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SINGAPORE FOOD INDUSTRIES PROFITS INCREASE 10.5 PER CENT IN FIRST NINE MONTHS OF 2002

Turnover of main board-listed Singapore Food Industries (SFI) rose 3.5 per cent to \$278.5 million for nine months of 2002 (9M2002), up from \$269.1 million for 9M2001. Profit after tax and minority interests (PATMI) for 9M2002 grew 10.5 per cent from \$19.5 million to \$21.6 million. Earnings per share rose 10.5 per cent to 4.3 cents, up from 3.9 cents for the corresponding period last year. For the third quarter of 2002 (3Q2002), turnover grew 2.3 per cent to \$91.6 million while PATMI grew 21.1 per cent to \$7.1 million over 3Q2001.

Overseas operations continued to contribute to the Group's growth with turnover growing 32.9 per cent over 9M2001 to \$91.6 million. Overseas turnover now accounts for 32.9 per cent of total Group turnover. International Cuisine Limited (ICL) in the UK continued its strong sales growth at 35.6 per cent over 9M2001 to \$69.0 million, contributing to 24.8 per cent of total Group turnover. ICL's profit before tax (PBT) improved 21.9 per cent over the corresponding nine-month period despite a tripling of insurance costs. The commissioning of the factory extension in June 2002 has eased production and operating complexities, and this is reflected in the PBT increase of 52.5 per cent to \$1.0 million in 3Q2002 against \$0.65 million in 3Q2001. Shanghai STFI also experienced a strong third quarter with a 79 per cent increase in sales over 3Q2001 as a result of contract manufacturing for third parties in Singapore. PBT for 3Q2002 for the Shanghai subsidiary increased from the higher turnover and lower depreciation expenses. Australian operations reported a small profit against a loss last year with a 43.8 per cent increase in sales for 9M2002 to \$16.2 million due to higher facility management fees and increased seafood sales.

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In Singapore, the operating environment continued to be difficult. Food Distribution reported lower sales at \$100.8 million. PBT in 3Q2002 however showed a 9.3 per cent increase against the same period last year, due to better margins and savings through stringent cost control measures. Food Preparation, Manufacturing and Processing registered a decline in sales following the reduced requirements from a key customer of the Company. The Abattoir and Hog Auction also reported lower turnover by 2.7 per cent to \$12.8 million due to lower slaughter and auction numbers.

The difficult operating environment in Singapore is expected to remain for the rest of the year. Greater efficiencies and continued business rationalisations by moving to higher margin products and services using the Economic Value Added (EVA) and Six Sigma methodologies continue to be the main strategies to maintain profitability in the Singapore operations. The Group expects growth from its overseas operations to remain strong.

“Despite the continuing difficult operating environment in Singapore, we managed to achieve a strong performance with a 21.1 per cent increase in the third quarter and consequently an increase of 10.5 per cent in net earnings for the first nine months of 2002. This is the result of various cost control initiatives started at the beginning of the year in anticipation of the difficult time in Singapore, and increased turnover and contributions from our overseas investments.” said Mr Peter Tay, President & CEO.

He added, “In these difficult and uncertain times, the SFI management team continues to implement strategies that will deliver longer term growth while maintaining short-term profitability and is confident of meeting its guidance for the full year (stated since the beginning of the year) for a single digit growth in earnings over FY2001.”

This news release should be read and interpreted in conjunction with all related filings made by Singapore Food Industries today on Masnet as well as the Disclaimer contained in those materials.

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**End of Release**

# Press Release

For enquiries, please contact: Ms Wang Yu-Hsuan  
Marketing and Communications Manager  
Singapore Food Industries Limited  
Tel : (65) 68700269/288, Fax : (65) 67762088  
Email : wang.yh@sfi.com.sg  
Website : [www.sfi.com.sg](http://www.sfi.com.sg)