Singapore Food Industries Limited

First Half 2005 Performance Review

Joint Media/Analysts Briefing

by

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21 July, 2005

Agenda

- Overview
- Financial Highlights
- EVA, Cash Flows and Balance Sheet
- Segmental Results
- Operations Review
- FY2005 Outlook

Overview

(1H2005 vs 1H2004)

- Sales in 1H2005 increased 3.4% to $283.8m (1H2004: $274.4m)
- PBT for 1H2005 increased 10.4% to $22.8m (1H2004:$20.7m)
- PBT margins improved to 8.0% (1H2004: 7.5%)
- PATMI increased 4.3% to $15.7m (1H2004: $15.1m)
- Overseas turnover grew 8.2% over 1H2004 while Singapore turnover declined 2.5%
- Overseas turnover constitutes 58.2% (1H2004: 55.7%) of Group turnover, while overseas contribution to PBT suffered a decline to 22.0% (1H2004: 28.6%) due to $3.5m losses from Cresset.

PBT improved 10.4% to $22.8m

Financial Highlights

Mastering the Competitive Landscape

Financial Highlights

(1H2005 vs 1H2004)

$'m	1H2005	1H2004 (Restated)	% ▲
Turnover	283.8	274.4	3.4
Gross Margins (%)	27.6	27.8	(0.2)
PBT	22.8	20.7	10.4
PATMI	15.7	15.1	4.3
Net after-tax margins (%)	5.8	5.7	0.1
Earnings per share (cents)	3.1	3.0	3.5
Economic Value Added	11.1	11.8	(5.8)
EVA Spread (%)	10.4	13.0	(2.6)

Net Margin remains high and improved from 5.7% to 5.8%

Financial Highlights

(1H2005 vs 1H2004)

	1H2005	1H2004 (Restated)	% ▲
ROE (%)	24.4	26.2	(1.8)
ROTA (%)	11.0	11.5	(0.5)
Interest Cover (times)	14.0	21.3	(34.3)
Debt/Equity Ratio	0.5	0.4	
Net Assets per Share (cents)	25.2	22.5	12.1
EBITDA ($'m)	34.3	30.4	12.9
Capex ($'m)	9.1	10.6	13.9

EBITDA improved 12.9% to $34.3m

Segmental Results

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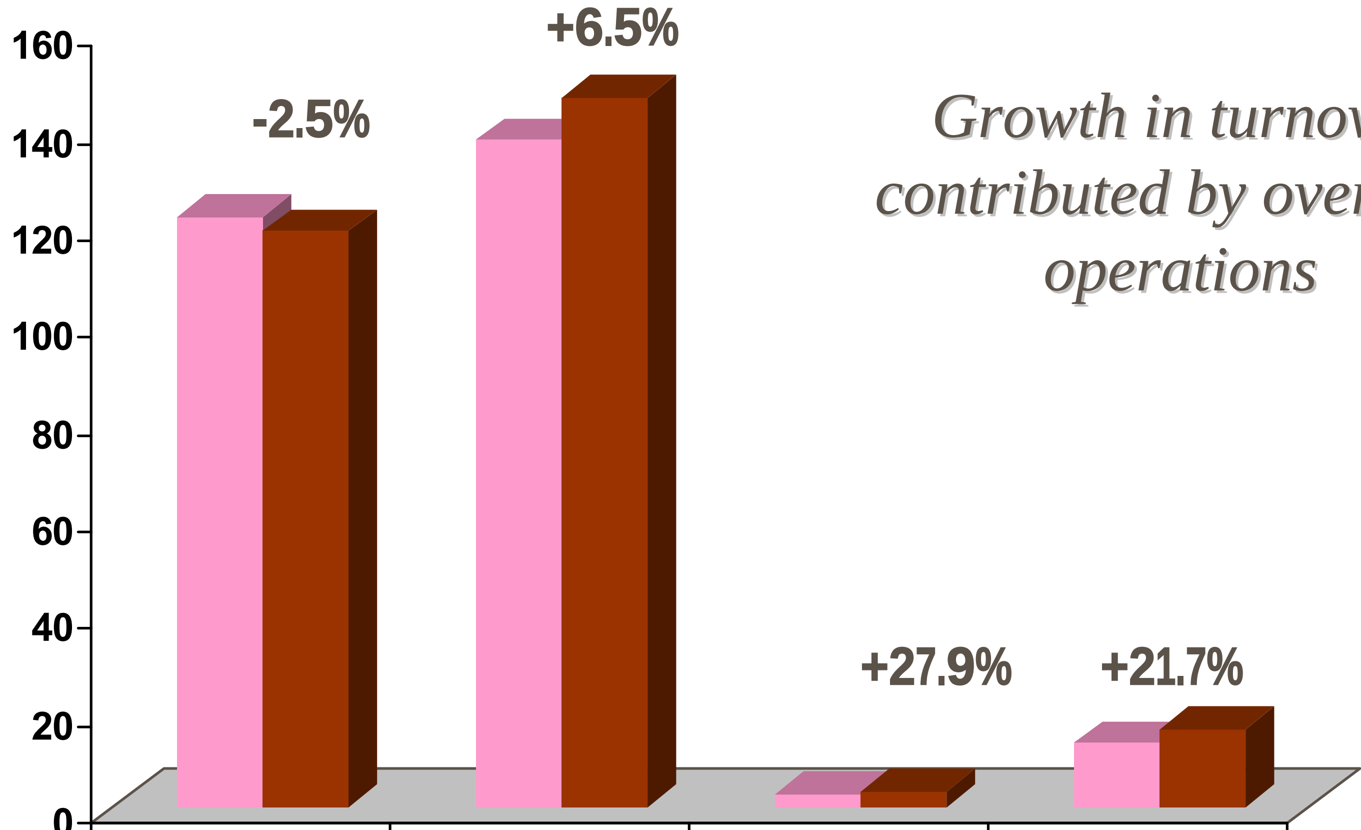
Turnover by Geographical Region
(1H2005 vs 1H2004]

