

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

FOOD EMPIRE HOLDINGS LIMITED

(Co Registration No: 200001282G)

Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2008
PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

With effect from FY2008, the Group has begun reporting in USD instead of SGD to better reflect the Group's results as the majority of its transactions are in US dollars. For comparative purposes, FY2007 results were translated to USD in accordance to Financial Reporting Standard 21 – The Effects of Changes in Foreign Exchange Rates ("FRS 21").

| | Group | | | Group | | |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------------|-------------------------|
| | Oct – Dec 2008 US\$'000 | Oct - Dec 2007 US\$'000 | Increase/ (Decrease) | Jan – Dec 2008 US\$'000 | Jan – Dec 2007 US\$'000 | Increase/ (Decrease) |
| Revenue | 47,049 | 60,103 | -21.7% | 222,315 | 184,443 | 20.5% |
| Changes in inventories of finished goods | (3,945) | (3,303) | } -15.7% | 5,554 | (1,080) | } 19.3% |
| Raw materials and consumables used | (22,601) | (28,170) | | (122,330) | (96,783) | |
| Staff costs | (4,265) | (6,115) | | (23,934) | (19,380) | |
| Depreciation expenses | (416) | (388) | 7.2% | (1,746) | (1,446) | 20.7% |
| Depreciation of freehold investment properties | (8) | (7) | 14.3% | (30) | (29) | 3.4% |
| Net loss from fair value adjustment in leasehold properties | (2) | (2) | - | (8) | (7) | 14.3% |
| Write off of Goodwill | - | - | N.M | - | (92) | N.M |
| Reversal / (Impairment) of assets | 1 | (13) | -107.7% | 1 | (13) | -107.7% |
| Foreign exchange loss | (144) | (189) | -23.8% | (983) | (1,012) | -2.9% |
| Other operating expenses | (11,989) | (15,403) | -22.2% | (55,188) | (41,623) | 32.6% |
| Finance costs | (294) | (152) | 93.4% | (693) | (568) | 22.0% |
| Other (expenses) / income | (62) | 34 | -282.4% | 416 | 482 | -13.7% |
| Share of (losses) / profit of associated companies | (54) | 275 | -119.6% | (173) | 430 | -140.2% |
| Profit from operations before taxation | 3,270 | 6,670 | -51.0% | 23,201 | 23,322 | -0.5% |
| Taxation (Note 1) | (93) | (902) | -89.7% | (2,074) | (2,264) | -8.4% |
| Profit after taxation | 3,177 | 5,768 | -44.9% | 21,127 | 21,058 | 0.3% |
| Attributable to: | | | | | | |
| Shareholders of the Company | 3,177 | 5,768 | -44.9% | 21,127 | 21,053 | 0.3% |
| Minority interests, net of taxation | - | - | N.M | - | 5 | N.M |
| Profit after taxation | 3,177 | 5,768 | -44.9% | 21,127 | 21,058 | 0.3% |

Note 1
Included in the taxation:

| | Group | | | Group | | |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------------|-------------------------|
| | Oct - Dec 2008 US\$'000 | Oct - Dec 2007 US\$'000 | Increase/ (Decrease) | Jan – Dec 2008 US\$'000 | Jan – Dec 2007 US\$'000 | Increase/ (Decrease) |
| Over provision for the prior period | (171) | (127) | 34.6% | (120) | (127) | -5.5% |

