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SINGAPORE FOOD INDUSTRIES ACHIEVES FIFTH CONSECUTIVE YEAR OF DOUBLE-DIGIT GROWTH IN NET EARNINGS

	FY2002	FY2001	% ▲
Turnover	\$392.9m	\$373.9m	4.9%
Profit after tax and minority interest (PATMI)	\$29.9m	\$27.2m	10.0%
Earnings Per Share (EPS)	6.0 cents	5.4 cents	10.0%
Net Margins	7.8%	7.5%	

	4Q2002	4Q2001	% ▲
Turnover	\$113.8m	\$104.8m	8.5%
Profit after tax and minority interest (PATMI)	\$8.3m	\$7.7m	8.8%

Mainboard-listed Singapore Food Industries (SFI) today announced its full year 2002 results which saw a 10.0 per cent increase in profit after tax and minority interest (PATMI) to \$29.9 million, compared to its reported profit of \$27.2 million last year – achieving a double-digit growth in net earnings for the fifth consecutive year. Growth is 8.1 per cent when compared to a restated profit of \$27.7million due to the adoption of the new SAS 12 (Accounting for Income Taxes). Group turnover increased 4.9 per cent over FY2001 to \$392.9 million.

Overseas Growth Momentum Continues

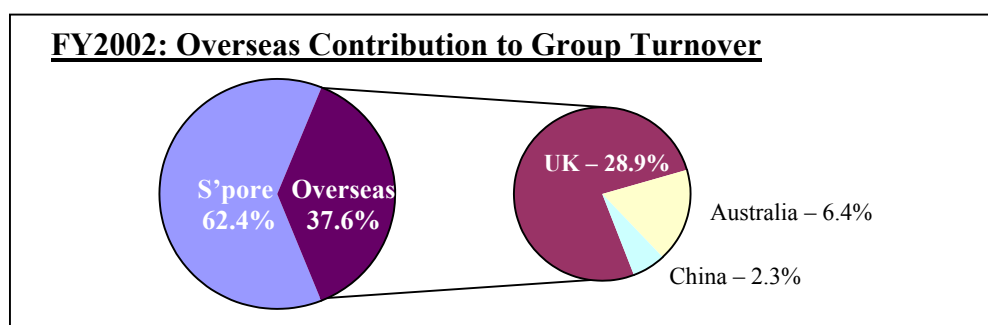
SFI's overseas turnover increased 40.3 per cent to \$147.4 million over FY2001, and accounted for 37.6 per cent of Group turnover for the year. Sales of SFI's wholly-owned subsidiary, International Cuisine Limited (ICL) grew 34.1 percent to \$100.9 million in FY2002 while profitability grew 30.7 per cent to \$4.6 million, despite a tripling of insurance premiums in 2002.

On 18 October 2002, SFI announced the making of a General Offer (GO) for the balance of 70.1 per cent of the shares of its associate company, S Daniels plc, that it did not already own. (SFI had in September 2001 acquired a 29.9 per cent stake in S Daniels, a company listed on the London Stock Exchange, that specializes in chilled fresh soups under the New Covent Garden brand, freshly squeezed juices under the Johnson's brand and fresh salads and sandwich fillings.)

To obtain all of the shares of S Daniels, SFI initiated, by the end of the year, the compulsory acquisition of the remaining shares held by those who had not accepted the GO. The compulsory acquisition period closed on 22 January 2003. S Daniels was officially de-listed from the London Stock Exchange on 30 December 2002.

Press Release

With the inclusion of the December 2002 results of S Daniels, UK operations contributed \$113.4 million or 28.9 per cent of the Group's turnover for FY2002.



“We believe that the chilled convenience food sector in the UK will continue to grow at a rate substantially above the rate of growth in the overall UK food industry.” said President & CEO, Mr Peter Tay. “By positioning ourselves in the higher growth segments within the chilled convenience food sector, our two UK subsidiaries, ICL and S Daniels are poised to contribute significantly to the Group's growth in the future.”

In China, Shanghai ST Food Industries (SSTFI) registered a 7.7 per cent increase in turnover to \$8.9 million. Australian operations also reported higher sales of 16.4 per cent to \$25.1 million from higher facility management fees and increased seafood sales.

In Singapore, the operating environment continued to be difficult. Turnover in Singapore registered a 8.9 per cent drop, while profits dropped 2.6 per cent. The smaller drop in profits was due to savings through stringent cost control initiatives using Economic Value Added (EVA) and Six Sigma methodologies. On an after tax basis, profits were assisted by the lower corporate tax rates.

Higher Dividends Proposed

A gross dividend totalling 5.0 cents per share (FY2001: 4.5 cents per share) consisting of ordinary gross dividend of 3.0 cents per share and a special gross dividend of 2.0 cents per share will be proposed for shareholders' approval at the Company's Annual General Meeting scheduled on 8 April 2003. The proposed dividends give a yield of 7.1 per cent based on a share price of 70 cents per share. The net dividend payout of \$19.5 million (FY2001: \$17.0 million) constitutes 65.4 per cent of profit attributable to shareholders.

SFI's unutilized Section 44 is estimated at \$25 million (boosted by dividends paid by subsidiaries). This equates to \$120 million to \$125 million of gross dividends with tax credits attached. It is thus expected that within the 5-year transitional period starting from FY2003, the Company will continue to be able to pay dividends to shareholders with tax credits attached. After fully utilising all available Section 44 balance, dividends declared and paid will not have tax credits attached under the new one-tier tax system.

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Outlook for FY2003

Operating conditions in Singapore are expected to remain challenging. Greater efficiencies and continued business rationalisations by moving to higher margin products and services and using the Economic Value Added (EVA) and Six Sigma methodologies are key strategies to maintain profitability in the Singapore operations. Growth prospects overseas are expected to be better.

With newly-acquired subsidiary, S Daniels, the UK operations is expected to be a significant positive contributor to the Groups' overall results for FY2003. The Groups' Shanghai and Australian operations are also expected to grow their earnings over FY2002.

“Going forward, we expect our overseas businesses which are experiencing higher growth rates to continue to fuel our growth. Sales from overseas operations, which currently span the UK, China and Australia, are expected to account for more than half of Group sales in 2003.” said Mr Peter Tay.

He added, “Subject to no further deterioration in economic conditions in the key markets that the Group operates in and the retention of the catering contract with the Company's key customer on terms and conditions substantially the same as those in the existing contract, the outlook for FY2003 is for growth in earnings over FY2002.”

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.

End of Release

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