



**SINGAPORE FOOD INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**

SGX “APPENDIX 7.2” ANNOUNCEMENT

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FIRST QUARTER
ENDED 31 MARCH 2006**

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1. Consolidated Income Statements

The Board of Directors announces the results of the Group for the First Quarter ended 31 March 2006. These figures have not been audited.

S\$000	1Q 2006	1Q 2005	Change %
Revenue	150,009	144,791	3.6
Cost of sales	(109,273)	(102,528)	6.6
Gross profit	40,736	42,263	(3.6)
Gross Margin %	27.2%	29.2%	(2.0)
Other income, net	229	952	(75.9)
Warehousing, Selling & Distribution expenses	(9,726)	(9,145)	6.4
Administrative & Other Operating expenses	(19,730)	(20,047)	(1.6)
Total Administrative & Operating expenses	(29,456)	(29,192)	0.9
Profit before interest and tax	11,509	14,023	(17.9)
Interest income	154	101	52.5
Interest expense	(865)	(913)	(5.3)
Profit before associates/JV and tax	10,798	13,211	(18.3)
Share of results of jointly controlled entity	(1)	(1)	0.0
Profit before taxation	10,797	13,210	(18.3)
Taxation (Current & Deferred)	(3,352)	(3,649)	(8.1)
Profit after taxation	7,445	9,561	(22.1)
Attributable to:			
Shareholders of the Company	7,107	9,216	(22.9)
Minority interests	338	345	(2.0)
	7,445	9,561	(22.1)
Earnings per share (cents)			
Basic	1.4	1.8	
Diluted	1.4	1.8	
Profit after tax as a percentage of Turnover	5.0%	6.6%	
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	4.9%	6.6%	

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

S\$'000	Group			Company		
	31.3.2006	31.12.2005	31.3.2005	31.3.2006	31.12.2005	31.3.2005
Non-Current Assets						
Property, Plant & Equipment	125,705	130,923	141,968	5,578	5,647	6,336
Intangible assets	45,659	46,466	46,763	0	0	0
Subsidiaries	0	0	0	108,674	109,385	109,626
Jointly controlled entity	234	235	183	50	50	50
Other Investments	373	390	460	174	183	228
Deferred tax assets	738	1,141	1,038	359	359	359
	172,709	179,155	190,412	114,835	115,624	116,599
Current Assets						
Inventories	35,623	39,327	33,747	17,281	18,724	13,852
Trade and other receivables	93,990	93,884	80,763	40,230	41,330	30,700
Cash and bank balances	16,475	18,810	19,981	11,090	10,139	14,016
	146,088	152,021	134,491	68,601	70,193	58,568
Total Assets	318,797	331,176	324,903	183,436	185,817	175,167
Equity attributable to the holders of the parent						
Share Capital	32,818	25,528	25,374	32,818	25,528	25,374
Reserves	111,954	112,718	112,918	70,865	71,649	65,633
	144,772	138,246	138,292	103,683	97,177	91,007
Minority Interest	9,233	9,040	9,161	0	0	0
Total Equity	154,005	147,286	147,453	103,683	97,177	91,007
Non-Current Liabilities						
Interest-bearing bank loans and borrowings	14,774	16,104	31,202	0	0	16,000
Deferred tax liabilities	2,020	2,170	2,063	0	0	0
	16,794	18,274	33,265	0	0	16,000
Current Liabilities						
Bank overdrafts (secured)	3,042	1,447	9,793	0	0	0
Trade and other payables	91,245	110,198	99,337	54,941	63,362	58,127
Interest-bearing bank loans and borrowings	37,811	37,983	19,890	16,000	16,000	1,250
Current tax payable	15,900	15,988	15,165	8,812	9,278	8,783
	147,998	165,616	144,185	79,753	88,640	68,160
Total Liabilities	164,792	183,890	177,450	79,753	88,640	84,160
Total Equity and Liabilities	318,797	331,176	324,903	183,436	185,817	175,167