N.M denotes not meaningful.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31 Dec 08 | 31 Dec 07 | 31 Dec 08 | 31 Dec 07 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 11,474 | 10,924 | - | - |
| Investment properties | 1,383 | 1,424 | - | - |
| Investments in subsidiary companies | - | - | 44,558 | 7,529 |
| Investments in associated companies | 5,752 | 5,771 | - | - |
| Intangible assets | 15,751 | 15,751 | - | - |
| Amounts due from associated companies (non-trade) | 957 | 1,607 | - | - |
| Deferred tax assets | 219 | 786 | - | - |
| | 35,536 | 36,263 | 44,558 | 7,529 |
| Current Assets | | | | |
| Cash and bank balances | 15,537 | 15,974 | 62 | 38 |
| Trade receivables | 60,672 | 55,778 | - | - |
| Deferred expenses | 1,110 | 883 | - | - |
| Prepaid operating expenses and other debtors | 2,040 | 2,342 | 18 | 21 |
| Other receivables | 963 | 853 | - | 3 |
| Amounts due from subsidiary companies (non-trade) | - | - | 51 | 36,875 |
| Amounts due from associated companies | 1,265 | 1,115 | - | - |
| Inventories | 39,645 | 27,781 | - | - |
| | 121,232 | 104,726 | 131 | 36,937 |
| Current Liabilities | | | | |
| Trade payables and accruals | (14,149) | (18,462) | (358) | (365) |
| Finance lease creditor | (3) | - | - | - |
| Interest-bearing loans and borrowings | (5,336) | (2,000) | - | - |
| Other payables | (160) | (243) | - | - |
| Provision for taxation | (2,543) | (2,444) | - | (210) |
| | (22,191) | (23,149) | (358) | (575) |
| Net Current Assets / (Liabilities) | 99,041 | 81,577 | (227) | 36,362 |
| Non-Current Liabilities | | | | |
| Finance lease creditor | (15) | - | - | - |
| Interest-bearing loans and borrowings | (11,330) | (7,500) | - | - |
| Deferred tax liabilities | (612) | (1,294) | - | - |
| | (11,957) | (8,794) | - | - |
| Net Assets | 122,620 | 109,046 | 44,331 | 43,891 |
| Equity | | | | |
| Share capital | 39,666 | 38,867 | 39,666 | 38,867 |
| Reserves | 82,954 | 70,179 | 4,665 | 5,024 |
| | 122,620 | 109,046 | 44,331 | 43,891 |
| Minority interests | - | - | - | - |
| | 122,620 | 109,046 | 44,331 | 43,891 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| As at 31 Dec 2008 | | As at 31 Dec 2007 | |
|---------------------|-----------------------|---------------------|-----------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 3 | 5,336 | - | 2,000 |

Amount repayable after one year

| As at 31 Dec 2008 | | As at 31 Dec 2007 | |
|---------------------|-----------------------|---------------------|-----------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 15 | 11,330 | - | 7,500 |

Details of any collateral

The finance lease is secured by a charge over the leased asset.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | 3 months ended 31 Dec 2008 US\$'000 | 3 months ended 31 Dec 2007 US\$'000 | 12 months ended 31 Dec 2008 US\$'000 | 12 months ended 31 Dec 2007 US\$'000 |
|---|--|--|---|---|
| Cash flows from operating activities: | | | | |
| Profit from operations before taxation | 3,270 | 6,670 | 23,201 | 23,322 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 416 | 388 | 1,746 | 1,446 |
| Depreciation of freehold investment properties | 8 | 7 | 30 | 29 |
| Net loss from fair value adjustment in leasehold properties | 2 | 2 | 8 | 7 |
| Loss / (gain) on disposal of property, plant and equipment | 1 | 14 | 51 | (2) |
| Loss on disposal of investment in associated companies | - | 1 | - | 59 |
| Write off of Goodwill | - | - | - | 92 |
| Interest income | (24) | (144) | (252) | (448) |
| Interest expenses | 294 | 152 | 693 | 568 |
| (Write back) / allowance of doubtful debts | (524) | 274 | 47 | 274 |
| (Write back) / Allowance of stock obsolescence | (91) | 408 | 29 | 408 |
| Exchange realignment | (793) | 185 | (676) | 1,200 |
| Share of loss/ (profit) of associated companies | 54 | (275) | 173 | (430) |
| (Reversal) / Impairment of assets | (1) | 13 | (1) | 13 |
| Write back of value of employees services received for issue of share options | - | 5 | 120 | 78 |
| Operating profit before working capital changes | 2,612 | 7,700 | 25,169 | 26,616 |

