food Catering reported better profits for the quarter assisted by initial exports of MRE to a Middle-Eastern country. Profits attributable to Daniels were $2.2 million for 2Q 2006, compared to a loss of $0.2 million for 2Q 2005 (this being traditionally a weak quarter). The increase of $2.4 million over 2Q 2005 was underpinned by the double-digit sales growth during the quarter. ICL reported a 79.7 per cent increase in profits to $1.5 million, compared with $0.9 million for 2Q 2005 on the back of higher sales and improved operating efficiencies. In Sterling Pound terms, profits were 89.3 per cent higher. Cresset registered a loss of $1.1 million for the quarter, 29.9 per cent lower than the $1.6 million loss registered for 2Q 2005.

The Australian subsidiaries reported a profit of $79 thousand, compared to a profit of $2.0 million for 2Q 2005. The higher profit in 2Q2005 came from "one-off" final billings for facilities management last year. China operations registered a small loss of $43 thousand versus a loss of $0.3 million in 2Q 2005 due to higher frozen ready meal sales to the food service sector.

Abattoir and Hog Auction profits were $1.6 million lower due to the significantly lower pig numbers for slaughter and hog auction during the quarter.

On a geographical basis, PBT in Singapore at $7.0 million was 21.6 per cent lower than 2Q2005. Overseas combined PBT increased four-fold from $0.7 million to $2.7 million in 2Q 2006.

1H 2006 vs 1H 2005

PBT **S$'000**	**1H 2006**	**1H 2005**	**+/(-)**	**+/(-) %**
Food Distribution	5,012	5,786	(774)	(13.4)
Food Preparation, Manufacturing & Processing	14,312	13,228	1,084	8.2
Abattoir & Hog Auction	1,127	3,795	(2,668)	(70.3)
	20,451	22,809	(2,358)	(10.3)
PBT %	6.9%	8.0%	(1.1%)	

PBT **S$'000**	**1H 2006**	**1H 2005**	**+/(-)**	**+/(-) %**
Singapore	11,710	17,782	(6,072)	(34.1)
UK/Europe	8,436	2,506	5,930	236.6
Australia	979	2,979	(2,000)	(67.1)
China & Others	(674)*	(458)	(216)	N.M.
Total Overseas	8,741	5,027	3,714	73.9
Total	20,451	22,809	(2,358)	(10.3)

* 1H2006 included $648 thousand loss on voluntary winding up of a dormant subsidiary in Malaysia in 1Q2006. The loss relates to exchange translation differences over the years realised upon the liquidation, and has no cash-flow impact.

PBT for 1H 2006 at $20.5 million was 10.3 per cent lower than 1H 2005 due to the weak first quarter results which was 18.3 per cent lower than 1Q2005. 1H2006 PBT margins were lower at 6.9 per cent (1H 2005: 8.0 per cent) due to lower margins from the Singapore operations which declined from 15.0 per cent in 1H2005 to 9.9 per cent in 1H2006. PBT margins from overseas operations went up from 3.0 per cent to 4.9 per cent.

PBT from Food Distribution for 1H2006 was 13.4 per cent lower. The high inventory build-up costs and lower margins were as a result of significantly reduced consumption of poultry products due to the frequent reports of Avian Flu outbreaks world-wide in 1H2006. Steps have since been taken to reduce this inventory of frozen poultry products, in line with the reduced demand.

Profits from Food Preparation, Manufacturing and Processing were higher by $1.1 million or 8.2 per cent. The results of Singapore Food Catering operations were negatively affected by lower field ration supplies and lower consumption at the SAF camps in 1Q2006 and lower commercial catering sales, partly mitigated by exports of MRE to the Middle-East. Profits attributable to Daniels were $7.5 million for 1H 2006, compared to $4.5 million for 1H 2005, an increase of $3.0 million, or 68.1 per cent over 1H 2005. In Sterling Pound terms, profits were 79.5 per cent higher. ICL reported increase in profits to $2.8 million, compared with $1.5 million for 1H 2005 on the back of higher sales and improved margins. In Sterling Pound terms, ICL's profits doubled. Cresset registered a loss of $1.9 million for 1H 2006, 45.9 per cent lower than the $3.5 million loss registered in 1H 2005.

The Australian subsidiaries reported a profit of $1.0 million, which included a gain of $0.4 million on disposal of a fishing licence, compared to a profit of $3.0 million in 1H2005 which benefited from a number of "one-off" write-back of accruals which were no longer needed as the contract for facilities management was renewed in August 2005. China operations registered a loss of $26 thousand versus a loss of $0.5 million in 1H 2005. During 1Q2006, a $648 thousand loss was recorded upon the completion of voluntary winding up proceedings for a dormant Malaysian subsidiary. The loss was included in the geographical "China and Others" segment.