3. Consolidated Cash Flow Statement

S\$'000	1Q 2006	1Q 2005
Profit from ordinary activities before taxation	10,797	13,210
Adjustments for:		
Depreciation of property, plant and equipment	3,805	5,252
Interest expenses	865	913
Interest income	(154)	(101)
Share of results of jointly controlled entity	1	1
EBITDA	15,314	19,275
Gain on disposal of property, plant and equipment	(31)	(40)
Gain on disposal of intangibles	(361)	0
Loss on liquidation of a subsidiary	648	0
Provision for employee share option expense	104	79
Provision for cost of performance shares	101	59
Provision for diminution in value of other financial assets	9	15
Operating profits before working capital changes	15,784	19,388
Changes in working capital:		
Inventories	3,086	1,043
Trade and other receivables	(2,092)	14,082
Trade and other payables	(7,884)	(10,696)
Operating Cash Flows	8,894	23,817
Income taxes paid	(3,035)	(1,617)
Cash flows from operating activities	5,859	22,200
Investing Activities		
Acquisition of property, plant and equipment	(1,559)	(4,933)
Interest received	154	101
Proceeds from disposal of intangibles	952	0
Proceeds from disposal of property, plant and equipment	31	42
Cash flows from investing activities	(422)	(4,790)
Financing Activities		
Issue of new shares	943	1,196
Proceeds from/(Repayment of) bank loans	1,271	(5,310)
Interest paid	(865)	(913)
Dividend paid	(8,995)	(8,096)
Cash flows from financing activities	(7,646)	(13,123)
Net (decrease)/increase in cash & cash equivalents	(2,209)	4,287
Cash & cash equivalents at the beginning of the period	18,810	15,665
Effect of exchange rate changes on balances held in foreign currencies	(126)	29
Cash & cash equivalents at end of year	16,475	19,981

4. Notes to Consolidated Cash Flow Statement

Cash flows generated from operations for the Group totalled \$5.9 million (1Q 2005: \$22.2 million) for the quarter, a decrease of \$16.3 million due to a lower EBITDA, higher working capital requirements and higher tax payments during the quarter. Payments for capital expenditures during the quarter totalled \$1.6 million (1Q 2005: \$4.9 million) while nearly a million dollars of proceeds were received for the disposal of a licence with fishing nights by an Australian subsidiary to the Australian Commonwealth Government. This buy-back of fishing licences is part of the Australian Government's environmental legislation in restructuring the fishing industry around the Great Barrier Reef Marine Park.

During the quarter, \$2.4 million of bank borrowings were repaid while \$3.7 million of new borrowings were taken up, giving a net increase in borrowings of \$1.3 million.

The interim dividend of 2.2 cents gross per share announced in 3Q 2005 was paid during the quarter on 25 January 2006.

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 Jan 2005	25,286	12,367	0	2,245	274	237	(1,798)	0	80,487	9,559	128,657	8,764	137,421
Exchange differences on translation of net assets of foreign subsidiaries	0	0	0	0	0	0	0	0	0	(1,621)	(1,621)	0	(1,621)
Net profit for the quarter	0	0	0	0	0	0	0	0	9,216	0	9,216	397	9,613
Total recognised income and expense for the quarter	25,286	12,367	0	2,245	274	237	(1,798)	0	89,703	7,938	136,252	9,161	145,413
Issue of shares	88	1,108	0	0	0	0	0	0	0	0	1,196	0	1,196
Equity compensation costs	0	0	0	0	79	59	0	0	0	0	138	0	138
Performance shares issued	0	0	0	0	0	0	710	0	0	0	710	0	710
Dividends paid	0	0	0	0	0	0	0	0	(4)	0	(4)	0	(4)
Dividends payable	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2005	25,374	13,475	0	2,245	353	296	(1,088)	0	89,699	7,938	138,292	9,161	147,453
At 1 Jan 2006	25,528	15,559	0	2,245	644	553	(1,439)	0	91,651	3,505	138,246	9,040	147,286
Exchange differences on translation of net assets of foreign subsidiaries	0	0	0	0	0	0	0	0	0	(2,272)	(2,272)	(145)	(2,417)
Net profit for the quarter	0	0	0	0	0	0	0	0	7,107	0	7,107	338	7,445
Total recognised income and expense for the quarter	25,528	15,559	0	2,245	644	553	(1,439)	0	98,758	1,233	143,081	9,233	152,314
Issue of shares	447	496	0	0	0	0	0	0	0	0	943	0	943
Transfer to Share Capital and Capital Reserves	6,843	(16,055)	9,212	0	0	0	0	0	0	0	0	0	0
Transfer to Capital Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity compensation costs	0	0	0	0	104	101	0	0	0	0	205	0	205
Performance shares issued	0	0	0	0	0	(312)	721	(409)	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	(10)	0	(10)	0	(10)
Disposal of subsidiary	0	0	0	0	0	0	0	0	0	553	553	0	553
At 31 March 2006	32,818	0	9,212	2,245	748	342	(718)	(409)	98,748	1,786	144,772	9,233	154,005