| | 3 months ended 31 Dec 2008 US\$'000 | 3 months ended 31 Dec 2007 US\$'000 | 12 months ended 31 Dec 2008 US\$'000 | 12 months ended 31 Dec 2007 US\$'000 |
|---|--|--|---|---|
| Cont'd | | | | |
| Decrease / (Increase) in receivables | 10,232 | (9,413) | (5,128) | (17,489) |
| Decrease / (increase) in inventories | 7,367 | 180 | (11,893) | (4,254) |
| (Decrease) / Increase in payables | (10,835) | 2,484 | (4,396) | 524 |
| Cash flows generated | 9,376 | 951 | 3,752 | 5,397 |
| Income taxes refund / (paid) | 21 | 318 | (2,083) | (1,068) |
| Net cash flows generated from operating activities | 9,397 | 1,269 | 1,669 | 4,329 |
| Cash flows from investing activities: | | | | |
| Interest income received | 24 | 144 | 252 | 448 |
| Purchase of property, plant and equipment | (561) | (769) | (3,316) | (2,045) |
| Proceeds from sales of property, plant and equipment | 37 | (20) | 68 | 51 |
| Proceeds from disposal of investment held for sale | - | - | - | 350 |
| Proceeds from disposal of investment in associates | - | - | - | 2,877 |
| Investment in associated companies | - | (195) | (721) | (831) |
| Net payment for acquisition of subsidiaries | - | - | - | (9,407) |
| Dividend income received from associates | 21 | - | 38 | - |
| Purchase of M1 shares in subsidiary | - | - | - | (1,298) |
| Repayment of / (increase in) loans to associated companies | 100 | 449 | 650 | (2,149) |
| Net cash flows used in investing activities | (379) | (391) | (3,029) | (12,004) |
| Cash flows from financing activities: | | | | |
| Interest paid | (294) | (152) | (693) | (568) |
| Proceeds from issuance of shares | - | 186 | 557 | 920 |
| Dividends paid | - | - | (6,125) | (5,163) |
| Increase in finance lease | 18 | - | 18 | - |
| (Repayment) / increase in interest-bearing loans & borrowings and bills payable | (1,334) | (500) | 7,166 | 4,772 |
| Net cash flows (used in) / generated from financing activities | (1,610) | (466) | 923 | (39) |
| Net increase / (decrease) in cash and cash equivalents | 7,408 | 412 | (437) | (7,714) |
| Cash and cash equivalents at beginning of the period | 8,129 | 15,562 | 15,974 | 23,688 |
| Cash and cash equivalents at end of the period | 15,537 | 15,974 | 15,537 | 15,974 |

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or
(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

The Group – 4Q

| | Attributable to equity holders of the Company | | | | | | Minority Interests US\$'000 | Total Equity US\$'000 |
|--|---|---|---|---|------------------------------------|-------------------|-----------------------------------|-----------------------------|
| | Share Capital US\$'000 | Foreign Currency Translation Reserve US\$'000 | Asset Revaluation Reserve US\$'000 | Share-based payment reserve US\$'000 | Accumulated profits US\$'000 | Total US\$'000 | | |
| Balance as at 1 Oct 07 | 38,661 | 2,782 | 60 | 460 | 60,740 | 102,703 | - | 102,703 |
| Foreign currency translation differences | - | 383 | - | - | - | 383 | - | 383 |
| Net income recognised directly in equity | - | 383 | - | - | - | 383 | - | 383 |
| Net profit for the period | - | - | - | - | 5,768 | 5,768 | - | 5,768 |
| Total recognised income and expenses for the period | - | 383 | - | - | 5,768 | 6,151 | - | 6,151 |
| Value of employee services received for issue of share options | - | - | - | 5 | - | 5 | - | 5 |
| Acquisition of minority interest | - | - | - | - | - | - | - | - |
| Exercise of share options | 19 | - | - | (19) | - | - | - | - |
| Issuance of ordinary shares | 187 | - | - | - | - | 187 | - | 187 |
| Balance as at 31 Dec 07 | 38,867 | 3,165 | 60 | 446 | 66,508 | 109,046 | - | 109,046 |
| Balance as at 1 Oct 08 | 39,666 | 2,984 | 60 | 324 | 78,333 | 121,367 | - | 121,367 |
| Foreign currency translation differences | - | (1,924) | - | - | - | (1,924) | - | (1,924) |
| Net expenses recognised directly in equity | - | (1,924) | - | - | - | (1,924) | - | (1,924) |
| Net profit for the period | - | - | - | - | 3,177 | 3,177 | - | 3,177 |
| Total recognised income and expenses for the period | - | (1,924) | - | - | 3,177 | 1,253 | - | 1,253 |
| Value of employee services received for issue of share options | - | - | - | - | - | - | - | - |
| Exercise of share options | - | - | - | - | - | - | - | - |
| Issuance of ordinary shares | - | - | - | - | - | - | - | - |
| Balance as at 31 Dec 08 | 39,666 | 1,060 | 60 | 324 | 81,510 | 122,620 | - | 122,620 |

