

FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 200001282G)
Third Quarter Financial Statement and Dividend Announcement for the Period ended 30 September 2013
PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	3Q 13	3Q 12	Increase/ (Decrease)	9M 13	9M 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	66,115	58,485	13.0	188,789	169,190	11.6
Changes in inventories of finished goods	(1,638)	6,408	} 26.9	18,422	10,612	} 9.6
Raw materials and consumables used	(35,119)	(35,371)		(117,138)	(100,653)	
Staff costs	(8,971)	(7,206)	24.5	(24,847)	(20,839)	19.2
Depreciation of property, plant and equipment	(858)	(827)	3.7	(2,430)	(1,908)	27.4
Depreciation of investment properties	(10)	(11)	(9.1)	(31)	(31)	0.0
Foreign exchange gain/(loss)	100	289	(65.4)	(1,288)	131	N.M.
Other operating expenses	(16,513)	(13,981)	18.1	(49,191)	(40,754)	20.7
Finance costs	(81)	(67)	20.9	(196)	(204)	(3.9)
Other income	101	94	7.4	345	506	(31.8)
Share of profit of associates	436	558	(21.9)	445	1,094	(59.3)
Profit before taxation (Note 1)	3,562	8,371	(57.4)	12,880	17,144	(24.9)
Taxation (Note 2)	(1,010)	(333)	203.3	(1,204)	(435)	176.8
Profit after taxation	2,552	8,038	(68.3)	11,676	16,709	(30.1)
Profit attributable to:						
Equity shareholders of the Company	2,651	8,080	(67.2)	11,922	16,856	(29.3)
Non-controlling interest	(99)	(42)	135.7	(246)	(147)	67.3
	2,552	8,038	(68.3)	11,676	16,709	(30.1)

Notes:

1. Included in profit before taxation are as follows:

	Group			Group		
	3Q 13	3Q 12	Increase/ (Decrease)	9M 13	9M 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest income	12	77	(84.4)	107	273	(60.8)
Impairment of doubtful receivables	(58)	(8)	625.0	(22)	(78)	(71.8)
Write down of inventories	(95)	(21)	352.4	(157)	(46)	241.3

2. Included in the taxation is as follows:

	Group			Group		
	3Q 13	3Q 12	Increase/ (Decrease)	9M 13	9M 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Under)/over provision for the prior year	(68)	(8)	750.0	312	420	(25.7)

N.M. denotes not meaningful.

1(a)(ii) Statement of group comprehensive income

	Group			Group		
	3Q 13	3Q 12	Increase/ (Decrease)	9M 13	9M 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit net of tax	2,552	8,038	(68.3)	11,676	16,709	(30.1)
<u>Other comprehensive income :</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation gain/(loss)	278	461	(39.7)	(1,185)	615	N.M.
Share of other comprehensive (loss)/profit of associates	(8)	445	N.M.	(595)	(544)	9.4
Other comprehensive income/(loss) for the period, net of tax	270	906	(70.2)	(1,780)	71	N.M.
Total comprehensive income for the period	2,822	8,944	(68.4)	9,896	16,780	(41.0)
Total comprehensive income attributable to:						
Equity shareholders of the Company	2,921	8,986	(67.5)	10,142	16,927	(40.1)
Non-controlling interest	(99)	(42)	135.7	(246)	(147)	67.3
	2,822	8,944	(68.4)	9,896	16,780	(41.0)