Abattoir and Hog Auction profits were lower than the same period last year due to the low pig supply situation resulting in significantly lower pig numbers for slaughter and hog auction during the half-year.

On a geographical basis, PBT in Singapore was down 34.1 per cent at $11.7 million. Overseas combined PBT increased $3.7 million (an increase of 73.9 per cent) to $8.7 million over 1H 2005, despite the Singapore Dollar appreciating 6.4 per cent against the Sterling Pound.

9.3 Profit After Tax and Minority Interests ("PATMI")

S$'000	2Q 2006	2Q 2005	+/(-)	+/(-) %	1H 2006	1H 2005	+/(-)	+/(-) %
PATMI	6,960	6,507	453	7.0	14,067	15,723	(1,656)	(10.5)

Net profits attributable to shareholders (or "PATMI") for 2Q 2006 increased 7.0 per cent to $7.0 million compared with $6.5 million for 2Q 2005. PATMI for 1H 2006 decreased 10.5 per cent to $14.1 million compared with $15.7 million for 1H 2005.

9.4 Earnings Before Interest, Taxation, Depreciation & Amortisation ("EBITDA")

The Group achieved an EBITDA of $14.9 million for 2Q 2006, a decrease of 1.0 per cent over 2Q 2005 EBITDA of $15.1 million. EBITDA from Singapore operations was lower at $8.0 million compared with $10.0 million for 2Q 2005, while EBITDA from overseas operations increased to $6.9 million from $5.1 million in 2Q 2005, an increase of 35.6 per cent. EBITDA from Singapore constituted 53.5 per cent of Group EBITDA, while EBITDA from overseas operations constituted 46.5 per cent of Group EBITDA for the quarter.

The Group achieved an EBITDA of $30.2 million for 1H 2006, a decrease of 12.0 per cent over 1H 2005 EBITDA of $34.3 million. EBITDA from Singapore operations was lower at $13.7 million compared with $20.0 million for 1H 2005, while EBITDA from overseas operations increased to $16.5 million from $14.3 million in 1H 2005, an increase of 15.8 per cent. EBITDA from Singapore constituted 45.2 per cent of Group EBITDA, while EBITDA from overseas operations constituted 54.8 per cent of Group EBITDA for 1H2006.

9.5 Operating and Administrative expenses by function

S$'000	2Q 2006	2Q 2005	Change %	1H 2006	1H 2005	Change %
Warehousing, Selling & Distribution expenses	8,803	7,628	15.4	18,529	16,773	10.5
Administrative & Other Operating expenses	19,581	18,891	3.7	39,311	38,938	1.0
Total Administrative and Operating expenses	28,384	26,519	7.0	57,840	55,711	3.8

Warehousing, Selling and Distribution costs were higher during the half-year due to higher manpower, utilities, marketing and exhibition expenses and higher storage expenses in the Singapore operations.

9.6 Seasonal Operations

The Group is subject to seasonal variations in sales and profits especially in its UK/Europe businesses which in 1H 2006 constituted 54.6 per cent of the Group's revenue and 41.2 per cent of the Group's PBT. The current business mix, especially in the UK, results in sales and profit levels being significantly higher in the combined first and last quarters of each financial year (i.e. the winter months) compared to that for the combined second and third quarters (i.e. the summer months). Accordingly, the Group is expected to experience stronger performance in the first and last quarters of each year while the second and third quarters will be relatively weaker. The Group's strategic plans include investments to grow sales of summer products. The successful implementation of these plans should result in smaller seasonal variations but is expected to take a few years before having a material impact on Group operating results.

10. Outlook for 2006

10.1 Singapore Operations

Food Distribution will continue to focus on growing sales to the food service (i.e. hotel and restaurants), ship supplies and export sectors. Going forward, we expect the trend towards direct imports by the major supermarket chains to continue.

Food Catering had a relatively weak 1H2006 but we expect meals consumption at the SAF Camps to be higher in the second half of the year. Food Catering in Singapore will also be targeting to deliver the balance (US$0.7 million) of a US$2.1 million contract to supply MRE to a Middle-Eastern country in 2H2006.

Abattoir and Hog Auction operations delivered significantly weaker results in 1H2006 due to reduced supply of live pigs. The current pig supply situation is expected to continue to be weak going forward, recovering only towards the end of the year.

10.2 Overseas Operations

The Group's growth continues to be driven largely by its overseas businesses.