The Group – 12 months

| | Attributable to equity holders of the Company | | | | | Total US\$'000 | Minority Interests US\$'000 | Total Equity US\$'000 |
|--|---|---|---|---|------------------------------------|-------------------|-----------------------------------|-----------------------------|
| | Share Capital US\$'000 | Foreign Currency Translation Reserve US\$'000 | Asset Revaluation Reserve US\$'000 | Share-based payment reserve US\$'000 | Accumulated profits US\$'000 | | | |
| Balance as at 1 Jan 07 | 37,650 | 1,576 | 60 | 664 | 50,618 | 90,568 | 1,225 | 91,793 |
| Foreign currency translation differences | - | 1,589 | - | - | - | 1,589 | 68 | 1,657 |
| Net income recognised directly in equity | - | 1,589 | - | - | - | 1,589 | 68 | 1,657 |
| Net profit for the year | - | - | - | - | 21,053 | 21,053 | 5 | 21,058 |
| Total recognised income and expenses for the year | - | 1,589 | - | - | 21,053 | 22,642 | 73 | 22,715 |
| Dividends paid to shareholders of the Company | - | - | - | - | (5,163) | (5,163) | - | (5,163) |
| Value of employee services received for issue of share options | - | - | - | 78 | - | 78 | - | 78 |
| Acquisition of minority interest | - | - | - | - | - | - | (1,298) | (1,298) |
| Exercise of share options | 296 | - | - | (296) | - | - | - | - |
| Issuance of ordinary shares | 921 | - | - | - | - | 921 | - | 921 |
| Balance as at 31 Dec 07 | 38,867 | 3,165 | 60 | 446 | 66,508 | 109,046 | - | 109,046 |
| Balance as at 1 Jan 08 | 38,867 | 3,165 | 60 | 446 | 66,508 | 109,046 | - | 109,046 |
| Foreign currency translation differences | - | (2,105) | - | - | - | (2,105) | - | (2,105) |
| Net expenses recognised directly in equity | - | (2,105) | - | - | - | (2,105) | - | (2,105) |
| Net profit for the year | - | - | - | - | 21,127 | 21,127 | - | 21,127 |
| Total recognised income and expenses for the year | - | (2,105) | - | - | 21,127 | 19,022 | - | 19,022 |
| Dividends paid to shareholders of the Company | - | - | - | - | (6,125) | (6,125) | - | (6,125) |
| Value of employee services received for issue of share options | - | - | - | 120 | - | 120 | - | 120 |
| Exercise of share options | 242 | - | - | (242) | - | - | - | - |
| Issuance of ordinary shares | 557 | - | - | - | - | 557 | - | 557 |
| Balance as at 31 Dec 08 | 39,666 | 1,060 | 60 | 324 | 81,510 | 122,620 | - | 122,620 |

