



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

Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 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 full year ended 31 December 2009 with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Oct – Dec 2009 US\$'000	Oct - Dec 2008 US\$'000	Increase/ (Decrease)	Jan – Dec 2009 US\$'000	Jan – Dec 2008 US\$'000	Increase/ (Decrease)
Revenue	48,494	47,049	3.1%	134,842	222,315	-39.3%
Changes in inventories of finished goods	(2,289)	(3,945)	} 11.8%	(21,689)	5,554	} -34.4%
Raw materials and consumables used	(27,386)	(22,601)		(54,966)	(122,330)	
Staff costs	(4,948)	(4,265)	16.0%	(15,661)	(23,934)	-34.6%
Depreciation of property, plant and equipment	(442)	(416)	6.3%	(1,736)	(1,746)	-0.6%
Depreciation of investment properties	(9)	(8)	12.5%	(37)	(30)	23.3%
Net loss from fair value adjustment in investment leasehold properties	-	(2)	-100.0%	-	(8)	-100.0%
Impairment of intangibles	(2,408)	-	N.M	(2,408)	-	N.M
Write back of prior years impairment of property, plant and equipment	15	1	N.M	15	1	N.M
Foreign exchange loss	(251)	(144)	74.3%	(314)	(983)	-68.1%
Other operating expenses	(7,991)	(11,989)	-33.3%	(35,531)	(55,188)	-35.6%
Finance costs	(41)	(294)	-86.1%	(439)	(693)	-36.7%
Other income / (expenses)	138	(62)	322.6%	772	416	85.6%
Share of profit / (loss) of associated companies	107	(54)	298.1%	331	(173)	291.30%
Profit from operations before taxation	2,989	3,270	-8.6%	3,179	23,201	-86.3%
Taxation (Note 1)	(328)	(93)	252.7%	(514)	(2,074)	-75.2%
Profit after taxation	2,661	3,177	-16.2%	2,665	21,127	-87.4%
Profit after tax attributable to						
Shareholders of the Company	2,661	3,177	-16.2%	2,665	21,127	-87.4%
Minority interests, net of taxation	-	-	N.M	-	-	N.M
Profit after taxation	2,661	3,177	-16.2%	2,665	21,127	-87.4%



Note 1

Included in the taxation as follows

	Group			Group		
	Oct – Dec 2009	Oct - Dec 2008	Increase/ (Decrease)	Jan – Dec 2009	Jan – Dec 2008	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
(Over) / under provision for the prior year	(38)	(171)	-77.8%	(118)	(120)	-1.7%

N.M denotes not meaningful.

Group comprehensive statements

	Oct – Dec 2009	Group Oct - Dec 2008	Increase/ (Decrease)	Jan – Dec 2009	Group Jan – Dec 2008	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit after taxation	2,661	3,177	-16.2	2,665	21,127	-87.4
Other comprehensive income / (loss), net of income tax						
- Foreign currency translation differences of foreign operations	63	(1,394)	N.M	(449)	(1,575)	N.M
- Share of other comprehensive income of associates	57	(530)	N.M	145	(530)	N.M
Total comprehensive income / (loss) for the period	2,781	1,253	121.9	2,361	19,022	-87.6
<u>Total comprehensive income / (loss) attributable to:</u>						
Shareholders of the Company	2,781	1,253	121.9	2,361	19,022	-87.6
Minority interests, net of taxation	-	-	N.M	-	-	N.M
Total comprehensive income / (loss) for the period	2,781	1,253	121.9	2,361	19,022	-87.6