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	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Property, plant and equipment	36,086	33,562	146	186
Investment properties	11,060	11,400	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	15,015	12,890	-	-
Intangible assets	13,343	13,343	-	-
Other receivables	378	378	-	-
Amount due from an associate	-	2,600	-	-
Deferred tax assets	635	207	-	-
	76,517	74,380	44,691	44,731
Current Assets				
Cash and cash equivalents	16,235	46,596	43	418
Trade receivables	55,502	54,501	-	-
Deferred expenses	353	165	-	-
Prepaid operating expenses and other debtors	27,135	6,746	20	46
Derivatives	178	178	-	-
Other receivables	1,830	938	-	-
Amounts due from subsidiaries (non-trade)	-	-	1,383	7,353
Amounts due from associates (trade)	371	-	-	-
Amounts due from associates (non-trade)	495	539	-	-
Inventories	45,594	27,172	-	-
	147,693	136,835	1,446	7,817
Current Liabilities				
Trade payables and accruals	(27,614)	(27,593)	(437)	(1,327)
Finance lease creditors	(10)	(10)	-	-
Interest-bearing loans and borrowings	(2,670)	(1,122)	-	-
Other payables	(4,454)	(8,398)	-	-
Amount due to subsidiaries (non-trade)	-	-	(22)	(22)
Amounts due to associates (trade)	(18)	-	-	-
Provision for taxation	(907)	(394)	(28)	-
	(35,673)	(37,517)	(487)	(1,349)
Net Current Assets	112,020	99,318	959	6,468
Non-Current Liabilities				
Finance lease creditors	(49)	(37)	-	-
Interest-bearing loans and borrowings	(21,385)	(11,768)	-	-
Deferred tax liabilities	(537)	(473)	-	-
	(21,971)	(12,278)	-	-
Net Assets	166,566	161,420	45,650	51,199
Equity				
Share capital	40,665	40,464	40,665	40,464
Treasury shares	(317)	(317)	(317)	(317)
Reserves	126,455	121,267	5,302	11,052
	166,803	161,414	45,650	51,199
Non-controlling interest	(237)	6	-	-
Total Equity	166,566	161,420	45,650	51,199

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 2013		As at 31 Dec 2012	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(10)	-	(10)	-
Interest-bearing loans and borrowings	(2,670)	-	(1,122)	-
Total	(2,680)	-	(1,132)	-

Amount repayable after one year

	As at 30 Sep 2013		As at 31 Dec 2012	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(49)	-	(37)	-
Interest-bearing loans and borrowings	(20,115)	(1,270)	(11,768)	-
Total	(20,164)	(1,270)	(11,805)	-

Details of any collateral

As at 31 December 2012 and 30 September 2013, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2012 and 30 September 2013, the secured interest bearing loans and borrowings were secured by mortgages over the related freehold & leasehold properties and fixed charges over plant & machinery owned by subsidiaries of the Group.

As at 30 September 2013, the unsecured interest bearing loan and borrowing of a subsidiary was covered by corporate guarantee given by the Company.

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

	Group			
	3Q 13	3Q 12	9M 13	9M 12
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit from operations before taxation	3,562	8,371	12,880	17,144
Adjustment for :				
Depreciation of property, plant and equipment	858	827	2,430	1,908
Depreciation of investment properties	10	11	31	31
Loss / (gain) on disposal of property, plant and equipment	7	9	(10)	(15)
Interest income	(12)	(77)	(107)	(273)
Interest expenses	81	67	196	204
Exchange realignment	204	78	(644)	124
Share of profit of associates	(436)	(558)	(445)	(1,094)
Impairment for doubtful receivables	58	8	22	78
Write down of inventories	95	21	157	46
Write back of impairment loss on property, plant and equipment	-	-	-	(85)
Value of employee services received for issue of share options	147	85	362	251
Negative goodwill	-	(7)	-	(7)
Operating profit before working capital changes	4,574	8,835	14,872	18,312
(Increase)/decrease in trade and other receivables	(8,119)	1,270	(22,801)	5,878
Decrease/(increase) in inventories	1,543	(6,353)	(18,579)	(8,202)
(Decrease)/increase in trade and other payables	(16,887)	3,893	(3,923)	3,835
Cash flows (used in)/generated from operations	(18,889)	7,645	(30,431)	19,823
Income taxes paid	(638)	(830)	(1,045)	(1,905)
Net cash flows (used in)/generated from operating activities	(19,527)	6,815	(31,476)	17,918
Cash flows from investing activities				
Interest income received	12	77	107	273
Purchase of property, plant and equipment	(2,537)	(3,480)	(5,757)	(4,716)
Proceeds from disposal of property, plant and equipment	-	97	61	197
Dividends income from an associate	325	-	325	-
Capital injection in an associate	-	-	(1)	-
Net cash (outflow)/inflow on acquisition of subsidiaries	-	(41)	-	29
Net cash flows used in investing activities	(2,200)	(3,347)	(5,265)	(4,217)
Cash flows from financing activities				
Interest expenses paid	(81)	(67)	(196)	(204)
Proceeds from issuance of shares	-	-	201	30
Purchase of treasury shares	-	(153)	-	(317)
Dividends paid to shareholders of the Company	-	-	(5,316)	(4,504)
Capital injection from non-controlling interest of a subsidiary	3	-	3	-
Repayment of interest-bearing loans and borrowings	(274)	(278)	(828)	(828)
Proceeds from interest-bearing loans and borrowings	7,786	-	12,258	-
Repayment of obligation under finance lease	-	(4)	(21)	(8)
Proceeds from obligation under finance lease	30	-	30	-
Net cash flows generated from/(used in) financing activities	7,464	(502)	6,131	(5,831)
Net (decrease)/increase in cash and cash equivalents	(14,263)	2,966	(30,610)	7,870
Effect of exchange rate changes on cash and cash equivalents	(1)	(139)	249	(161)
Cash and cash equivalents at beginning of the period	30,499	40,030	46,596	35,148
Cash and cash equivalents at end of the period	16,235	42,857	16,235	42,857