($'m)

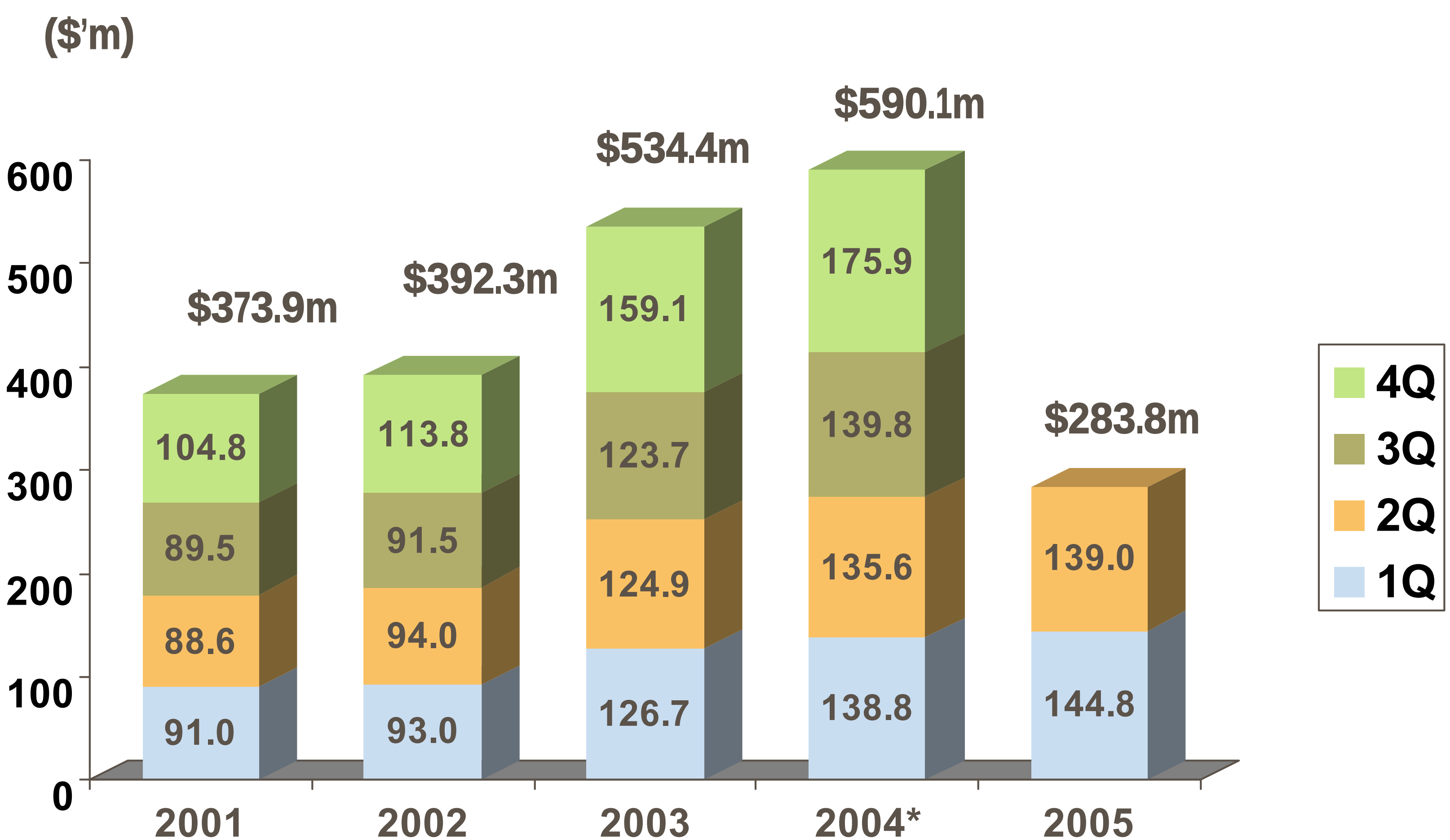


Growth in turnover contributed by overseas operations

	Singapore	UK/Europe	China	Australia
1H 2004*	121.6	137.2	2.5	13.1
1H 2005	118.6	146.1	3.2	15.9