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

	Group		Company	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Property, plant and equipment	11,328	11,474	-	-
Investment properties	1,366	1,383	-	-
Investments in subsidiary companies	-	-	44,545	44,558
Investments in associated companies	6,526	5,752	-	-
Intangible assets	13,343	15,751	-	-
Amounts due from associated companies (non-trade)	309	957	-	-
Deferred tax assets	69	219	-	-
	32,941	35,536	44,545	44,558
Current Assets				
Cash and bank balances	61,291	15,537	108	62
Trade receivables	36,489	60,672	-	-
Deferred expenses	389	1,110	-	-
Prepaid operating expenses and other debtors	1,479	2,040	21	18
Other receivables	719	963	-	-
Amounts due from subsidiary companies (non-trade)	-	-	-	51
Amounts due from associated companies	970	1,265	-	-
Inventories	17,955	39,645	-	-
	119,292	121,232	129	131
Current Liabilities				
Trade payables and accruals	(21,177)	(14,149)	(278)	(358)
Finance lease creditors	(4)	(3)	-	-
Interest-bearing loans and borrowings	(3,336)	(5,336)	-	-
Other payables	(154)	(160)	-	-
Amount due to subsidiary companies (non-trade)	-	-	(167)	-
Provision for taxation	(956)	(2,543)	-	-
	(25,627)	(22,191)	(445)	(358)
Net Current Assets / (Liabilities)	93,665	99,041	(316)	(227)
Non-Current Liabilities				
Finance lease creditors	(11)	(15)	-	-
Interest-bearing loans and borrowings	(2,494)	(11,330)	-	-
Deferred tax liabilities	(400)	(612)	-	-
	(2,905)	(11,957)	-	-
Net Assets	123,701	122,620	44,229	44,331
Equity				
Share capital	39,666	39,666	39,666	39,666
Reserves	84,035	82,954	4,563	4,665
	123,701	122,620	44,229	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 31 Dec 2009		As at 31 Dec 2008	
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 31 Dec 2009		As at 31 Dec 2008	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
11	2,494	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 31 Dec 2009	3 months ended 31 Dec 2008	12 months ended 31 Dec 2009	12 months ended 31 Dec 2008
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit from operations before taxation	2,989	3,270	3,179	23,201
Adjustments for:				
Depreciation of property, plant and equipment	442	416	1,736	1,746
Depreciation of investment properties	9	8	37	30
Net loss from fair value adjustment in investment leasehold properties	-	2	-	8
Loss on disposal of property, plant and equipment	11	1	54	51
Interest income	(45)	(24)	(144)	(252)
Interest expenses	41	294	439	693
Allowance / (Write back) of doubtful debts	351	(524)	847	47
Allowance / (Write back) of stock obsolescence	323	(91)	782	29
Exchange realignment	93	(838)	(225)	(778)
Share of (profit) / loss of associated companies	(107)	54	(331)	173
Impairment of intangibles	2,408	-	2,408	-
Write back of prior years impairment of property, plant and equipment	(15)	(1)	(15)	(1)
Value of employees services received for issue of share options	-	-	-	120
Operating profit before working capital changes	6,500	2,567	8,767	25,067
(Increase) / decrease in receivables	(6,197)	10,232	24,856	(5,128)
Decrease / (increase) in inventories	1,967	7,367	20,908	(11,893)
Increase / (decrease) in payables	8,920	(10,835)	7,022	(4,396)
Cash flows generated	11,190	9,331	61,553	3,650
Income taxes refund / (paid)	15	21	(2,167)	(2,083)
Net cash flows generated from operating activities	11,205	9,352	59,386	1,567
Cash flows from investing activities:				
Interest income received	45	24	144	252
Purchase of property, plant and equipment	(158)	(561)	(2,048)	(3,316)
Proceeds from sales of property, plant and equipment	9	37	192	68
Investment in associated companies	-	-	(15)	(721)
Dividend income received from associates	21	21	21	38
Repayment of loans to associates companies	200	100	648	650
Net cash flows generated / (used in) investing activities	117	(379)	(1,058)	(3,029)
Cash flows from financing activities:				
Interest paid	(41)	(294)	(439)	(693)
Proceeds from issuance of shares	-	-	-	557
Dividend paid	-	-	(1,280)	(6,125)
Increase in finance lease	-	18	-	18
(Repayment of) / increase in interest-bearing loans & borrowings and bills payable	(835)	(1,334)	(10,839)	7,166
Net cash flows (used in) / generated from financing activities	(876)	(1,610)	(12,558)	923
Net increase / (decrease) in cash and cash equivalents	10,446	7,363	45,770	(539)
Effect of exchange rate changes on cash and cash equivalents	4	45	(16)	102
Cash and cash equivalents at beginning of the period	50,841	8,129	15,537	15,974
Cash and cash equivalents at end of the period	61,291	15,537	61,291	15,537

- 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					
	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 08	39,666	2,984	60	324	78,333	121,367
Total comprehensive (loss) / income	-	(1,924)	-	-	3,177	1,253
Dividends paid to shareholders of the company	-	-	-	-	-	-
Balance as at 31 Dec 08	39,666	1,060	60	324	81,510	122,620
Balance as at 1 Oct 09	39,666	636	60	324	80,234	120,920
Total comprehensive income	-	120	-	-	2,661	2,781
Dividends paid to shareholders of the company	-	-	-	-	-	-
Balance as at 31 Dec 09	39,666	756	60	324	82,895	123,701