In the UK/Europe, Daniels is expected to continue to deliver growth in its core product categories of soup, juice, drinks and fruit for FY 2006. New Covent Garden soup is expected to continue to be the fresh soup brand that will lead market growth in this category. 1H2006 listings have so far been satisfactory, with deeper distribution in key customer accounts and additional listings agreed with a key customer for the 2006 winter season. New Covent Garden soup is well positioned for growth in the coming winter season. Manufacture of full range own-label drinks commenced with a second new major retailer during the quarter. Prepared fruit was listed in the "to-go" counter as well as in the main fixture of a key customer since 1Q2006 and this is expected to grow this category strongly. In addition, a key UK food service customer has agreed for soup products to be supplied from Ireland from the later part of 2006. This will release space for soup manufacturing capacity in Daniels and with minimal capital expenditure, allow Daniels to increase soup manufacturing capacities to meet the peak winter seasons in the coming 1 to 2 years. At the same time, the manufacture of soup in Ireland will enable better utilisation of Cressets' assets.

ICL started on a good note this year, but the own-label CRM market in the UK is extremely competitive with manufacturers' fortunes largely dictated by the performance of its retail customers. However, we would expect ICL progress to continue, underpinned by the award of new business from key customers.

With the acquisition of the second and third key CRM customers in 4Q2005 and 2Q2006, Cresset's performance has significantly improved, though it has yet to attain sufficient volume to achieve profitability. This is now targeted for in 4Q2006. The production of soup for Daniels is expected to start in August 2006. Higher sales take-off from its customers and improving factory efficiencies are key to Cresset's turnaround to profitability.

The core product range of manufactured chicken products from Shanghai ST Food Industries ("SSTFI") continues to face a stagnant market as a result of Avian Flu. Strategically, SSTFI has started withdrawing from unprofitable regions and focussing on servicing the more profitable regions. Fortunately, SSTFI's strategy to develop products that will reduce the present heavy reliance on fried chicken-based products and to develop new market channels has met with some success. Off-take of frozen ready meals has increased steadily with the acquisition of new customers. Strong customer-relationships, product innovation, product quality and customer service are key to grow this business in a stable manner. Profits from the China operations are however not expected to contribute significantly to Group results in the near future.

In Australia, the Group is looking to exit from commercial fishing over the next 24 months.

10.3 Overall Outlook for FY 2006

Singapore operations continue to face a number of challenges. However, we expect UK operations to continue with its strong growth trends.

11. Material or unusual events after Balance Sheet date

At the date of this announcement, the Directors of the Company are not aware of any item or event of a material or unusual nature that has occurred between the date to which the report refers and the date of this announcement, which would affect materially the results of operations of the Group and Company.

This release contains certain statements that are not statement of historical fact, i.e. forward-looking statements. Readers can identify some of these statements by forward-looking terms such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are made based on current expectations, projections and assumptions about future events. Although SFI believes that these expectations, projections and assumptions are reasonable at the time of making them, these forward-looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about SFI, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in forward-looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, outbreak of animal diseases, food scares, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sales/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

12. Group Segment Information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Other segment assets and liabilities mainly comprise income-earning assets, income streams, interest-bearing loans, borrowings and expenses not directly attributable to a particular business segment.

Unallocated assets and liabilities comprise current and deferred taxes.

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

Geographical Segments

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

In presenting information on the basis of geographical segments, segment revenue is based on the country of operation, not the country to which sales is made to. Segment assets are based on the geographical location of the assets and operations.

By Business Activity

1H 2006 S$'000	Food Distribution	Food Preparation, Manufacturing and Processing	Abattoir and Hog Auction	Others	Adjustments	Total
Revenue						
-External customers	68,859	220,055	8,300	0	0	297,214
-Inter-segment	8,712	6,611	675	0	(15,998)	0
Total revenue	77,571	226,666	8,975	0	(15,998)	297,214
Segment results	5,012	15,743	1,127	6,108	(6,108)	21,882
Interest Income	0	287	0	0	0	287
Interest Expense	0	(1,718)	0	0	0	(1,718)
	5,012	14,312	1,127	6,108	(6,108)	20,451
Share of jointly controlled entity results						(3)
Profit from ordinary activities before taxation						20,448
Taxation						(5,960)
Profit from ordinary activities after taxation						14,488
Minority Interests						(421)
Profit after tax and minority interests						14,067
Assets and Liabilities						
Segment Assets	42,823	200,498	28,315	53,537	0	325,173
Unallocated Assets	0	381	0	358	0	739
Total Assets	42,823	200,879	28,315	53,895	0	325,912
Segment Liabilities	13,863	111,177	3,151	33,815	0	162,006
Unallocated Liabilities	2,994	10,783	1,616	0	0	15,393
Total Liabilities	16,857	121,960	4,767	33,815	0	177,399
Capital Expenditure	78	3,835	78	30	0	4,021