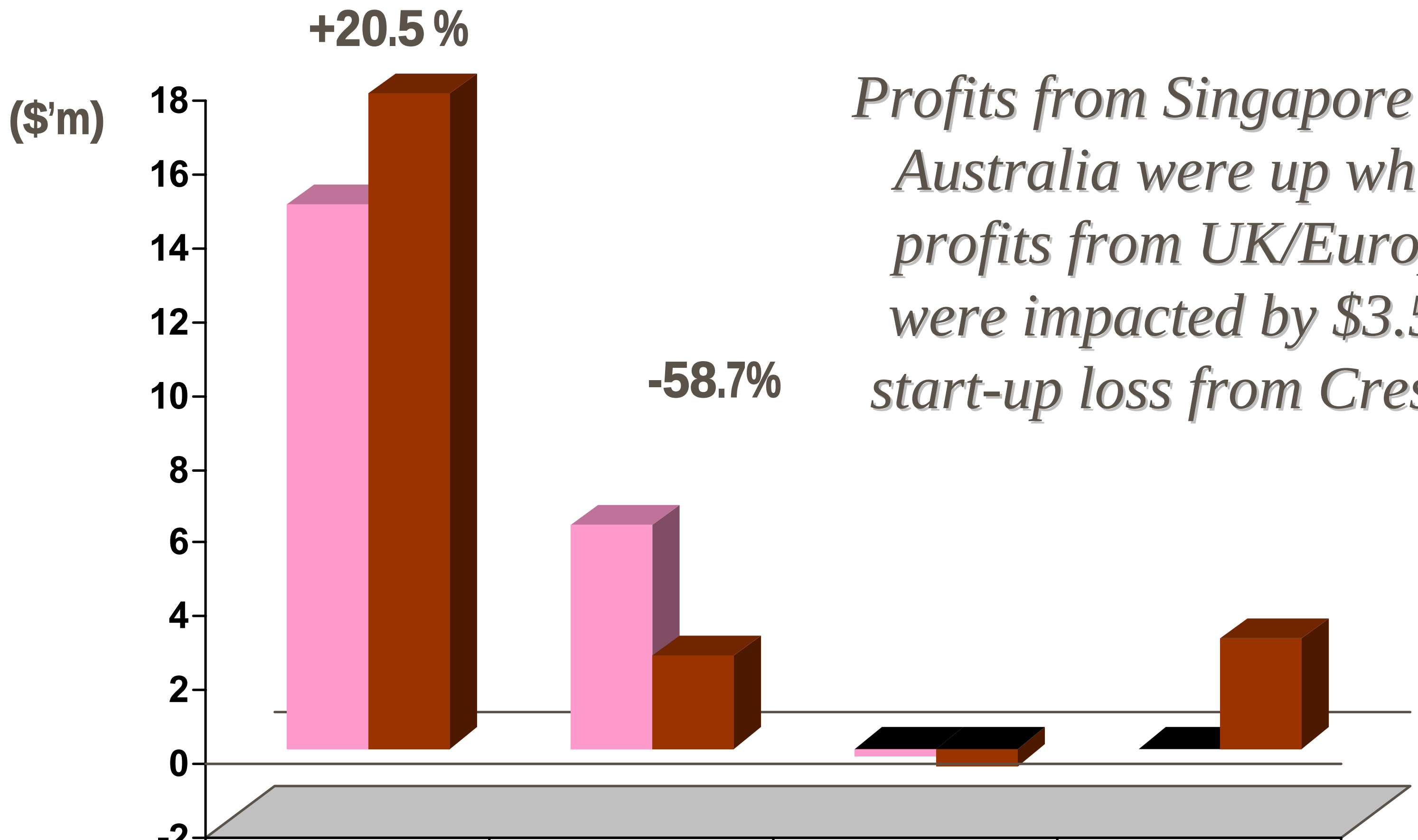
* Restated

Turnover by Quarters



* Restated

PBT by Geographical Region
(1H2005 vs 1H2004)