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 Jan 2005	25,286	3,155	274	237	(1,798)	0	56,999	84,153
Net profit for the quarter	0	0	0	0	0	0	4,814	4,814
Total recognised income and expense for the quarter	25,286	3,155	274	237	(1,798)	0	61,813	88,967
Issue of shares	88	1,108	0	0	0	0	0	1,196
Equity compensation costs	0	0	79	59	0	0	0	138
Performance Shares issued	0	0	0	0	710	0	0	710
Dividends paid	0	0	0	0	0	0	(4)	(4)
At 31 March 2005	25,374	4,263	353	296	(1,088)	0	61,809	91,007
At 1 Jan 2006	25,528	6,347	644	553	(1,439)	0	65,544	97,177
Net profit for the quarter	0	0	0	0	0	0	5,368	5,368
Total recognised income and expense for the quarter	25,528	6,347	644	553	(1,439)	0	70,912	102,545
Issue of shares	447	496	0	0	0	0	0	943
Transfer to Share Capital	6,843	(6,843)	0	0	0	0	0	0
Equity compensation costs	0	0	104	101	0	0	0	205
Performance shares issued	0	0	0	(312)	721	(409)	0	0
Dividends paid	0	0	0	0	0	0	(10)	(10)
At 31 March 2006	32,818	0	748	342	(718)	(409)	70,902	103,683

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

EVA for 1Q 2006 was lower at \$5.2 million (1Q 2005: \$6.9 million). The decrease is the result of lower net operating profits, higher average EVA Capital balances and higher Weighted Average Cost of Capital (“WACC”), compared with 1Q 2005. FY 2006 WACC was determined at 7.0 per cent versus 6.3 per cent for FY 2005 as a result of having a higher risk-free rate of return at 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 1Q 2006 was 5.8 per cent higher at \$224.5 million compared with \$212.2 million for 1Q 2005 due to higher revenue reserve. Return on EVA Capital on an annualised basis is 16.2 per cent compared with 19.4 per cent for 1Q 2005. This gives an annualised EVA Spread (Return on EVA Capital less WACC) of 9.2 per cent (1Q 2005: 13.1 per cent).

EVA Statement**S\$'000**

	1Q 2006	1Q 2005
Profit Before Taxation and after share of results of Joint Venture	10,797	13,210
Adjustments for:		
Increase/(Decrease) in general provision for doubtful debts	27	(265)
Increase/(Decrease) in general provision for stock obsolescence	(1)	(9)
Interest expense	865	913
Interest expense on non-capitalised leases	27	26
Unusual Item	648	0
Adjusted Earnings Before Income Tax	12,363	13,875
Less Cash Operating Taxes	3,277	3,595
Net Operating Profit After Tax (NOPAT)	9,086	10,280
Average EVA Capital Employed	224,473	212,204
Weighted Average Cost of Capital	7.00%	6.30%
Capital Charge	3,928	3,342
Economic Value Added (EVA)	5,158	6,938

7. Financial Highlights

\$'Ms	1Q 2006	1Q 2005	% Change
Turnover	150.0	144.8	3.6
Gross Margins (%)	27.2	29.2	(2.0)
EBITDA	15.3	19.3	(20.5)
PBT (before Joint Venture)	10.8	13.2	(18.3)
Net Profit Attributable to Shareholders ("PATMI")	7.1	9.2	(22.9)
Profit after Tax as a percentage of Sales (%)	5.0	6.6	(1.6)
Earnings per Share (Cents)	1.4	1.8	(23.6)
Economic Value Added ("EVA")	5.2	6.9	(25.7)
EVA Spread (%)*	9.2	13.1	(3.9)
Return on Equity (%)*	20.1	27.5	(7.4)
Return on Total Assets (%)*	10.2	12.6	(2.4)
Interest Cover (times)	13.5	15.5	(13.0)
Debt/Equity Ratio	0.4	0.4	-
Net Assets per Share (cents)	28.3	27.4	3.2