The Company – 4Q

| | Attributable to equity holders of the Company | | | | |
|--|---|---|-----------------------------------|------------------------|-----------------|
| | Share Capital | Foreign Currency Translation Reserve | Share-based payment reserve | Accumulated profits | Total Equity |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance as at 1 Oct 07 | 38,661 | 2,386 | 460 | 2,202 | 43,709 |
| Foreign currency translation differences | - | 1,187 | - | - | 1,187 |
| Net income recognised directly in equity | - | 1,187 | - | - | 1,187 |
| Net loss for the period | - | - | - | (1,197) | (1,197) |
| Total recognized income for the period | - | 1,187 | - | (1,197) | (10) |
| Value of employee services received for issue of share options | - | - | 5 | - | 5 |
| Exercise of share options | 19 | - | (19) | - | - |
| Issuance of ordinary shares | 187 | - | - | - | 187 |
| Balance as at 31 Dec 07 | 38,867 | 3,573 | 446 | 1,005 | 43,891 |
| Balance as at 1 Oct 08 | 39,666 | 3,921 | 324 | 536 | 44,447 |
| Foreign currency translation differences | - | 106 | - | - | 106 |
| Net expenses recognised directly in equity | - | 106 | - | - | 106 |
| Net loss for the period | - | - | - | (222) | (222) |
| Total recognised income for the period | - | 106 | - | (222) | (116) |
| Value of employee services received for issue of share options | - | - | - | - | - |
| Balance as at 31 Dec 08 | 39,666 | 4,027 | 324 | 314 | 44,331 |

The Company – 12 months

| | Attributable to equity holders of the Company | | | | |
|--|---|---|-----------------------------------|------------------------|-----------------|
| | Share Capital | Foreign Currency Translation Reserve | Share-based payment reserve | Accumulated profits | Total Equity |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance as at 1 Jan 07 | 37,650 | 1,367 | 664 | 629 | 40,310 |
| Foreign currency translation differences | - | 2,206 | - | - | 2,206 |
| Net income recognised directly in equity | - | 2,206 | - | - | 2,206 |
| Net profit for the year | - | - | - | 5,539 | 5,539 |
| Total recognised income for the year | - | 2,206 | - | 5,539 | 7,745 |
| Dividends paid to shareholders of the Company | - | - | - | (5,163) | (5,163) |
| Value of employee services received for issue of share options | - | - | 78 | - | 78 |
| Exercise of share options | 296 | - | (296) | - | - |
| Issuance of ordinary shares | 921 | - | - | - | 921 |
| Balance as at 31 Dec 07 | 38,867 | 3,573 | 446 | 1,005 | 43,891 |
| Balance as at 1 Jan 08 | 38,867 | 3,573 | 446 | 1,005 | 43,891 |
| Foreign currency translation differences | - | 454 | - | - | 454 |
| Net income recognised directly in equity | - | 454 | - | - | 454 |
| Net profit for the year | - | - | - | 5,434 | 5,434 |
| Total recognised income for the year | - | 454 | - | 5,434 | 5,888 |
| Dividends paid to shareholders of the Company | - | - | - | (6,125) | (6,125) |
| Value of employee services received for issue of share options | - | - | 120 | - | 120 |
| Exercise of share options | 242 | - | (242) | - | - |
| Issuance of ordinary shares | 557 | - | - | - | 557 |
| Balance as at 31 Dec 08 | 39,666 | 4,027 | 324 | 314 | 44,331 |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As announced on 10 June 2008, 88,173,999 new ordinary shares were issued as bonus shares on the basis of 1 for 5 ordinary shares held

Movement in the number of shares of the Company

| | No of shares |
|--|--------------|
| Number of shares at 1 Jan 2008 | 438,165,000 |
| Share options exercised during the period of 1 January 2008 – 31 March 2008 | 245,000 |
| Share options exercised during the period of 1 April 2008 – 5 June 2008 | 2,460,000 |
| Bonus shares issued | 88,173,999 |
| Share options exercised during the period of 6 June 2008 – 30 September 2008 | 0 |
| Share options exercised during the period of 1 October 2008 – 31 December 2008 | 0 |
| Number of shares as at 31 December 2008 | 529,043,999 |