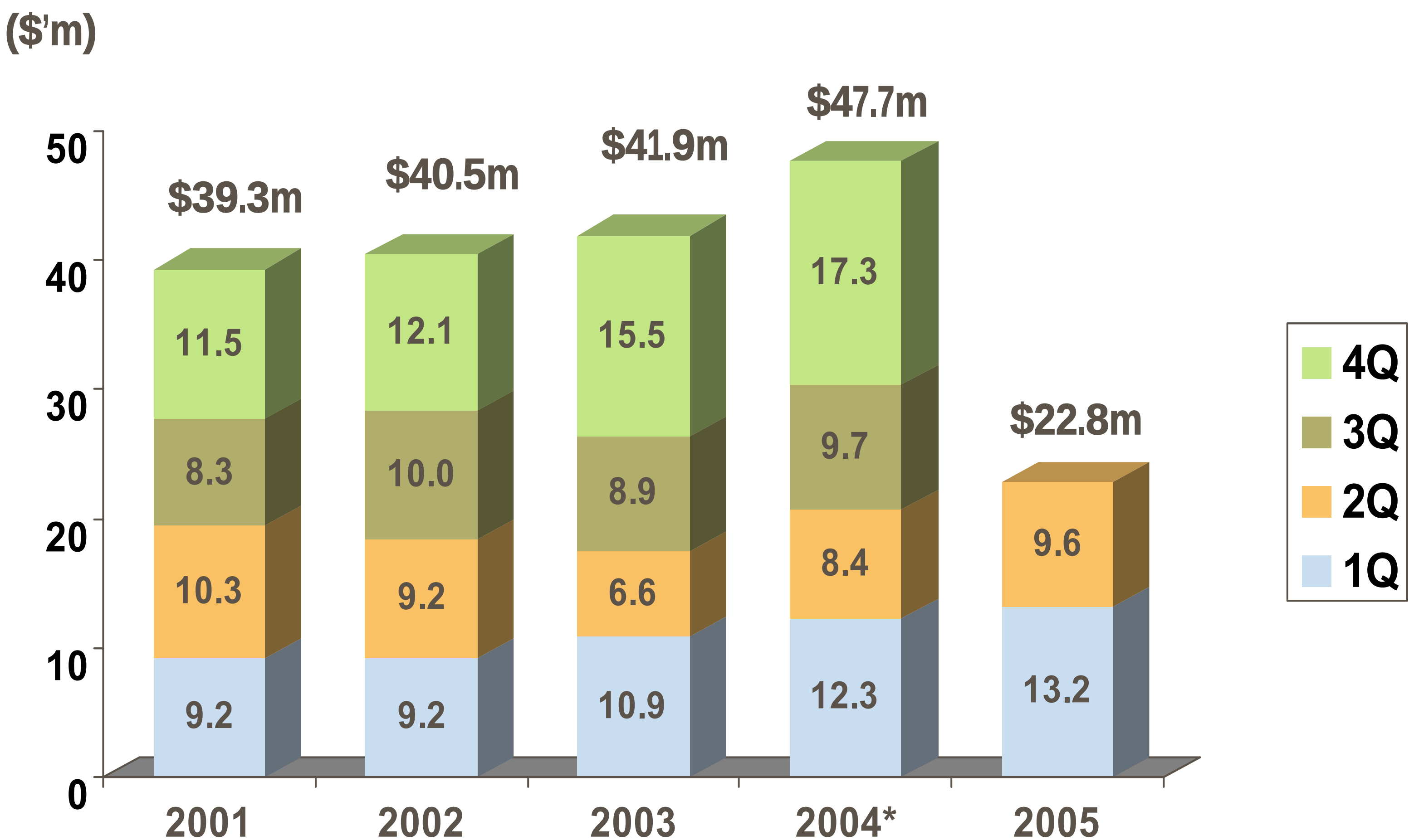


Profits from Singapore and Australia were up while profits from UK/Europe were impacted by $3.5m start-up loss from Cresset

	Singapore	UK/Europe	China	Australia
1H 2004*	14.8	6.1	-0.2	0.0
1H 2005	17.8	2.5	-0.5	3.0

* Restated

PBT by Quarters



* Restated

Singapore Food Industries Limited

EVA, Cash Flows and Balance Sheet Highlights

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EVA Statement
(1H2005 vs 1H2004)

S$'000	1H 2005	1H 2004 (Restated)
Profit Before Taxation	22,806	20,660
Adjustments for:		
(Decrease)/Increase in general provision for doubtful debts	(297)	106
(Decrease)/increase in general provision for stock obsolescer	(14)	103
Goodwill & other adjustments	0	1,241
Interest expense	1,753	1,017
Interest expense on non-capitalised leases	51	65
Adjusted Earnings Before Income Tax	24,299	23,192
Less Cash Operating Taxes	6,476	4,894
Net Operating Profit After Tax (NOPAT)	17,823	18,298
Average EVA Capital Employed	213,711	181,385
Weighted Average Cost of Capital	6.3%	7.2%
Capital Charge	6,732	6,530
Economic Value Added (EVA)	**11,091**	**11,768**

Group Cash Flow Statement
(1H2005 vs 1H2004)

S$'000	1H 2005	1H 2004 (Restated)
Profit before taxation	**22,806**	**20,660**
EBITDA Adjustments:		
Share of profit of a jointly controlled entity	3	3
Interest expense	1,753	1,017
Interest income	(207)	(112)
Depreciation and amortisation	9,981	8,856
EBITDA	**34,336**	**30,424**
Gain on disposal of property, plant and equipment and intangible assets	(40)	(1,731)
Provision for diminution in value of other financial assets	30	20
Provision for fair value of share-based compensation expenses	299	143
Changes in Working Capital	328	6,406
Income taxes paid	(4,255)	(6,418)
Net Cash Flow from Operating Activities	30,698	28,844
Net Cash Flow from Investing Activities	(8,856)	(14,341)
Net Cash Flow from Financing Activities	(19,943)	(10,372)
Net Cash Flow	**1,899**	**4,131**
Cash and Bank Balances at end of period	**17,589**	**14,255**

Operating Cash Flow grew 6.4% to $30.7m, due to higher EBITDA and lower taxes paid