By Business Activity

1H 2005 S$'000	Food Distribution	Food Preparation, Manufacturing and Processing	Abattoir and Hog Auction	Others	Adjustments	Total
Revenue						
-External customers	66,846	206,066	10,917	0	0	283,829
-Inter-segment	9,334	7,217	757	0	(17,308)	0
Total revenue	76,180	213,283	11,674	0	(17,308)	283,829
Segment results	5,786	14,774	3,795	3,133	(3,133)	24,355
Interest Income	0	207	0	0	0	207
Interest Expense	0	(1,753)	0	0	0	(1,753)
	5,786	13,228	3,795	3,133	(3,133)	22,809
Share of jointly controlled entity results						(3)
Profit from ordinary activities before taxation						22,806
Taxation						(6,331)
Profit from ordinary activities after taxation						16,475
Minority Interests						(752)
Profit after tax and minority interests						15,723
Assets and Liabilities						
Segment Assets	36,908	203,014	31,187	50,987	0	322,096
Unallocated Assets	0	686	0	359	0	1,045
Total Assets	36,908	203,700	31,187	51,346	0	323,141
Segment Liabilities	11,692	121,440	3,806	31,154	0	168,092
Unallocated Liabilities	3,162	11,856	2,210	0	0	17,228
Total Liabilities	14,854	133,296	6,016	31,154	0	185,320
Capital Expenditure	38	9,053	13	2	0	9,106

By Geographical Region

	Turnover		PBT		Assets		Capital Expenditure	
S$'000	1H 2006	1H 2005	1H 2006	1H 2005	1H 2006	1H 2005	1H 2006	1H 2005
Singapore	118,732	118,550	11,710	17,782	147,603	139,991	413	174
UK/Europe	162,235	146,149	8,436	2,506	153,478	154,190	3,455	8,346
Australia	11,699	15,945	979	2,979	13,871	15,001	86	569
China & Others	4,548	3,185	(674)*	(458)	10,221	12,914	67	17
Total Overseas	178,482	165,279	8,741	5,027	177,570	182,105	3,608	8,932
Total	297,214	283,829	20,451	22,809	325,173	322,096	4,021	9,106

	Turnover		PBT	
%	1H 2006	1H 2005	1H 2006	1H 2005
Singapore	40	42	57	78
Overseas	60	58	43	22
Total	100	100	100	100

* 1H2006 included $648 thousand loss on liquidation of a dormant subsidiary in Malaysia.

13. Interested Persons Transactions

There were no Interested Persons Transactions as defined in the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000) conducted in 2Q 2006 and 2Q 2005.

14. Additional Notes to the Financial Statements

14.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

Amounts are expressed in Singapore dollars, unless stated otherwise.

14.2 Nature of sales

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.

S$'000	2Q 2006	2Q 2005	1H 2006	1H 2005
Sale of food products	119,435	109,684	244,731	227,818
Provision of services	27,770	29,354	52,483	56,011
	147,205	139,038	297,214	283,829

14.3 Profit before taxation includes the following:-

(a) Other Income, net

S$'000	2Q 2006	2Q 2005	1H 2006	1H 2005
Exchange (loss)/gains, net	5	147	(170)	354
(Loss)/gain on disposal of property, plant and equipment, net	(8)	0	23	40
Grants received	202	237	431	540
Bad debts recovered (trade)	15	12	27	64
Gain on disposal of intangible assets	23	0	384	0
Loss on liquidation of a subsidiary	0	0	(648)	0
Others	477	353	896	703
	714	749	943	1,701

(b) Expenses

S$'000	2Q 2006	2Q 2005	1H 2006	1H 2005
Depreciation & amortisation	4,544	4,729	8,349	9,981
Provision for doubtful debts	144	(30)	229	(40)
Bad debts written off	6	3	6	3
Provision for stock obsolescence	327	158	538	266
Provisions for share-based incentives	164	161	369	299

14.4 Taxation

S$'000	2Q 2006	2Q 2005	1H 2006	1H 2005
Current tax expense				
Current year	2,732	2,682	5,800	6,139
Under/(over) provided in prior years	(124)	0	(124)	(50)
	2,608	2,682	5,676	6,089
Deferred tax expense				
Movements in temporary differences	0	0	0	242
Under/(over) provided in prior years	0	0	284	0
	0	0	284	242
	2,608	2,682	5,960	6,331

14.5 Exceptional items

1H 2006 included $0.6 million loss on liquidation of a dormant subsidiary in Malaysia, reported in 1Q 2006. The loss is included under "China and Others" segment. No exceptional items were included in the results for the quarter and 2Q 2005.