* 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

1Q 2006 vs 1Q 2005

TURNOVER

<u>S\$'000</u>	<u>1Q 2006</u>	<u>1Q 2005</u>	<u>+ / (-)</u>	<u>+ / (-) %</u>
Food Distribution	35,440	31,774	3,666	11.5
Food Preparation, Manufacturing & Processing	110,274	107,872	2,402	2.2
Abattoir & Hog Auction	4,295	5,145	(850)	(16.5)
	<u>150,009</u>	<u>144,791</u>	<u>5,218</u>	<u>3.6</u>

TURNOVER

<u>S\$'000</u>	<u>1Q 2006</u>	<u>1Q 2005</u>	<u>+ / (-)</u>	<u>+ / (-) %</u>
Singapore	59,071	57,309	1,762	3.1
UK/Europe	82,998	78,592	4,406	5.6
Australia	5,371	7,293	(1,922)	(26.4)
China	2,569	1,597	972	60.9
Total Overseas	<u>90,938</u>	<u>87,482</u>	<u>3,456</u>	<u>4.0</u>
	<u>150,009</u>	<u>144,791</u>	<u>5,218</u>	<u>3.6</u>

Turnover for 1Q 2006 increased \$5.2 million or 3.6 per cent to \$150.0 million from \$144.8 million for the corresponding quarter last year. Growth came from the United Kingdom /Europe (“UK/Europe”), Singapore and China.

Sales from Food Distribution increased \$3.7 million or 11.5 per cent for the quarter as a result of higher sales to all sectors except to the government institutions.

Turnover from Food Preparation, Manufacturing and Processing rose by \$2.4 million or 2.2 per cent. Overseas subsidiaries registered a combined growth of \$3.5 million or 4.0 per cent over 1Q 2005. In Singapore, catering revenues for the quarter were 5.2 per cent lower due to lower field ration supplies and lower consumption at the SAF camps. The anticipated increase in revenues from a higher number of National Service enlistees for the year is expected to take effect only from 2Q 2006 onwards. In the UK, Daniels’ sales for the quarter grew 13 per cent in Sterling Pound terms. However, in Singapore Dollar terms, a growth of \$2.1 million or 4.2 per cent to \$52.0 million was registered, due to a 7.7 per cent strengthening of the Singapore Dollar against the Sterling Pound for the quarter, compared with the same quarter last year. Soup sales at Daniels grew in excess of 10 per cent during the quarter, driven by promotional activity. Prepared fruit sales continued to outperform, growing by more than 75 per cent over 1Q 2005. Juice and drinks grew by a more modest 3 per cent. During the quarter, ICL sales increased £0.6 million or 7.4 per cent compared with 1Q2005, but this translated to a decrease of \$0.2

million or 1.0 per cent, as a result of a lower 7.7 per cent in the exchange rate of the Sterling Pound to the Singapore Dollar. Cresset contributed \$6.1 million in turnover for the quarter, an increase of \$2.5 million or 71.0 per cent, mainly attributable to a significant increase in chilled ready meals (“CRM”) sales with the securing of the second key customer in the final quarter of last year. In Euro terms, sales increased €1.5 million or 87 per cent in 1Q 2006.

Turnover of the Group’s Australian subsidiaries decreased \$1.9 million, or 26.4 per cent, due to lower catches and lower exports by the seafood subsidiaries during the quarter.

In China, sales grew \$1.0 million or 60.9 per cent quarter-on-quarter due to higher sales of frozen ready meals to the food service sector. The sales of traditional chicken-based products remained weak due to the continuing impact of Avian Flu, which affected the consumption of poultry products.

Abattoir and Hog Auction revenues were \$0.9 million or 16.5 per cent lower than 1Q 2005 as a result of lower slaughter and auction numbers, averaging 861 and 831 pigs per day respectively (1Q 2005: 1,069 and 977 respectively). This is the result of reduced supply of pigs from the sole source of supply of the Bulan pig farm.

