

FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 200001282G)

Third Quarter and First Nine Months Financial Statement And Dividend Announcement for the Period ended 30 September 2009

PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) Group Income Statements and Group Comprehensive Income Statement for the second quarter ended 30 September 2009 with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Jul – Sep 2009	Jul – Sep 2008	Increase/ (Decrease)	Jan – Sep 2009	Jan – Sep 2008	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	30,656	61,555	-50.2	86,348	175,266	-50.7
Changes in inventories of finished goods	(4,840)	7,806	-45.4	(19,400)	9,499	-47.9
Raw materials and consumables used	(12,139)	(38,894)		(27,580)	(99,729)	
Staff costs	(3,895)	(6,540)	-40.4	(10,713)	(19,669)	-45.5
Depreciation of property, plant and equipment	(449)	(498)	-9.8	(1,294)	(1,330)	-2.7
Depreciation of investment properties	(9)	(7)	28.6	(28)	(22)	27.3
Net loss from fair value adjustment in leasehold properties	-	(2)	-	-	(6)	-
Foreign exchange gain / (loss)	39	(812)	N.M	(63)	(839)	N.M
Other operating expenses	(7,556)	(15,976)	-52.7	(27,540)	(43,198)	-36.2
Finance costs	(115)	(143)	-19.9	(398)	(399)	-0.3
Other income	282	237	19.0	634	478	32.6
Share of profit / (loss) of associated companies	239	(209)	214.4	224	(119)	288.2
Profit from operations before taxation	2,213	6,517	-66.0	190	19,932	-99.0
Taxation (Note1)	(23)	(192)	-88.0	(186)	(1,981)	-90.6
Profit after taxation	2,190	6,325	-65.4	4	17,951	-100
Profit after tax attributable to:						
Shareholders of the Company	2,190	6,325	-65.4	4	17,951	-100.0
Minority interests, net of taxation	-	-	N.M	-	-	N.M
Profit after taxation	2,190	6,325	-65.4	4	17,951	-100.0

Note 1

Included in the taxation is as follows

	Group			Group		
	Jul – Sep 2009	Jul – Sep 2008	Increase/ (Decrease)	Jan – Sep 2009	Jan – Sep 2008	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Over) / under provision for the prior year	-	(271)	N.M	(80)	51	N.M

N.M denotes not meaningful

Group comprehensive statements

	Jul – Sep 2009 US\$'000	Group Jul – Sep 2008 US\$'000	Increase/ (Decrease) %	Jan – Sep 2009 US\$'000	Group Jan – Sep 2008 US\$'000	Increase/ (Decrease) %
Profit after taxation	2,190	6,325	-65.4	4	17,951	-100.0
Other comprehensive income / (loss), net of income tax						
- Foreign currency translation differences of foreign operations.	295	(221)	N.M	(424)	(182)	N.M
Total comprehensive income / (loss) for the period	2,485	6,104	-59.3	(420)	17,769	-102.4
<u>Total comprehensive income / (loss) attributable to:</u>						
Shareholders of the Company	2,485	6,104	-59.3	(420)	17,769	-102.4
Minority interests, net of taxation	-	-	N.M	-	-	N.M
Total comprehensive income / (loss) for the period	2,485	6,104	-59.3	(420)	17,769	-102.4

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	
	30 Sep 09	31 Dec 08	30 Sep 09	31 Dec 08
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Property, plant and equipment	11,660	11,474	-	-
Investment properties	1,370	1,383	-	-
Investments in subsidiary companies	-	-	44,545	44,558
Investments in associated companies	6,383	5,752	-	-
Intangible assets	15,751	15,751	-	-
Amounts due from associated companies (non-trade)	509	957	-	-
Deferred tax assets	24	219	-	-
	35,697	35,536	44,545	44,558
Current Assets				
Cash and bank balances	50,841	15,537	19	62
Derivatives	45	-	-	-
Trade receivables	30,671	60,672	-	-
Deferred expenses	372	1,110	-	-
Prepaid operating expenses and other debtors	1,243	2,040	31	18
Other receivables	946	963	-	-
Amounts due from subsidiary companies (non-trade)	-	-	-	51
Amounts due from associated companies	968	1,265	-	-
Inventories	20,245	39,645	-	-
	105,331	121,232	50	131
Current Liabilities				
Trade payables and accruals	(12,269)	(14,149)	(223)	(358)
Finance lease creditors	(4)	(3)	-	-
Interest-bearing loans and borrowings	(3,336)	(5,336)	-	-
Derivatives	(45)	-	-	-
Other payables	(142)	(160)	-	-
Amount due to subsidiary companies (non-trade)	-	-	(22)	-
Provision for taxation	(567)	(2,543)	-	-
	(16,363)	(22,191)	(245)	(358)
Net Current Assets / (Liabilities)	88,968	99,041	(195)	(227)
Non-Current Liabilities				
Finance lease creditors	(12)	(15)	-	-
Interest-bearing loans and borrowings	(3,328)	(11,330)	-	-
Deferred tax liabilities	(405)	(612)	-	-
	(3,745)	(11,957)	-	-
Net Assets	120,920	122,620	44,350	44,331
Equity				
Share capital	39,666	39,666	39,666	39,666
Reserves	81,254	82,954	4,684	4,665
	120,920	122,620	44,350	44,331