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 year.

The Group – 3Q

	Attributable to equity holders of the Company							Non-controlling interest	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Asset revaluation reserve	Share-based payment reserve	Accumulated profits	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 13	40,665	(317)	(1,076)	60	1,351	123,052	163,735	(141)	163,594
Profit for the period	-	-	-	-	-	2,651	2,651	(99)	2,552
<u>Other comprehensive income</u>							-		
Foreign currency translation	-	-	278	-	-	-	278	-	278
Share of other comprehensive loss of associates	-	-	(8)	-	-	-	(8)	-	(8)
Total comprehensive income/(loss) for the period	-	-	270	-	-	2,651	2,921	(99)	2,822
Value of employee services received for issue of share options	-	-	-	-	147	-	147	-	147
Capital injection from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	3	3
Balance as at 30 September 13	40,665	(317)	(806)	60	1,498	125,703	166,803	(237)	166,566
Balance as at 1 July 12	39,781	(164)	15	60	991	107,387	148,070	146	148,216
Profit for the period	-	-	-	-	-	8,080	8,080	(42)	8,038
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	461	-	-	-	461	-	461
Share of other comprehensive income of associates	-	-	445	-	-	-	445	-	445
Total comprehensive income/(loss) for the period	-	-	906	-	-	8,080	8,986	(42)	8,944
Value of employee services received for issue of share options	-	-	-	-	85	-	85	-	85
Purchase of treasury shares	-	(153)	-	-	-	-	(153)	-	(153)
Balance as at 30 September 12	39,781	(317)	921	60	1,076	115,467	156,988	104	157,092

The Group – 9M

	Attributable to equity holders of the Company							Non-controlling interest US\$'000	Total equity US\$'000
	Share capital US\$'000	Treasury shares 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 January 13	40,464	(317)	974	60	1,136	119,097	161,414	6	161,420
Profit for the period	-	-	-	-	-	11,922	11,922	(246)	11,676
<u>Other comprehensive income</u>							-		
Foreign currency translation	-	-	(1,185)	-	-	-	(1,185)	-	(1,185)
Share of other comprehensive loss of associates	-	-	(595)	-	-	-	(595)	-	(595)
Total comprehensive (loss)/income for the period	-	-	(1,780)	-	-	11,922	10,142	(246)	9,896
Value of employee services received for issue of share options	-	-	-	-	362	-	362	-	362
Dividends paid to shareholders of the company	-	-	-	-	-	(5,316)	(5,316)	-	(5,316)
Issuance of new shares	201	-	-	-	-	-	201	-	201
Capital injection from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	3	3
Balance as at 30 September 13	40,665	(317)	(806)	60	1,498	125,703	166,803	(237)	166,566
Balance as at 1 January 12	39,751	-	850	60	825	103,115	144,601	251	144,852
Profit for the period	-	-	-	-	-	16,856	16,856	(147)	16,709
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	615	-	-	-	615	-	615
Share of other comprehensive loss of associates	-	-	(544)	-	-	-	(544)	-	(544)
Total comprehensive income/(loss) for the period	-	-	71	-	-	16,856	16,927	(147)	16,780
Value of employee services received for issue of share options	-	-	-	-	251	-	251	-	251
Purchase of treasury shares	-	(317)	-	-	-	-	(317)	-	(317)
Dividends paid to shareholders of the company	-	-	-	-	-	(4,504)	(4,504)	-	(4,504)
Issuance of new shares	30	-	-	-	-	-	30	-	30
Balance as at 30 September 12	39,781	(317)	921	60	1,076	115,467	156,988	104	157,092