9.2 Commentary on Profit Before Taxation (“PBT”)**1Q 2006 vs 1Q 2005****PBT****S\$'000**

	1Q 2006	1Q 2005	+ / (-)	+ / (-) %
Food Distribution	2,201	2,719	(518)	(19.1)
Food Preparation, Manufacturing & Processing	7,916	8,791	(875)	(10.0)
Abattoir & Hog Auction	681	1,701	(1,020)	(60.0)
	10,798	13,211	(2,413)	(18.3)
PBT %	7.2%	9.1%	(1.9%)	

PBT**S\$'000**

	1Q 2006	1Q 2005	+ / (-)	+ / (-) %
Singapore	4,707	8,855	(4,148)	(46.8)
UK/Europe	5,822	3,458	2,364	68.4
Australia	900	1,014	(114)	(11.2)
China & Others*	(631)*	(116)	(515)	N.M.
Total Overseas	6,091	4,356	1,735	39.8
	10,798	13,211	(2,413)	(18.3)

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

PBT for 1Q 2006 at \$10.8 million was 18.3 per cent lower than 1Q 2005. PBT margins were lower at 7.2 per cent (1Q 2005: 9.1 per cent) due to lower margins from the Singapore operations which dropped from 15.4 per cent in 1Q2005 to 8.0 per cent in 1Q2006. PBT margins from overseas operations went up from 5.0 per cent to 6.7 per cent.

PBT from Food Distribution was 19.1 per cent lower, despite the higher sales, due to higher warehousing, selling and distribution expenses as a result of higher utilities, fuel costs and storage charges incurred by higher than normal inventory of chicken products during the quarter. (The higher inventory level was in turn caused by a slow-down of consumption for poultry products arising from the frequency of adverse publicity of the Avian Flu outbreaks world-wide).

Profits from Food Preparation, Manufacturing and Processing were lower by \$0.9 million or 10.0 per cent due to the continued weak demand in the Singapore Food Catering operations. Profits attributable to Daniels were \$5.3 million for 1Q 2006, compared to \$4.7 million for 1Q 2005, an increase of \$0.6 million, or 13.7 per cent over 1Q 2005, underpinned by the excellent sales growth during the quarter. In Sterling Pound terms, profits were 23.3 per cent higher. ICL reported a two-fold increase in profits to \$1.2 million, compared with \$0.6 million for 1Q 2005 on the back of higher sales and improved margins. In Sterling Pound terms, profits were 114 per cent higher. Cresset registered a loss of \$0.7 million for the quarter, which is significantly lower than the \$1.8 million loss registered for 1Q 2005.

The Australian subsidiaries reported a profit of \$0.9 million, which included a gain of \$0.4 million on disposal of a fishing licence, compared to a profit of \$1.0 million for 1Q 2005. China operations registered a small profit of \$17 thousand versus a loss of \$0.1 million in 1Q 2005. During the quarter, a \$648 thousand loss was recorded (being realisation of exchange differences on disposal) 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 significantly lower pig numbers for slaughter and hog auction during the quarter and higher operating expenses, particularly in utilities and fuel costs.

On a geographical basis, PBT in Singapore was lower by \$4.1 million (or 46.8 per cent) at \$4.7 million. Overseas combined PBT increased \$1.7 million from \$4.3 million to \$6.1 million (an increase of 39.8 per cent) over 1Q 2005, despite the relatively strong Singapore Dollar.

9.3 Profit After Tax and Minority Interests (“PATMI”)

S\$'000	1Q 2006	1Q 2005	+ / (-)	+ / (-) %
PATMI	7,107	9,216	(2,109)	(22.9)

Net profits attributable to shareholders (or “PATMI”) for 1Q 2006 decreased 22.9 per cent to \$7.1 million compared with \$9.2 million for 1Q 2005.

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

The Group achieved an EBITDA of \$15.3 million for 1Q 2006, a decrease of 20.5 per cent over 1Q 2005 EBITDA of \$19.3 million. EBITDA from Singapore operations was lower at \$5.7 million compared with \$10.1 million for 1Q 2005, while EBITDA from overseas operations increased to \$9.6 million from \$9.2 million in 1Q 2005, an increase of 4.8 per cent.

EBITDA from Singapore constituted 37.2 per cent of Group EBITDA, while EBITDA from overseas operations constituted 62.8 per cent of Group EBITDA for the quarter.