The Group – 12 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	3,165	60	446	66,508	109,046
Total comprehensive (loss) / income	-	(2,105)	-	-	21,127	19,022
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	1,060	60	324	81,510	122,620
Balance as at 1 Jan 09	39,666	1,060	60	324	81,510	122,620
Total comprehensive (loss) / income	-	(304)	-	-	2,665	2,361
Dividends paid to shareholders of the company	-	-	-	-	(1,280)	(1,280)
Balance as at 31 Dec 09	39,666	756	60	324	82,895	123,701

The Company – 4Q

	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 US\$'000
Balance as at 1 Oct 08	39,666	3,921	324	536	44,447
Total comprehensive (loss) / income	-	106	-	(222)	(116)
Dividends paid to shareholders of the company	-	-	-	-	-
Balance as at 31 Dec 08	39,666	4,027	324	314	44,331
Balance as at 1 Oct 09	39,666	4,030	324	330	44,350
Total comprehensive loss	-	(23)	-	(98)	(121)
Dividend paid to shareholders of the company	-	-	-	-	-
Balance as at 31 Dec 09	39,666	4,007	324	232	44,229

The Company – 12 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 US\$'000
Balance as at 1 Jan 08	38,867	3,573	446	1,005	43,891
Total comprehensive income	-	454	-	5,434	5,888
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 31 Dec 08	39,666	4,027	324	314	44,331
Balance as at 1 Jan 09	39,666	4,027	324	314	44,331
Total comprehensive income	-	(20)	-	(82)	(102)
Dividend paid to shareholders of the company	-	-	-	-	-
Balance as at 31 Dec 09	39,666	4,007	324	232	44,229

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 fourth quarter ended 31 December 2009, there were no new ordinary shares allocated 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	-
Share options exercised during the period of 1 October 2009 – 31 December 2009	-
Number of shares as at 31 December 2009	529,043,999

As at 31 December 2009, options to subscribe to a total of 3,890,000 ordinary shares were outstanding under the Option Scheme. As at 31 December 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 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	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
	<u>3,890,000</u>	<u>-</u>	<u>-</u>	<u>3,890,000</u>		

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	
	31 Dec 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:

- i) the changes in valuation of leasehold investment properties from fair value model to cost model on the prospective basic,
- ii) the change in accounting policy on the costing of direct materials and goods purchased from a first-in first-out basis to a weighted average basis
- iii) and the adoption of new/revised FRS which came into the 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 effect of the changes in accounting policies highlighted in paragraph 4 are as follows:

- i) The change of accounting policy for the leasehold investment properties had no material impact to the financial statements of the Group. No adjustment were made to the prior year figures as the impact is not material
- ii) The change of accounting policy for the costing of the direct materials and goods purchased had no material impact to the financial statements of the Group. No adjustment were made to the prior year figures as the impact is not material
- iii) 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 and FRS 108, Operating Segments.

FRS 1 introduces the term "total comprehensive income" which 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.

FRS 108 requires disclosure of information about the Group's operating segments and the Group has determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. The Group has provided the segment results disclosure on page 14 and 15.

- 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 31/12/2009	3 months ended 31/12/2008	12 months ended 31/12/2009	12 months ended 31/12/2008
Earnings per share				
(i) Based on existing issued share capital (US cents)	0.50	0.60	0.50	4.00
(ii) On a fully diluted basis (US cents)	0.50	0.60	0.50	3.98

Weighted average number of shares table

	Group		Group	
	3 months ended 31/12/2009	3 months ended 31/12/2008	12 months ended 31/12/2009	12 months ended 31/12/2008
Earnings per share				
Weighted average number of shares for calculation of basic EPS	529,043,999	529,043,999	529,043,999	527,833,260
Weighted average number of shares for calculation of diluted EPS	530,335,616	530,532,735	530,076,434	530,721,914

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 09	31 Dec 08	31 Dec 09	31 Dec 08
Net asset value per ordinary share (US cents)	23.38	23.18	8.36	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 31 December 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 Financial Year 2009

The Group finished the year with a strong fourth quarter confirming signs from the previous quarter that demand for the Group's products has recovered. The fourth quarter brings to an end a challenging year for the Group during which it experienced its worst ever quarter in Q1 2009 where the Group reported its first and only quarterly loss since its listing in 2000. This was followed by a stabilisation of market conditions in Q2 2009, signs of improvement in Q3 2009 followed by a strong rebound in Q4 2009 with demand returning strongly.

The financial year ended 31 December 2009 presented the Group with many challenges. The global economic crisis impacted on the Group's key markets resulting in recession and a loss of consumer confidence.