The Company – 3Q

	Attributable to equity holders of the Company					Total Equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share- based payment reserve US\$'000	Accumulated profits US\$'000	
Balance as at 1 July 13	40,665	(317)	4,142	1,351	136	45,977
Loss for the period	-	-	-	-	(482)	(482)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	8	-	-	8
Total comprehensive income/(loss) for the period	-	-	8	-	(482)	(474)
Value of employee services received for issue of share options	-	-	-	147	-	147
Balance as at 30 September 13	40,665	(317)	4,150	1,498	(346)	45,650
Balance as at 1 July 12	39,781	(164)	4,108	991	676	45,392
Loss for the period	-	-	-	-	(488)	(488)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	22	-	-	22
Total comprehensive income/(loss) for the period	-	-	22	-	(488)	(466)
Value of employee services received for issue of share options	-	-	-	85	-	85
Purchase of treasury shares	-	(153)	-	-	-	(153)
Balance as at 30 September 12	39,781	(317)	4,130	1,076	188	44,858

The Company – 9M

	Attributable to equity holders of the Company					Total Equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share- based payment reserve US\$'000	Accumulated profits US\$'000	
Balance as at 1 January 13	40,464	(317)	4,234	1,136	5,682	51,199
Loss for the period	-	-	-	-	(712)	(712)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(84)	-	-	(84)
Total comprehensive loss for the period	-	-	(84)	-	(712)	(796)
Value of employee services received for issue of share options	-	-	-	362	-	362
Dividends paid to shareholders of the company	-	-	-	-	(5,316)	(5,316)
Issuance of new shares	201	-	-	-	-	201
Balance as at 30 September 13	40,665	(317)	4,150	1,498	(346)	45,650
Balance as at 1 January 12	39,751	-	3,869	825	5,291	49,736
Loss for the period	-	-	-	-	(599)	(599)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	261	-	-	261
Total comprehensive income/(loss) for the period	-	-	261	-	(599)	(338)
Value of employee services received for issue of share options	-	-	-	251	-	251
Issuance of new shares	30	-	-	-	-	30
Dividends paid to shareholders of the company	-	-	-	-	(4,504)	(4,504)
Purchase of treasury shares	-	(317)	-	-	-	(317)
Balance as at 30 September 12	39,781	(317)	4,130	1,076	188	44,858

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.

Details of movement in the number of issued ordinary shares (excluding treasury shares), treasury shares and share options are as follows: -