9.5 Operating and Administrative expenses by function

<u>S\$'000</u>	1Q 2006	1Q 2005	Change %
Warehousing, Selling & Distribution expenses	9,726	9,145	6.4
Administrative & Other Operating expenses	19,730	20,047	(1.6)
Total Administrative and Operating expenses	29,456	29,192	0.9

Warehousing, Selling and Distribution costs were higher in 1Q 2006 than 1Q 2005 mainly due to higher utilities and fuel costs 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 1Q 2006 constituted 55.3 per cent of the Group's revenue and 53.9 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. Sales to major supermarkets are not expected to be strong due to the trend towards direct imports by the bigger supermarket chains.

Food Catering had a weak 1Q2006 but we expect higher demand for the rest of the year as a result of increased number of National Service enlistees from 2Q2006 onwards. Food Catering in Singapore has also signed a US\$2.1 million contract to supply combat rations to a Middle-Eastern country over a 2-year period. The first shipment is expected in 2Q 2006.

Abattoir and Hog Auction operations delivered significantly weaker than expected results in 1Q2006 due to live pig supply problems. The current pig supply situation is expected to continue to be weak going forward for at least the next two quarters.

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. 1Q2006 listings have so far gone well, with deeper distribution in key customer accounts and new listings. Additional soup listings have been agreed with a key customer for the 2006 winter season while more shelf space has been agreed with another key customer. New Covent Garden soup is thus well positioned for growth in the coming 2006 winter season. Manufacture of own-label drinks has started for two major retailers at the end of 1Q2006, while prepared fruit has now been listed in the "To-Go" counter as well as in the main fixture of a key customer. Prepared fruit is expected to grow strongly for FY2006. New Covent Garden brand stretch into risottos and porridges has been encouraging. Some capital expenditures in soup manufacture are expected in the later part of the year to increase soup manufacturing capacities to meet the expected increased demand in the coming winter season. The feasibility of utilising the assets of Cresset in Ireland to produce an existing product category of Daniels is being investigated. This is an example of the consolidation of resources to take advantage of synergies across the Group in Europe.

ICL has had a good start in 1Q2006, but the own-label market in the UK is extremely competitive with manufacturers' fortunes largely dictated by the performance of major retail multiples. Initiatives are being taken to deliver a better set of results for FY 2006.

With the acquisition of a second key CRM customer in 4Q2005, Cresset's performance has significantly improved. Acquisition of a third key customer is key to Cresset's turnaround to profitability, and this is expected in mid-2006. Cresset is therefore expected to deliver a better performance compared with FY 2005.

SSTFI's core product range of manufactured chicken products continues to face significant challenges with the on-going Avian Flu outbreak in China (and now in many other parts of the world) affecting consumption of poultry products, and the adverse publicity on health concerns in China regarding fried foods. Increasing competition in the retail scene (as a result of more and more retail outlets being opened), resulted in SSTFI withdrawing from unprofitable regions and being very

selective in choosing distribution points in Eastern China. Fortunately, SSTFI's strategy to develop products that will reduce the present heavy reliance on fried chicken-based products and to also develop new market channels for its products has so far met with some success. Off-take of frozen ready meals in 1Q2006 has continued at 4Q2005's high levels. SSTFI needs to convert a few more key food service accounts to ensure more stability to the business.

Both the Australian and China operations are not expected to contribute significantly to Group results in the near future.

10.3 Overall Outlook for FY 2006

The Group faces a number of challenges especially in its Singapore operations. However, a number of initiatives are being undertaken to address these challenges and to grow the Group's business. At the current time, the outlook for FY 2006 at the operating level, remains positive.