Share options

As at 31 December 2008, options to subscribe to a total of 3,890,000 ordinary shares were outstanding under the Option Scheme. As at 31 December 2007, there were unexercised options for 6,640,000 of unissued ordinary shares of the Company under the Option Scheme.

| | Number of options outstanding at 1 Jan 08 | Number of options lapsed during the financial period | Number of options exercised during the financial period | Number of options outstanding at 31 Dec 08 | Exercise price per share \$ | Exercise period |
|--------------|--|--|---|---|--------------------------------------|-----------------------------------|
| 2002 Options | 295,000 | - | (55,000) | 240,000 | 0.142 | 14 March 2004 to 13 March 2012 |
| 2003 Options | 100,000 | - | (100,000) | - | 0.270 | 04 June 2005 to 13 March 2012 |
| 2004 Options | 120,000 | - | (120,000) | - | 0.275 | 25 May 2006 to 24 May 2009 |
| 2004 Options | 6,125,000 | (45,000) | (2,430,000) | 3,650,000 | 0.229 | 25 May 2006 to 24 May 2014 |
| | <u>6,640,000</u> | <u>(45,000)</u> | <u>(2,705,000)</u> | <u>3,890,000</u> | | |

Treasury Shares

Nil

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | Company | |
|-------------------------|--------------------|--------------------|
| | 31 Dec 08 | 31 Dec 07 |
| Number of issued shares | <u>529,043,999</u> | <u>438,165,000</u> |

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Group has no treasury shares.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures were unaudited and were not reviewed by the auditors.

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

Not applicable.

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

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2007 have been applied in the preparation for this financial statements except for the change in the Group's presentation currency from Singapore Dollars to United States Dollars.

The change in the presentation currency had no material impact to the performance of the Group.

- 5 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.**

Not applicable.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | Group | | Group | |
|--|-------------------|-------------------|--------------------|--------------------|
| | 3 months ended | 3 months ended | 12 months ended | 12 months ended |
| | 31/12/2008 | 31/12/2007 | 31/12/2008 | 31/12/2007 |
| Earnings per share | | | | |
| (i) Based on existing issued share capital (US cents) | 0.60 | 1.07 | 4.00 | 4.03 |
| (ii) On a fully diluted basis (US cents) | 0.60 | 1.06 | 3.98 | 3.97 |

Weighted average number of shares table

| | Group | | Group | |
|---|-------------------|-------------------|--------------------|--------------------|
| | 3 months ended | 3 months ended | 12 months ended | 12 months ended |
| | 31/12/2008 | 31/12/2007 | 31/12/2008 | 31/12/2007 |
| Earnings per share | | | | |
| Weighted average number of shares for calculation of basic EPS | 529,043,999 | 519,627,260 | 527,833,260 | 522,186,480 |
| Weighted average number of shares for calculation of diluted EPS | 530,532,735 | 526,135,907 | 530,721,914 | 530,626,625 |

The weighted average number of shares for the prior period had been adjusted to take into account the effect of the bonus shares issued during 2Q 2008.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
- (a) **current financial period reported on; and**
- (b) **immediately preceding financial year.**

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31 Dec 08 | 31 Dec 07 | 31 Dec 08 | 31 Dec 07 |
| Net asset value per ordinary share (US cents) | 23.18 | 20.74 | 8.38 | 8.34 |

The net assets value per ordinary share is calculated based on the number of ordinary shares issued of 529,043,999 (31 Dec 2007: 525,798,000) shares of the Company as at 31 December 2008

The number of shares as at 31 December 2007 had been adjusted to take into account the effect of the bonus shares issued during 2Q 2008.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Financial Review of Financial Year 2008

For the year ended 31 December 2008, the Group recorded its eighth consecutive year of double digit revenue growth with sales increasing by 20.5% or US\$37.9 million to US\$222.3 million. The Group delivered profit after tax and minority interests of US\$21.1 million, an increase of 0.3% compared to the previous year.

Both the Group's profit and revenue in the fourth quarter were affected by the global economic downturn. In response to the changed economic circumstances, management took swift action on several fronts to ensure the business remained on a strong financial footing.