Consolidated Balance Sheet

S$'000	June 2005	March 2005	December 2004 (Restated)
Property, Plant & Equipment	139,286	142,498	146,638
Intangible assets	46,761	46,763	45,226
JV & other long term assets	1,671	1,681	1,922
Inventories	31,006	33,747	35,175
Trade & other receivables	86,828	80,763	96,270
Cash and bank balances	17,589	19,981	15,665
Bank overdrafts	(8,586)	(9,793)	(17,116)
Trade & other payables	(98,178)	(99,337)	(119,567)
Current portion of bank loans	(28,337)	(19,890)	(21,765)
Provision for taxation	(15,176)	(15,165)	(13,418)
Long Term Liabilities	(35,043)	(33,265)	(31,079)
	137,821	147,983	137,951
Share Capital & Reserves	128,164	138,822	129,187
Minority Interests	9,657	9,161	8,764
	137,821	147,983	137,951

Operations Review

Mastering the Competitive Landscape

Events in 1H 2004

	Impact on Profitability 1H2004
Exceptional gain of $1.7m for disposal of a juice manufacturing site in Daniels	(+)
Avian Flu outbreak resulting in: - Lower sales for SSTFI - Higher raw material cost for Singapore catering operations - One-off container and storage charges for the storage of poultry stocks to ride-out the Avian Flu in Singapore	(-)
Daniels brand stretches into fresh sauces and juices resulting in £1.0m in NPD and marketing expenses	(-)

Events in 1H 2005

	Impact on Profitability	
	1H2005	**Going Forward**
Singapore Operations		
■ Lower Catering revenues from 5-day work week in SAF and shortened full-time National Service period	(-)	(-)
Australian Operations		
■ Back billings for facilities management contract ending 31 July and under review for renewal	(+)	Nil
FRS Changes		
■ Cessation of goodwill charge in respect of Daniels ($1.1m for 1H2005)	(+)	(+)
■ Cessation of amortisation of intangibles (fishing licences)	(+)	(+)

Events in 1H 2005

	Impact on Profitability	
	1H2005	**Going Forward**
UK/Europe Operations		
■ Sudan I food scare resulted in lower CRM sales in ICL	**(-)**	**Diminishing**
■ Own-label prepared fruit contract for new factory in Daniels (initial production inefficiencies in new factory)	**(-)**	**(+)**
■ Consolidation of juice/drinks operations in Daniels (double manning at 2 factory sites during the transfer period and teething problems at new factory)	**(-)**	**(+)**
■ Cresset start-up losses ($3.5m for 1H2005) for new CRM business	**(-)**	**Reduced losses**

Overseas PBT

(1H2005 vs 1H2004)

$'m	1H2005	1H2004	% ▲
PBT (as reported)	5.0	5.9	(14.8)
Add			
Cresset start-up losses	3.5	0.2	
Exceptional gains (Daniels)	-	(1.7)	
Goodwill amortisation (Daniels)	-	1.1	
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	8.5	5.5	53.3
	======	======	====

Overseas PBT improved $3.0m or 53.3% before Cresset losses

Food Distribution

for the six months ended 30 June 2005

	1H2005	1H2004*	%Δ
Turnover	$66.8m	$66.1m	1.2
PBT	$5.8m	$4.2m	37.1

** Restated*

- Sales to wholesale, small supermarket chains, wet and dry markets, exports and food service were higher, offset by lower sales to major supermarkets and government institutions
- PBT increased due to significantly lower operating costs for the half year compared to 1H2004

Food Preparation, Mfg & Processing

for the six months ended 30 June 2005

	1H2005	1H2004*	%Δ
Turnover	$206.1m	$198.0m	4.1
PBT	$13.2m	$13.2m	0.5

** Restated*

Singapore

- Catering revenues were lower by 9.9% due to
  - 5-day work week since Oct 2004, and
  - reduction in full-time National Service period since Jan 2005
- PBT increased due to lower raw material costs compared to 1H2004

Food Preparation, Mfg & Processing

for the six months ended 30 June 2005

Overseas

- Overseas subsidiaries registered a combined growth in turnover of $12.5m or 8.2% over 1H2004
- Daniels turnover increased $10.4m (or 12.8%) to $91.2m
    - £13m Capex invested in new state-of-the-art production facilities in 2004 for prepared fruits and fresh juice and for expanding soup and sauce facility well utilised
    - New facilities have enabled us to secure own-label businesses with major retailers and food service chains
    - Prepared fruits sales grew at a very strong rate of 40%
    - New Covent Garden soup, juice and drinks continued to grow in the mid-teens
- On a like-for-like basis, PBT for Daniels at $4.5m is $0.6m (or 15.4%) better than 1H2004 PBT of $3.9m