Furthermore the currencies of the Group's major markets depreciated resulting in a loss of spending power by consumers.

In response to the changed economic conditions the Group took decisive steps to strengthen its balance sheet and improve cashflow during Q4 2008, and continued to pursue these strategies throughout FY 2009. The actions taken included securing banking and credit lines while reducing overall bank borrowings, vigorously pursuing outstanding receivables and reviewing the credit conditions provided to each of its distributors. Steps were also taken to manage the Group's inventory.

The result of these strategies was a substantial improvement of the Group's balance sheet. Compared to the end of financial year 2008, inventory level was down by 54.7%, trade receivables were down 39.9%, bank borrowings were down by 65.0%, while cash and bank balances increased by 294.5%.

The severity of the global crisis can be seen on the Group's revenue which fell by 39.3% to US\$134 million in 2009. The Group's profit before tax was also lower, down from US\$23.2 million in 2008 to US\$3.2 million in 2009. The Group's profitability was also impacted by a US\$0.7 million impairment in goodwill and a US\$1.7 million impairment in brand value. Excluding these exceptional items, the Group's profit before tax would have been US\$5.6 million

Revenue by Region (US\$'000)

	FY 2009 US\$'000	FY 2008 US\$'000	% Change
Russia	68,156	126,680	-46.2
Eastern Europe & Central Asia	49,223	77,870	-36.8
Others	17,463	17,765	-1.7
Total	134,842	222,315	-39.3

Revenue across all markets fell from US\$222.3 million in 2008 to US\$134.8 million in 2009. However, there was a healthy increase in demand in Q4 2009. Compared to Q3 2009, Q4 2009 revenue across all markets was up 58.2%. In Russia Q4 2009 revenue was up 63.8%, Eastern Europe and Central Asia was up by 68.4% and revenue from other markets was up by 17.4%, compared to Q3 2009.

	Q4 09 US\$'000	Q3 09 US\$'000	% Change
Russia	<u>25,854</u>	<u>15,784</u>	<u>63.8%</u>
Eastern Europe & Central Asia	<u>17,094</u>	<u>10,148</u>	<u>68.4%</u>
Others	<u>5,546</u>	<u>4,724</u>	<u>17.4%</u>
Total	<u>48,494</u>	<u>30,656</u>	<u>58.2%</u>

For FY 2009, revenue for Russia declined due to lower consumer demand as a result of the contraction in the country's GDP and a depreciating currency. The lower revenue in Russia also reflected the Group's deliberate strategy of introducing tighter credit controls which resulted in a lower volume of sales as less credit was extended to distributors.

Eastern Europe and Central Asia revenue was down by 36.8% in 2009 compared to the previous year. The Group's second largest country market, Ukraine, continued to show signs of economic weakness throughout 2009 compounded by the uncertainty resulting from the run up to the national elections during the final months of the year. The result of the global slowdown together with internal factors caused Ukraine's economy to slow, resulting in lower consumer demand. The spending power of Ukrainian consumers was also affected by a significant depreciation of the Hryvnia against the US dollar. In the Group's third largest country market, Kazakhstan, the Group's sales held up well, with noticeable signs of improvement in demand during the final quarter.

Profitability

The Group recorded a profit after tax of US\$2.7 million in 2009, down from US\$21.1 million in 2008. The main reason for the decline was the lower level of sales throughout the year. In addition, the Group recorded a US\$0.7 million impairment in goodwill and a US\$1.7 million impairment in brand value in respect of the Group's investment in the Petrovskaya Sloboda brand.

Raw material and consumables costs were lower, in line with the reduction in the volume of sales for the year.

The 34.6% reduction in staff costs was the result of the adjustment of employee levels to reflect the lower level of demand as well as the reduction in variable salary components due to the lower level of profitability. During the first three quarters of the year the value of the local currencies in which wages were paid were relatively weak compared to the US dollar, which also contributed to lower staff costs. Staff costs rose in Q4 2009 compared to Q3 2009 as the local currencies strengthened and the Group increased its headcount to ensure that the production met the increased demand.

Other operating expenses were 35.6% lower in 2009 compared to 2008. This was mainly due to a 50% reduction in transport and logistics costs as a result of the lower shipping volume, as well as lower manufacturing overheads.

Balance Sheet & Cashflow

The Group ended FY 2009 with a substantially stronger balance sheet as a result of the steps taken in response to the global economic crisis. As at 31 December 2009, the Group held net assets of US\$123.7 million including US\$61.3 million in cash and bank balances.