14.6 Movements in Issued and Paid-up Capital

Ordinary Shares	Number of shares	Issued and Paid-up Capital $'000	Share premium $'000
Balance as at 1 January 2006	510,559,350	25,528	6,347
Shares issued under SFI Share Option Plan in Jan 2006	691,863	35	496
Merger of share premium to issued and paid-up capital on 31 Jan 2006*	0	6,843	(6,843)
Shares issued under SFI Share Option Plan in Feb and Mar 2006	521,087	412	0
Balance as at 31 March 2006	511,772,300	32,818	0
Shares issued under SFI Share Option Plan in 2Q2006	1,575,000	1,141	0
Balance as at 30 June 2006	**513,347,300**	**33,959**	**0**

*On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

(a) The concept of authorised share capital is abolished;

(b) Shares of the Company have no par value; and

(c) The amount standing to the credit of the Company's share premium account becomes part of the Company's share capital.

14.7 Employee Share Options

The number of unexercised share options outstanding as at 30 June 2006 was 19,054,400 (31 December 2005: 22,264,100).

During the period, share options that were exercised pursuant to the terms of the SFI Share Option Plan were as follows:-

		Option exercised		Number of options outstanding
Year of grant	**Exercise price**	**2Q 2006**	**1H 2006**	**30.06.2006**
1999	$0.78	11,000	224,000	1,250,500
2000	$0.55	39,000	82,450	351,050
2001	$0.69	396,500	804,000	1,208,200
2002	$0.78	263,000	478,750	3,099,950
2003	$0.76	773,250	938,000	3,139,750
2004	$0.80	74,750	183,250	4,514,250
2005	$0.99	17,500	77,500	5,490,700
	Total	**1,575,000**	**2,787,950**	**19,054,400**

14.8 Earnings Per Share

(a) Basic Earnings per Share	**2Q 2006**	**2Q 2005**	**1H 2006**	**1H 2005**
The basic earnings per share is based on:-				
Net profit for the period ($'000)	6,960	6,507	14,067	15,723
Weighted average number of shares in issue during the period ('000)	512,030	506,557	510,818	505,837
Basic Earnings per Share (cents)	1.4	1.3	2.8	3.1

(b) Fully Diluted Earnings per Share	**2Q 2006**	**2Q 2005**	**1H 2006**	**1H 2005**
The fully diluted earnings per share is based on:-				
Net profit for the period ($'000)	6,960	6,507	14,067	15,723
Weighted average number of ordinary shares (diluted) ('000)	515,170	511,611	515,083	511,123
Fully Diluted Earnings per Share (cents)	1.4	1.3	2.7	3.1

The weighted average number of ordinary shares have been adjusted for options that would be deemed to have been exercised at the end of each month.

14.9 Net Asset Value Per Ordinary Share

	Group		Company	
	30.6.2006	**31.12.2005**	**30.6.2006**	**31.12.2005**
Share Capital and Reserves at end of period ($'000s)	139,281	138,246	95,699	97,177
No. of ordinary shares issued at end of period ('000s)	513,347	510,559	513,347	510,559
Net Asset Value Per Ordinary Share (Cents)	27.1	27.1	18.6	19.0

14.10 Bank Loans and Borrowings

	Group		
S$'000	**30.6.2006**	**31.3.2006**	**31.12.2005**
Secured Bank Overdrafts	3,669	3,042	1,447
Secured bank loans	28,043	28,517	31,726
Unsecured bank loans	33,888	22,967	21,127
Finance lease liabilities	943	1,101	1,234
	66,543	55,627	55,534
Payable:			
Within 1 year			
-Secured Bank Overdrafts	3,669	3,042	1,447
-Secured bank loans	13,863	14,199	16,192
-Unsecured bank loans	33,888	22,967	21,127
-Finance lease liabilities	622	645	664
	52,042	40,853	39,430
After 1 year but within 5 years			
-Secured bank loans	14,180	14,318	15,534
-Unsecured bank loans	0	0	0
-Finance lease liabilities	321	456	570
	14,501	14,774	16,104
Total	66,543	55,627	55,534

Secured Bank Loans and Overdrafts

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 30 June 2006 of $184,261,000 (31 December 2005: $186,154,000).

15. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

16. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

18. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation used in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2005.

19. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRSs") for periods effective from 1 January 2006 are currently being assessed and expected to have no material impact on Group results.

By order of the Board

Ms Susan Kong Yim Pui
Company Secretary
28 July 2006