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

1Q 2006	Food	Food Preparation, Manufacturing	Abattoir and			
<u>S\$'000</u>	Distribution	and Processing	Hog Auction	Others	Adjustments	Total
<u>Revenue</u>						
-External customers	35,440	110,274	4,295	0	0	150,009
-Inter-segment	4,390	3,026	387	0	(7,803)	0
Total revenue	<u>39,830</u>	<u>113,300</u>	<u>4,682</u>	<u>0</u>	<u>(7,803)</u>	<u>150,009</u>
Segment results	2,201	8,627	681	3,208	(3,208)	11,509
Interest Income	0	154	0	0	0	154
Interest Expense	0	(865)	0	0	0	(865)
	<u>2,201</u>	<u>7,916</u>	<u>681</u>	<u>3,208</u>	<u>(3,208)</u>	<u>10,798</u>
Share of jointly controlled entity results						(1)
Profit from ordinary activities before taxation						10,797
Taxation						(3,352)
Profit from ordinary activities after taxation						7,445
Minority Interests						(338)
Profit after tax and minority interests						<u>7,107</u>
<u>Assets and Liabilities</u>						
Segment Assets	44,732	193,112	28,957	51,258	0	318,059
Unallocated Assets	0	380	0	358	0	738
Total Assets	<u>44,732</u>	<u>193,492</u>	<u>28,957</u>	<u>51,616</u>	<u>0</u>	<u>318,797</u>
Segment Liabilities	11,445	108,320	3,638	23,469	0	146,872
Unallocated Liabilities	3,172	12,159	2,589	0	0	17,920
Total Liabilities	<u>14,617</u>	<u>120,479</u>	<u>6,227</u>	<u>23,469</u>	<u>0</u>	<u>164,792</u>
Capital Expenditure	77	1,393	65	24	0	1,559

By Business Activity

1Q 2005 S\$'000	Food		Food Preparation, Manufacturing	Abattoir and	Others	Adjustments	Total
	Distribution	and Processing	Hog Auction				
Revenue							
-External customers	31,774	107,872	5,145	0	0	144,791	
-Inter-segment	4,686	3,555	406	0	(8,647)	0	
Total revenue	36,460	111,427	5,551	0	(8,647)	144,791	
Segment results	2,719	9,603	1,701	0	0	14,023	
Interest Income	0	101	0	0	0	101	
Interest Expense	0	(913)	0	0	0	(913)	
	2,719	8,791	1,701	0	0	13,211	
Share of jointly controlled entity results						(1)	
Profit from ordinary activities before taxation						13,210	
Taxation						(3,649)	
Profit from ordinary activities after taxation						9,561	
Minority Interests						(345)	
Profit after tax and minority interests						9,216	
Assets and Liabilities							
Segment Assets	36,503	203,070	31,052	53,240	0	323,865	
Unallocated Assets	0	679	0	359	0	1,038	
Total Assets	36,503	203,749	31,052	53,599	0	324,903	
Segment Liabilities	11,290	122,386	3,515	23,031	0	160,222	
Unallocated Liabilities	3,162	11,856	2,210	0	0	17,228	
Total Liabilities	14,452	134,242	5,725	23,031	0	177,450	
Capital Expenditure	13	4,916	2	2	0	4,933	

By Geographical Region

S\$'000	Turnover		PBT		Assets		Capital Expenditure	
	1Q 2006	1Q 2005	1Q 2006	1Q 2005	1Q 2006	1Q 2005	1Q 2006	1Q 2005
Singapore	59,071	57,309	4,707	8,855	143,400	137,879	336	47
UK/Europe	82,998	78,592	5,822	3,458	147,955	161,064	1,140	4,797
Australia	5,371	7,293	900	1,014	15,214	14,755	66	80
China & Others	2,569	1,597	(631)*	(116)	11,490	10,167	17	9
Total Overseas	90,938	87,482	6,091	4,356	174,659	185,986	1,223	4,886
Total	150,009	144,791	10,798	13,211	318,059	323,865	1,559	4,933

%	Turnover		PBT	
	1Q 2006	1Q 2005	1Q 2006	1Q 2005
Singapore	39	40	44	67
Overseas	61	60	56	33
Total	100	100	100	100

* 1Q2006 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 1Q 2006 and 1Q 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.