The vigorous monitoring of credit and receivables, as well as lower sales volume, saw trade receivables fall from US\$60.7 million to US\$36.5 million as at 31 December 2009.

Active management of inventory levels saw it fell from US\$39.6 million to US\$18.0 million as at 31 December 2009.

The Group had lowered its level of bank borrowings throughout FY 2009 with current loans falling from US\$5.3 million to US\$3.3 million and non-current loans falling from US\$11.3 million to US\$2.5 million.

The impact of the strategies employed by the Group was reflected in the Group's net cash flows generated from operating activities, which rose from US\$1.6 million in 2008 to US\$59.4 million in 2009.

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 two of the Group's key markets - Russia and Kazakhstan - had shown a significant rebound during Q4 2009 and the Group expects this trend to continue in the first half of 2010. In the Group's other key market of Ukraine, conditions continue to improve but less rapidly than the other two markets. The economy in Ukraine remains weak necessitating assistance from the IMF, and uncertainty over the political situation remains.

Raw material prices are steadily rising as global demand begins to improve, in particular the price of sugar. The Group continues to monitor price movements of its raw materials.

The Group is actively looking for opportunities to further grow the business including possible upstream acquisitions to secure greater control over raw materials as well as downstream to expand the Group's distribution network into new markets.

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;
- foreign exchange fluctuations;
- competitive market conditions; and
- the possibility of changes in regulatory policies in developing markets.

Allowing for the risks articulated above, and barring another major global economic shock, the Group expects revenue and profitability to improve in 2010.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	First and Final	Special Dividend
Dividend Type	Cash	Cash
Dividend Amount per Share (in Singapore cents)	0.22	0.78
Tax Rate	1-tier tax exempted	1-tier tax exempted

The above proposed dividends would be subject to the approval of the Shareholders at the forthcoming Annual General Meeting scheduled for 28 April 2010.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	First and Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	0.35
Tax Rate	1-tier tax exempted

(c) Date payable

To be advised at a later date through a separate announcement.

(d) Books closure date

To be advised at a later date through a separate announcement.

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.

	Beverages		Other products		Total per consolidated financial statements	
	2009 (US\$'000)	2008 (US\$'000)	2009 (US\$'000)	2008 (US\$'000)	2009 (US\$'000)	2008 (US\$'000)
Revenue						
Segment revenue from external customers	122,903	205,718	11,939	16,597	134,842	222,315
Results						
Segment results before tax	2,289	21,414	890	1,787	3,179	23,201
Other information						
Interest income	130	235	14	17	144	252
Interest expenses	(395)	(642)	(44)	(51)	(439)	(693)
Dividend income	21	38	-	-	21	38
Net loss from fair value adjustment in investment leasehold properties	-	-	-	(8)	-	(8)
Depreciation of property, plant and equipment	(1,717)	(1,746)	(19)	(14)	(1,736)	(1,760)
Depreciation of investment properties	-	-	(37)	(30)	(37)	(30)
Share of associates performance	(43)	(130)	374	303	331	173
Impairment of intangibles	(2,408)	-	-	-	(2,408)	-
Write back of prior years impairment of property plant and equipment	15	1	-	-	15	1
Other non-cash expenses - (Allowances) / write back of doubtful debts	(967)	(4)	120	(43)	(847)	(47)
- (Allowances) / Write back of stocks obsolescence	(568)	(337)	(214)	308	(782)	(29)
- Value of employees services received for issue of share options	-	(120)	-	-	-	(120)



By Country

2009	Russia	Eastern Europe & Central Asia	Others	Elimination	Total
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Segment revenue from external customers	68,156	49,223	17,463	-	134,842

2008	Russia	Eastern Europe & Central Asia	Others	Elimination	Total
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Segment revenue from external customers	126,680	77,870	17,765	-	222,315

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		% Increase/ (Decrease)
	31/12/2009 (US\$'000)	31/12/2008 (US\$'000)	
Sales reported for first half year	55,692	113,712	-51.0%
Operating profit after tax before deducting minority interests reported for first half financial year	(2,186)	11,626	-118.8%
Sales reported for second half year	79,150	108,603	-27.1%
Operating profit after tax before deducting minority interests reported for second half financial year	4,851	9,501	-48.9%

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\$) FY2009*	Previous Full Year (US\$) FY2008
Ordinary	829,000	1,279,000
Special	2,939,000	-
Total:	3,768,000	1,279,000

*Amounts are translated into United States Dollars ("US\$") at the exchange rate of S\$1.404 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 2009 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 Cher Liang
Company Secretary
26 February 2010