Food Preparation, Mfg & Processing

for the six months ended 30 June 2005

Overseas

- ICL sales fell $4.0m (or 7.8%) to $47.4m
  - Lingering effect of Sudan I food scare in 1Q2005 affected ready meals consumption in 2Q2005
  - However, reduced levels of promotional activities in 2Q2005 across most customer accounts resulted in cost savings
- PBT was $0.2m lower at $1.5m
- Cresset, acquired in Mar 2004, contributed $7.6m sales for 1H2005 (2Q2004: $5.0m). Full factory overheads for new CRM plant resulted in $3.5m loss
  - Off-take of CRM products from key customer lower than expected while conversion of new customers taking longer than anticipated.

Food Preparation, Mfg & Processing

for the six months ended 30 June 2005

Overseas

- Combined turnover from Australian subsidiaries increased by 21.7% to $15.9m due to
  - higher exports of scallops, and
  - higher billings for facilities management
- Australian operations reported profit of $3.0m compared to loss of $28k for 1H2004
- Shanghai STFI sales increased 27.9% to $3.1m from higher exports and frozen ready-meals. Loss of $0.5m (1H2004: $0.1m loss).

Abattoir & Hog Auction

for the six months ended 30 June 2005

	1H2005	1H2004*	%Δ
Turnover	$10.9m	$10.4m	5.2
PBT	$3.8m	$3.3m	15.4

** Restated*

- Slaughter and auction numbers were higher at 1,074 and 986 pigs per day respectively (1H2004: 1,043 and 942 respectively)
- PBT increase of $0.5m corresponded with $0.5m increase in revenue
- Given fixed costs of operations largely absorbed, any increase in pig supply will result in increase in revenue and corresponding dollar increase in profitability

FY2005 Outlook

Outlook

Singapore Operations

- Food Distribution
  - Sales to food service, ship supplies, small supermarkets and exports expected to grow. Continue focus on growing exports to regional markets
  - Outlook for rest of year positive
- Food Catering
  - Negative impact on consumption, due to implementation of 5-day work week and reduced period for full-time National Service, expected to continue.
  - Weaker performance in FY2005
- Abattoir & Hog Auction
  - Given that fixed cost of operations have largely been absorbed, any uplift in sales from higher pig numbers will result in higher profitability
  - Overall, improved performance expected in FY2005

Outlook

Growth continues to be driven largely by overseas business

Overseas Operations

- Daniels
  - Expected to deliver growth in all its core product categories (although 3Q is seasonally weak)
    - Growth of New Covent Garden soup to continue
    - New food service accounts secured for juice will deliver growth in coming quarters. Looking for new own label retail customer(s)
    - Growth in prepared fruit business expected to continue at above 20 per cent
  - Closure of one juice site and consolidation of distribution activities into one site in 1H2005 should deliver improved operational efficiencies in 2H2005

Outlook

Overseas Operations

- ICL
  - A number of new product launches scheduled for a key customer in 3Q2005
  - Adverse effect of Sudan I expected to diminish in 2H2005
  - ICL expected to perform better in FY2005
- Cresset
  - Losses expected in 3Q2005, while improvements expected in 4Q2005 through securing new retail customers
  - Cresset will report loss for FY2005

Outlook

Overseas Operations

- Australia
  - FY2005 performance will be better than FY2004 (1H2005 PBT of $3.0m vs FY2004 PBT of $0.7m)
  - Facilities management contract due for renewal
- Shanghai STFI
  - Chicken-based products continue to face challenges
  - Strategy to diversify into new product categories and new market channels
    - New frozen ‘meal-solution’ products targeted at food service outlets – showing some success
    - “Noodle-Mate” launched into retail markets in end 1Q2005

FY2005 Outlook

The outlook for FY2005 is for earnings to be higher than that for FY2004

Note: This is management's outlook based on current expectations, projections and assumptions about the future. This is not a forecast.

Thank You

This presentation contains certain statements that are not statements 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 disease, 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.