	FY 2013	FY 2012
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan	532,993,999	529,413,999
Issued for cash under employee share option scheme		
- at the exercise price of S\$0.335 each	220,000	-
- at the exercise price of S\$0.505 each	70,000	-
- at the exercise price of S\$0.315 each	140,000	-
Ordinary shares held as treasury shares	(1,001,000)	(150,000)
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	532,422,999	529,263,999
- at the exercise price of S\$0.335 each	230,000	110,000
- at the exercise price of S\$0.315 each	68,000	-
Ordinary shares held as treasury shares	-	(408,000)
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	532,720,999	528,965,999
Ordinary shares held as treasury shares	-	(443,000)
Balance of issued ordinary shares as at 30 Sep (excluding treasury shares)	532,720,999	528,522,999
<u>Share Option - exercise price of S\$0.229</u>		
Balance of unexercised share options as at 1 Jan and 31 Mar and 30 Jun and 30 Sep	100,000	3,400,000
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan	3,560,000	3,730,000
Options exercised during the period	(220,000)	-
Balance as at 31 Mar	3,340,000	3,730,000
Options exercised during the period	(230,000)	(110,000)
Options lapsed during the period	-	(30,000)
Balance as at 30 Jun and 30 Sep	3,110,000	3,590,000
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,950,000	4,050,000
Options exercised during the period	(70,000)	-
Balance as at 31 Mar	3,880,000	4,050,000
Options lapsed during the period	-	(100,000)
Balance as at 30 Jun and 30 Sep	3,880,000	3,950,000
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	4,130,000	4,470,000
Options exercised during the period	(140,000)	-
Balance as at 31 Mar	3,990,000	4,470,000
Options exercised during the period	(68,000)	-
Options lapsed during the period	-	(200,000)
Balance as at 30 Jun and 30 Sep	3,922,000	4,270,000
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan	-	-
Granted to eligible participants on 8 March 2013	4,880,000	-
Balance as at 31 Mar and 30 Jun and 30 Sep	4,880,000	-

Out of the 15,892,000 outstanding share options on 30 September 2013 (30 September 2012: 15,210,000), 11,012,000 (30 September 2012: 10,940,000) share options are exercisable.

Treasury Shares

As at 30 September 2013, the total number of treasury shares held was 1,001,000 (30 September 2012: 1,001,000).

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.

The total number of issued ordinary shares excluding treasury shares is as follows: -

	Group	
	As at 30 Sep 2013	As at 31 Dec 2012
Issued ordinary shares	532,720,999	531,992,999

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

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

The figures have not been audited or 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 2012, except for the adoption of revised FRS which came into effect on 1 January 2013.

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 adoption of revised FRS as highlighted in paragraph 4 does not have a material impact on the financial statements for the period under review.

- 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 13	3Q 12	9M 13	9M 12
Earnings per share				
Based on existing issued share capital (USD cents)	0.50	1.53	2.24	3.18
On a fully diluted basis (USD cents)	0.49	1.52	2.22	3.17
	Group		Group	
	3Q 13	3Q 12	9M 13	9M 12
Weighted average number of shares table				
Weighted average number of shares for calculation of basic EPS	532,720,999	529,523,999	532,551,343	529,487,466
Weighted average number of shares for calculation of diluted EPS	537,196,887	532,442,165	537,004,217	531,747,681

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-13	31-Dec-12	30-Sep-13	31-Dec-12
Net asset value per ordinary share (USD cents)	31.31	30.34	8.57	9.62

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

Revenue for the nine months ended 30 September 2013 ("9M2013") was US\$188.8 million, a year-on-year ("yoy") increase of 11.6% over the US\$169.2 million revenue recorded in 9M2012. The Group's profit after tax decreased by 30.1% yoy from US\$16.7 million in 9M2012 to US\$11.7 million in 9M2013.

On a quarterly basis, revenue for the three months ended 30 September 2013 ("3Q2013") increased 13.0% to US\$66.1 million. Profit after tax for the quarter declined by 68.3% to US\$2.6 million.

Revenue by Region (US\$'000)

	Group			Group		
	3Q 13 US\$'000	3Q 12 US\$'000	Increase/ (Decrease) %	9M 13 US\$'000	9M 12 US\$'000	Increase/ (Decrease) %
Russia	38,343	33,859	13.2	112,256	98,709	13.7
Eastern Europe and Central Asia	21,358	18,608	14.8	58,643	51,705	13.4
Other Markets	6,414	6,018	6.6	17,890	18,776	(4.7)
Total	66,115	58,485	13.0	188,789	169,190	11.6

In 9M2013, sales to the Group's largest region, Russia, rose by 13.7% to US\$112.3 million compared to US\$98.7 million in 9M2012.

In the Group's Eastern Europe and Central Asia region (comprising Ukraine, Kazakhstan and the CIS Countries), sales increased by 13.4% from US\$51.7 million in 9M2012 to US\$58.6 million in 9M2013.

Sales to the Group's Other Markets fell by 4.7% from US\$18.8 million in 9M2012 to US\$17.9 million in 9M2013 due to lower sales in Middle East and Asia.