<u>S\$'000</u>	<u>1Q 2006</u>	<u>1Q 2005</u>
Sale of food products	125,296	118,134
Provision of services	24,713	26,657
	<u>150,009</u>	<u>144,791</u>

14.3 Profit before taxation includes the following:-

(a) Other Income, net

<u>S\$'000</u>	<u>1Q 2006</u>	<u>1Q 2005</u>
Exchange (loss)/gains, net	(175)	207
Gain on disposal of property, plant and equipment, net	31	40
Grants received	229	303
Bad debts recovered (trade)	12	52
Gain on disposal of intangible assets	361	0
Loss on liquidation of a subsidiary	(648)	0
Others	419	350
	<u>229</u>	<u>952</u>

(b) Expenses

<u>S\$'000</u>	<u>1Q 2006</u>	<u>1Q 2005</u>
Depreciation & amortisation	3,805	5,252
Provision for doubtful debts	85	(10)
Provision for stock obsolescence	211	108

14.4 Taxation

<u>S\$'000</u>	<u>1Q 2006</u>	<u>1Q 2005</u>
Current tax expense		
Current year	3,068	3,457
Under/(over) provided in prior years	0	(50)
	<u>3,068</u>	<u>3,407</u>
Deferred tax expense		
Movements in temporary differences	0	242
Under/(over) provided in prior years	284	0
	<u>284</u>	<u>242</u>
	<u>3,352</u>	<u>3,649</u>

14.5 Exceptional items

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

14.6 Movements in Issued and Paid-up Capital

	Number of shares	Issued and Paid-up Capital	Share premium
		\$'000	\$'000
Ordinary Shares			
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 30 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

*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 31 March 2005 was 20,937,400 (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:-

		Options exercised	Number of options outstanding
Year of grant	Exercise price	1Q 2006	31.3.2006
1999	\$0.78	213,000	1,261,500
2000	\$0.55	43,450	394,050
2001	\$0.69	407,500	1,616,700
2002	\$0.78	215,750	3,381,450
2003	\$0.76	164,750	3,983,500
2004	\$0.80	108,500	4,694,000
2005	\$0.99	60,000	5,606,200
Total		1,212,950	20,937,400

14.8 Earnings Per Share

(a) Basic Earnings per Share

The basic earnings per share is based on:-

	<u>1Q 2006</u>	<u>1Q 2005</u>
Net profit for the period (\$'000)	7,107	9,216
Weighted average number of shares in issue during the period ('000)	509,604	505,117
Basic Earnings per Share (cents)	<u>1.4</u>	<u>1.8</u>

(b) Fully Diluted Earnings per Share

The fully diluted earnings per share is based on:-

	<u>1Q 2006</u>	<u>1Q 2005</u>
Net profit for the period (\$'000)	7,107	9,216
Weighted average number of ordinary shares (diluted) ('000)	515,010	510,635
Fully Diluted Earnings per Share (cents)	<u>1.4</u>	<u>1.8</u>

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	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Share Capital and Reserves at end of period (\$'000s)	144,772	138,246	103,683	97,177
No. of ordinary shares issued at end of period ('000s)	511,772	510,559	511,772	510,559
Net Asset Value Per Ordinary Share (Cents)	28.3	27.1	20.3	19.0

14.10 Bank Loans and Borrowings

<u>S\$'000</u>	Group	
	31.3.2006	31.12.2005
Secured Bank Overdrafts	3,042	1,447
Secured bank loans	28,517	31,726
Unsecured bank loans	22,967	21,127
Finance lease liabilities	1,101	1,234
	<u>55,627</u>	<u>55,534</u>
Payable:		
Within 1 year		
-Secured Bank Overdrafts	3,042	1,447
-Secured bank loans	14,199	16,192
-Unsecured bank loans	22,967	21,127
-Finance lease liabilities	645	664
	<u>40,853</u>	<u>39,430</u>
After 1 year but within 5 years		
-Secured bank loans	14,318	15,534
-Unsecured bank loans	0	0
-Finance lease liabilities	456	570
	<u>14,774</u>	<u>16,104</u>
Total	<u>55,627</u>	<u>55,534</u>

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 31 March 2006 of \$176,311,000 (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

The full year outlook for FY2006 as disclosed in the FY 2005 full year audited financial statement dated 8 February 2006 was for earnings to be higher than that for FY 2005. Since then, live pig supply from the sole Bulan pig farm in Indonesia has declined beyond our expectation, adversely affecting our Abattoir and Hog Auction operating results. The pig supply numbers are not expected to improve to FY2005 levels for the next 9 months. Although the UK businesses are expected to continue to register strong growth, the strengthening of the Singapore Dollar will have an impact on earnings when translated into Singapore Dollars. These developments will make growth for the year more challenging. The Group is undertaking a number of initiatives to sustain growth.

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
20 April 2006