Revenue by Region (US\$'000)

| | FYE 31/12/2008 US\$'000 | FYE 31/12/2007 US\$'000 | % Change | % of Total Revenue |
|-------------------------------|-------------------------------|-------------------------------|----------|-----------------------|
| Russia | 126,680 | 100,803 | 25.7 | 57.0 |
| Eastern Europe & Central Asia | 77,870 | 70,397 | 10.6 | 35.0 |
| Others | 17,765 | 13,243 | 34.1 | 8.0 |
| Total | 222,315 | 184,443 | 20.5 | 100.0 |

During the first three quarters of FY2008, the Group's revenue in all its key markets grew strongly. The financial performance of the Group for the nine months ended September 30 was driven by increased consumer demand for the Group's products despite price increases in response to rising commodity prices. The Group's branded products, particularly the MacCoffee brand, continued to register improved sales due to successful branding activities and the expansion of the Group's distribution network. The Group completed the introduction of its new look product packaging in Russia, having completed a similar exercise in Ukraine and Kazakhstan in 2007.

The fourth quarter, however, presented several challenges. First, the global economic downturn meant the traditionally strong final quarter did not materialise. Second, the depreciation of the currencies in each of the Group's key country markets all impacted on the Group's revenues. The Ukrainian Hryvnia depreciated

steeply against the US\$, and this was quickly followed by the Russian rouble. As a result, sales for Q408 declined by 21.7% or US\$13.1 million to US\$47.0 million.

The Group's other markets continued to show promise with sales growing by 34.1% to US\$17.8 million in FY2008 mainly due to sales growth in the Middle East and Mongolia.

Profitability

The US\$21.1 million in profit after taxation and minority interests was achieved during a period of continual fluctuating raw material prices and in spite of the unprecedented impact of the global financial crisis in the fourth quarter.

Raw material costs generally rose in line with the increased level of sales. The increased staff costs reflected the cost of a fully operational Moscow factory as well as adjustment of salaries to reflect current wage levels and the impact of inflation in the Group's major markets.

In the Q408, the staffing level at the Moscow factory was rationalised in view of uncertain market conditions going forward. Wage costs fell due to the depreciation of the currencies in the Group's major markets as well as lower variable pay provisions. These factors resulted in a 30% reduction in staff costs in the final quarter, compared to the same period in 2007.

In FY2008, other operating expenses were 32.6% higher compared to FY2007. This was due to marketing and advertising expenditure associated with the new product packaging launch as well as higher transport and logistics costs. Logistics and transport costs rose in tandem with the higher sales volume and also reflected the higher fuel prices experienced earlier in the year.

Balance Sheet and Cashflow

In response to the financial crisis in the fourth quarter, the Group took immediate action to protect the business. In order to ensure the Group was not exposed to problems from distributors that may have been adversely affected by their ability to obtain credit, the Group aggressively reviewed the credit status of all its distributors including the collection of outstanding debts. This led to a reduction in trade receivables by 12.9% from US\$69.6 million as at 30 September 2008 to US\$60.7 million as at 31 December 2008.

The Group's response to the financial crisis resulted in a net cashflow of US\$1.7 million from operations.

The Group had strengthened its balance sheet in view of uncertain market conditions going forward. The Group ended the year with a healthy balance sheet with US\$122.6 million in net assets including US\$15.5 million in cash and bank balances.

Net assets per ordinary share increased from 20.74 US cents as at 31 December 2007 to 23.18 US cents as at 31 December 2008.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's performance will continue to be affected by the following factors:

- foreign exchange fluctuations;
- fluctuations in the cost of raw materials and oil;
- banking credit crunch;
- competitive market conditions; and
- the possibility of changes in regulatory policies in developing markets.

In January 2009, the Kazakhstan Tenge significantly depreciated against the US dollar. The currencies of the Group's three biggest markets – Russia, Ukraine and Kazakhstan have all depreciated and remain very volatile. This is expected to have a significant impact on the Group's performance in 2009.