On a quarterly basis, the Group's revenue in 3Q2013 was US\$66.1 million, an increase of 13.0% compared to 3Q2012. Of its 3 largest markets, Russia's revenue increased 13.2% compared to the same quarter in 2012. Sales to the Group's Eastern Europe and Central Asia region rose by 14.8% for the quarter; while sales for the Other Markets increased by 6.6% for the quarter.

Profitability

For 9M2013, the Group recorded a profit after tax of US\$11.7 million as compared to US\$16.7 million in 9M2012. For 3Q2013, the Group's profit after tax was US\$2.6 million compared to US\$8.0 million in 3Q2012, a decrease of 68.3%.

The decline in profitability was mainly due to the following: -

- 1) Staff costs increased due to higher salaries and higher headcount arising from newly acquired and newly set up companies.
- 2) Increase in Advertising and Promotion (A&P) activities in key markets to strengthen the Group's market position in the light of intense competition.
- 3) Unrealised foreign exchange losses.
- 4) Costs associated with investment in new markets.
- 5) Start-up costs associated with the Group's pursuit of several upstream green-field projects.
- 6) Increase in depreciation expenses for property, plant and equipment due to the Group's larger asset base.

Balance Sheet & Cashflow

The increase in prepaid expenses and other debtors from US\$6.7 million as at 31 December 2012 to US\$27.1 million as at 30 September 2013 was mainly due to deposits made for purchase of equipment and machinery and payment to contractors arising from the Group's investment in several upstream green-field projects.

The increase in inventories of US\$18.4 million in 9M2013 was due to change in business processes of our operations in Russia and also in line with higher revenue.

The Group's borrowings and debt securities were US\$24.1 million as at 30 September 2013, compared to US\$12.9 million as at 31 December 2012. This increase is largely attributed to the partial debt financing of the Group's investment in several upstream green-field projects and the construction of an investment property at 81 Playfair Road.

There was a net operating cash outflow of US\$31.5 million in 9M2013, compared to a net operating cash inflow of US\$17.9 million in 9M2012, largely due to increase in working capital. The Group's cash and cash equivalents was US\$16.2 million as at 30 September 2013, compared to US\$46.6 million as at 31 December 2012. The decrease in cash and cash equivalents was mainly due to the partial funding of the Group's investment in several upstream green-field projects with cash and the change in the business processes in our key markets.

The Group's net assets as at 30 September 2013 were US\$166.6 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 September 2013 was 31.31 US cents as compared to 30.34 US cents as at 31 December 2012.

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 operates mainly in overseas markets and its performance may be affected by the following factors:

- currency volatility;
- raw material prices;
- competitive market conditions; and
- the possibility of changes in regulatory policies in the Group's operating markets.

In view of the Group's dynamic operating environment, the Group has to continuously invest to build its brand equity and new capabilities so as to ensure resiliency in a competitive landscape. During the year, the Group commissioned an international brand valuation consultants, Brand Finance Consultancy (Singapore) Private Limited to conduct a brand valuation study on its brands portfolio. Based on a review of its various businesses, the study concluded the valuation of its proprietary flagship brand "MacCoffee" has risen to US\$139.7 million in 2013, up from US\$110.1 million in 2007, while its key brands have been assigned a total value of US\$174.8 million.

The Group has embarked on a number of upstream green-field projects to mitigate some of the uncertainties in commodities prices in the longer term. This includes its non-dairy creamer plant, which has been completed and will be operational by early 2014. The Group's other upstream project, an instant coffee plant in India, is currently being built and is expected to be ready by early 2015. These initiatives entail significant CAPEX spending and start-up costs, but will put the Group in a position to operate more competitively in the years ahead.

The Group is also on the lookout for M&A opportunities that are in line with its overall strategy for diversification as well as growth.

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/recommendeded, a statement to that effect.

No dividend has been declared for the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain any general mandate from shareholders for IPTs.

14. Confirmation by the Board Pursuant to Rule 705(5)

We, Tan Wang Cheow and Sudeep Nair, being two 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 financial period ended 30 September 2013 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
8 November 2013