1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand

As at 30 Sep 09		As at 31 Dec 08	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
4	3,336	3	5,336

Amount repayable after one year

As at 30 Sep 09		As at 31 Dec 08	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
12	3,328	15	11,330

Details of any collateral

The secured borrowing is related to a 5 year financial leasing of 2 motor vehicles in one of the subsidiaries. The financial lease is secured against the 2 motor vehicles under the financial lease.

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 30 Sep 2009 US\$'000	3 months ended 30 Sep 2008 US\$'000	9 months ended 30 Sep 2009 US\$'000	9 months ended 30 Sep 2008 US\$'000
Cash flows from operating activities:				
Profit from operations before taxation	2,213	6,517	190	19,932
Adjustment for :				
Depreciation of property, plant and equipment	449	498	1,294	1,330
Depreciation of investment properties	9	7	28	22
Net loss from fair value adjustment in leasehold properties	-	2	-	6
Loss / (Gain) on disposal of property, plant and equipment	53	(10)	43	50
Interest income	(39)	(60)	(99)	(228)
Interest expenses	115	143	398	399
Exchange realignment	259	352	(338)	117
Share of (profit) / loss of associated companies	(239)	209	(224)	119
Provision / (write back) of allowance for doubtful debts	339	(1)	496	571
Allowance for stock obsolescence	248	380	459	120
(Write back) / value of employees services received for issue of share options	-	(11)	-	120
Operating profit before working capital changes	3,407	8,026	2,247	22,558
Decrease / (increase) in receivables	4,804	(13,854)	31,053	(15,361)
Decrease / (increase) in inventories	4,593	(10,545)	18,941	(19,259)
Increase / (decrease) in payables	4,199	4,587	(1,898)	6,439
Cash flows generated / (used)	17,003	(11,786)	50,343	(5,623)
Income taxes paid	(770)	(749)	(2,182)	(2,105)
Net cash flows generated / (used in) from operating activities	16,233	(12,535)	48,161	(7,728)
Cash flow from investing activities:				
Interest income received	39	60	99	228
Purchase of property, plant and equipment	(1,028)	(808)	(1,890)	(2,755)
Proceeds from sales of property, plant and equipment	125	12	183	31
Investment in associated companies	-	-	(15)	(721)
Dividends received from Associates	-	-	-	17
Repayment of loans to associate companies	153	150	448	550
Net cash flows generated used in investing activities	(711)	(586)	(1,174)	(2,650)
Cash flow from financing activities				
Interest paid	(115)	(143)	(398)	(399)
Proceeds from issuance of shares	-	-	-	557
Dividends paid	-	-	(1,280)	(6,125)
(Repayment of) / increase in interest-bearing loans & borrowings and bills payable	(7,335)	3,000	(10,004)	8,500
Net cash flow generated (used in) / from financing activities	(7,450)	2,857	(11,682)	2,533
Net increase / (decrease) in cash and cash equivalents	8,072	(10,264)	35,304	(7,845)
Cash and cash equivalents at beginning of the period	42,769	18,393	15,537	15,974
Cash and cash equivalents at end of the period	50,841	8,129	50,841	8,129