In preparation for the ongoing slowdown, the Group has taken swift action to rein in costs, secure its credit facilities and to reduce outstanding receivables. This has strengthened the position of the business as it enters 2009. While the economic circumstances will be challenging, the Group understands the need to protect the strength and appeal of its brands, and so will continue with its brand building activities and the expansion of its distribution network.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

| <u>Name of Dividend</u> | <u>First and Final</u> |
|--|------------------------|
| Dividend Type | Cash |
| Dividend Amount per Share (in Singapore cents) | 0.35 |
| Tax Rate | One-tier tax exempted |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

| <u>Name of Dividend</u> | <u>First and Final</u> |
|--|------------------------|
| Dividend Type | Cash |
| Dividend Amount per Share (in Singapore cents) | 1.90 |
| Tax Rate | One-tier tax exempted |

(c) Date payable

The proposed first and final dividend, if approved at the Annual General Meeting will be paid on 28 May 2009.

(d) Books closure date

The book closure date of the proposed first and final dividend, if approved at the Annual General Meeting, will be on 8 May 2009.

12. If no dividend have been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

By Product

| 2008 | Beverages (US\$'000) | Others (US\$'000) | Elimination (US\$'000) | Total (US\$'000) |
|--|---------------------------------|------------------------------|-----------------------------------|-----------------------------|
| Segment revenue from external customers | 205,718 | 16,597 | - | 222,315 |
| Segment results | 21,915 | 2,152 | - | 24,067 |
| Finance costs | | | | (693) |
| Share of losses associated companies | | | | (173) |
| Profit before taxation | | | | 23,201 |
| Taxation | | | | (2,074) |
| Profit after taxation | | | | 21,127 |
| 2007 | Beverages (US\$'000) | Others (US\$'000) | Elimination (US\$'000) | Total (US\$'000) |
| Segment revenue from external customers | 170,798 | 13,645 | - | 184,443 |
| Segment results | 23,228 | 232 | - | 23,460 |
| Finance costs | | | | (568) |
| Share of profit of associated companies | | | | 430 |
| Profit before taxation | | | | 23,322 |
| Taxation | | | | (2,264) |
| Profit for the year | | | | 21,058 |

By Country

| 2008 | Russia (US\$'000) | Eastern Europe & Central Asia (US\$'000) | Others (US\$'000) | Elimination (US\$'000) | Total (US\$'000) |
|---|------------------------------|---|------------------------------|-----------------------------------|-----------------------------|
| Segment revenue from external customers | 126,680 | 77,870 | 17,765 | - | 222,315 |
| 2007 | Russia (US\$'000) | Eastern Europe & Central Asia (US\$'000) | Others (US\$'000) | Elimination (US\$'000) | Total (US\$'000) |
| Segment revenue from external customers | 100,803 | 70,397 | 13,243 | - | 184,443 |

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

15. A breakdown of sales.

| | Group | | |
|---|--------------------------|--------------------------|---------------------------|
| | 31/12/2008 (US\$'000) | 31/12/2007 (US\$'000) | % Increase/ (Decrease) |
| Sales reported for first half year | 113,712 | 80,797 | 40.7% |
| Operating profit after tax before deducting minority interests reported for first half financial year | 11,626 | 9,891 | 17.5% |
| Sales reported for second half year | 108,603 | 103,646 | 4.8% |
| Operating profit after tax before deducting minority interests reported for second half financial year | 9,501 | 11,167 | -14.9% |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

| | Latest Full Year (US\$) FY2008* | Previous Full Year (US\$) FY2007 |
|------------|------------------------------------|-------------------------------------|
| Ordinary | 1,234,000 | 6,125,000 |
| Preference | - | - |
| Total: | 1,234,000 | 6,125,000 |

* Amounts are translated into United States Dollars ("US\$") at the exchange rate of S\$1.50 to US\$1.00

17. Confirmation by the Board

We, Tan Wang Cheow and Sudeep Nair, being Directors of Food Empire Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing material has come to the attention of the Board of Directors of the Company which may render the financial results for the financial year ended on 31 December 2008 to be false or misleading.

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary
24 February 2009