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 – 3Q

	Attributable to equity holders of the Company					
	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 Jul 08	39,666	3,205	60	335	72,008	115,274
Total comprehensive (loss) / income	-	(221)	-	-	6,325	6,104
Dividends paid to shareholders of the company	-	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	(11)	-	(11)
Exercise of share options	-	-	-	-	-	-
Issuance of ordinary shares	-	-	-	-	-	-
Balance as at 30 Sep 08	39,666	2,984	60	324	78,333	121,367
Balance as at 1 Jul 09	39,666	341	60	324	78,044	118,435
Total comprehensive income	-	295	-	-	2,190	2,485
Dividends paid to shareholders of the company	-	-	-	-	-	-
Balance as at 30 Sep 09	39,666	636	60	324	80,234	120,920

The Group – 9 months

	Attributable to equity holders of the Company					
	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 Jan 08	38,867	3,166	60	446	66,507	109,046
Total comprehensive (loss) / income	-	(182)	-	-	17,951	17,769
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 30 Sep 08	39,666	2,984	60	324	78,333	121,367
Balance as at 1 Jan 09	39,666	1,060	60	324	81,510	122,620
Total comprehensive (loss) / income	-	(424)	-	-	4	(420)
Dividends paid to shareholders of the company	-	-	-	-	(1,280)	(1,280)
Balance as at 30 Sep 09	39,666	636	60	324	80,234	120,920

The Company – 3Q

	Attributable to equity holders of the Company				
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total Equity US\$'000
Balance as at 1 Jul 08	39,666	5,718	335	473	46,192
Total comprehensive (loss) / income	-	(1,797)	-	63	(1,734)
Dividends paid to shareholders of the company	-	-	-	-	-
Value of employee services received for issue of share options	-	-	(11)	-	(11)
Exercise of share options	-	-	-	-	-
Issuance of ordinary shares	-	-	-	-	-
Balance as at 30 Sep 08	39,666	3,921	324	536	44,447
Balance as at 1 Jul 09	39,666	4,055	324	422	44,467
Total comprehensive loss	-	(25)	-	(92)	(117)
Dividend paid to shareholders of the company	-	-	-	-	-
Balance as at 30 Sep 09	39,666	4,030	324	330	44,350

The Company – 9 months

	Attributable to equity holders of the Company				
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total Equity US\$'000
Balance as at 1 Jan 08	38,867	3,573	446	1,005	43,891
Total comprehensive income	-	348	-	5,656	6,004
Dividend 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 30 Sep 08	39,666	3,921	324	536	44,447
Balance as at 1 Jan 09	39,666	4,027	324	314	44,331
Total comprehensive income	-	3	-	1,296	1,299
Dividend paid to shareholders of the company	-	-	-	(1,280)	(1,280)
Balance as at 30 Sep 09	39,666	4,030	324	330	44,350

- 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.**

For the third quarter ended 30 September 2009, there were no new ordinary shares allotted and issued pursuant to the exercise of options granted under the Food Empire Share Option Scheme (the "Option Scheme").

Movement in the number of shares of the Company

	No of shares
Number of shares at 1 Jan 2009	529,043,999
Share options exercised during the period of 1 January 2009 – 31 March 2009	-
Share options exercised during the period of 1 April 2009 – 30 June 2009	-
Share options exercised during the period of 1 July 2009 – 30 September 2009	-
Number of shares as at 30 Sep 2009	529,043,999

As at 30 September 2009, options to subscribe to a total of 3,890,000 ordinary shares were outstanding under the Option Scheme. As at 30 September 2008, there were unexercised options for 3,890,000 of unissued ordinary shares of the Company under the Option Scheme.

	Number of options outstanding at 1 Jan 09	Number of options granted during the financial period	Number of options lapsed during the financial period	Number of options exercised during the financial period	Number of options at 30 Sep 09	Exercise price per share S\$	Exercise period
2002 Options	240,000	-	-	-	240,000	0.142	14 March 2004 to 13 March 2012
2004 Options	3,650,000	-	-	-	3,650,000	0.229	25 May 2006 to 24 May 2014
	3,890,000	-	-	-	3,890,000		

The Group has no treasury shares.

- 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	
	30 Sep 2009	31 Dec 2008
Number of issued shares	529,043,999	529,043,999

- 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 Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2008, except for the change in valuation of leasehold investment properties from fair value model to cost model on a prospective basic, and the adoption of new/revised FRS which came into effect on 1 January 2009.

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.

The change of accounting policy for the leasehold investment properties had no material impact to the financial statements of the Group.

The adoption of new/revised FRS does not have a material impact on the financial statements for the period under review except for the FRS 1 (revised), Presentation of Financial Statements, which introduces the term "total comprehensive income". Total comprehensive income represents the changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The Group has provided the total comprehensive income and loss disclosure on page 2.

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	
	3Q 09	3Q 08	9M 09	9M 08
Earnings per share				
(i) Based on existing issued share capital (USD cents)	0.41	1.2	0.00	3.40
(ii) On a fully diluted basis (USD cents)	0.41	1.2	0.00	3.39
Weighted average number of shares table				
	Group		Group	
	3Q 09	3Q 08	9M 09	9M 08
Weighted average number of shares for calculation of basic EPS	529,043,999	527,263,317	529,043,999	527,426,733
Weighted average number of shares for calculation of diluted EPS	530,199,575	529,974,316	529,988,286	529,805,278

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

	Group		Company	
	30 Sep 09	31 Dec 08	30 Sep 09	31 Dec 08
Net asset value per ordinary share (USD cents)	22.86	23.18	8.38	8.38

The net assets value per ordinary share is calculated based on the number of ordinary shares issued of 529,043,999 shares of the Company as at 30 September 2009 (31 December 2008: 529,043,999 shares).

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 Q3 2009 vs Q3 2008

The Group's revenue in Q3 2009 was US\$30.7 million compared to US\$61.6 million in Q3 2008. The revenue decline reflected the impact of the global economic slowdown in the Group's key markets.

Compared to Q2 2009, the Group's revenue rose by US\$3.7 million reflecting improving trading conditions. As a result, the Group posted a profit of US\$2.2 million in Q3 2009 - significantly up on the US\$41,000 profit recorded in Q2 2009, and the US\$2.2 million loss in Q1 2009.

The Group continued its efforts to tighten credit, manage raw material purchases and control inventory levels resulting in a stronger cash position of US\$50.8 million in cash and bank balances.

Revenue by Region (US\$'000)

	Q3 2009	Q3 2008	% change
Russia	15,784	37,363	-57.8
Eastern Europe and Central Asia	10,148	19,767	-48.7
Other Markets	4,724	4,425	6.8
Total	30,656	61,555	-50.2

Revenue in the Group's key markets of Russia, Ukraine and Kazakhstan was affected by the global economic slowdown. The challenging business environment compounded by currency depreciations has resulted in a drop in consumer confidence and spending power.

Profitability

For Q3 2009 the Group recorded a profit of US\$2.2 million compared to US\$6.3 million in Q3 2008.

Raw material and consumables costs were lower, in line with the lower volume of sales for the quarter. The 40.4% reduction in staff costs was the result of the decline in employee levels and variable salary components in line with the reduced level of profitability, as well as the depreciation of the currencies in which wages are paid.

Compared to the corresponding quarter in 2008, other operating expenses were reduced by 52.7%. The decline in sales volume during the quarter resulted in a decrease in transport and logistics costs as well as manufacturing overheads.

Balance Sheet & Cashflow

The Group ended Q3 2009 with net assets of US\$89.0 million including US\$50.8 million in cash and bank balances.

At the onset of the economic downturn, the Group took steps to improve its cash flow generation. The result of these steps can be seen in the US\$16.2 million in cashflow generated from operations in Q3 2009 compared to a negative cashflow of US\$12.5 million in Q3 2008.

The vigorous monitoring of both credit and debts, as well as lower sales volume has seen trade receivables fallen by nearly half since the start of the year – from US\$60.7 million as at 31 December 2008 to US\$30.7 million as at 30 September 2009.

Inventories were reduced from US\$39.6 million as at 31 December 2008 to US\$20.2 million as at 30 September, reflecting the lower level of sales as well as tighter control of inventory levels.

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.

Revenue from the Group's key markets have stabilised and shown some signs of improvement. We are cautiously optimistic that revenue should improve during 4Q 2009 as demand for hot beverages traditionally increases during the winter. However, fluctuations in the exchange rates of the currencies of the Group's key markets could affect the Group's performance.

The Group's performance may also be affected by the following factors:

- fluctuations in the cost of raw materials and oil;
- a tight credit and lending environment;
- competitive market conditions; and
- the possibility of changes in regulatory policies in developing markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Confirmation by the Board Pursuant to Rule 705(4)

We, Tan Wang Cheow and Sudeep Nair, being 2 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 has come to the attention of the Board of Directors of the Company which may render the financial results for the quarter ended on 30 September 2009 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
11 November 2009