

FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 200001282G)
Third Quarter Financial Statement and Dividend Announcement for the Period ended 30 September 2018
PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) 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 18	3Q 17	Increase/ (Decrease)	9M 18	9M 17	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	72,899	70,102	4.0	214,358	195,350	9.7
Cost of sales	(44,700)	(43,738)	2.2	(130,292)	(120,620)	8.0
Gross profit	28,199	26,364	7.0	84,066	74,730	12.5
Selling and distribution expenses	(11,968)	(8,764)	36.6	(36,300)	(28,048)	29.4
General and administrative expenses	(9,697)	(8,354)	16.1	(27,995)	(25,343)	10.5
Results from operating activities	6,534	9,246	(29.3)	19,771	21,339	(7.3)
Net other (expenses)/income (Note 1)	(757)	292	NM	(1,110)	1,748	NM
Net finance expenses (Note 2)	(271)	(256)	5.9	(537)	(761)	(29.4)
Share of profit/(loss) of associates	31	158	(80.4)	273	(684)	NM
Profit before taxation (Note 3)	5,537	9,440	(41.3)	18,397	21,642	(15.0)
Taxation (Note 4)	224	(2,151)	NM	(3,278)	(5,040)	(35.0)
Profit for the period	5,761	7,289	(21.0)	15,119	16,602	(8.9)
Profit attributable to:						
Equity shareholders of the Company	5,851	7,351	(20.4)	15,377	16,887	(8.9)
Non-controlling interest	(90)	(62)	45.2	(258)	(285)	(9.5)
	5,761	7,289	(21.0)	15,119	16,602	(8.9)

NM denotes not meaningful.

Notes:
1. Net other (expenses)/income comprises:

	Group			Group		
	3Q 18 US\$'000	3Q 17 US\$'000	Increase/ (Decrease) %	9M 18 US\$'000	9M 17 US\$'000	Increase/ (Decrease) %
<u>Other income</u>						
Gain on disposal of property, plant and equipment	-	12	NM	-	24	NM
Gain on disposal of asset classified as held for sale	-	-	NM	408	-	NM
Writeback on impairment of loan to an associate	22	-	NM	-	-	NM
Sales of scrapped items	59	56	5.4	197	134	47.0
Other income	324	118	174.6	1,242	653	90.2
Insurance claim	3	1	200.0	5	19	(73.7)
Foreign exchange gain	-	129	NM	-	1,093	NM
	408	316	29.1	1,852	1,923	(3.7)
<u>Other expenses</u>						
Foreign exchange loss	(1,153)	-	NM	(2,709)	-	NM
Impairment of loan to associates	-	-	NM	(159)	(151)	5.3
Loss on disposal of property, plant and equipment	(12)	-	NM	(27)	-	NM
Loss on disposal of a subsidiary	-	(24)	NM	-	(24)	NM
Loss on disposal of an associate	-	-	NM	(67)	-	NM
	(1,165)	(24)	4,754.2	(2,962)	(175)	1,592.6
Net other (expenses)/income	(757)	292	NM	(1,110)	1,748	NM

2. Net finance expenses comprises:

	Group			Group		
	3Q 18 US\$'000	3Q 17 US\$'000	Increase/ (Decrease) %	9M 18 US\$'000	9M 17 US\$'000	Increase/ (Decrease) %
<u>Finance income</u>						
Interest income	62	83	(25.3)	436	166	162.7
<u>Finance expenses</u>						
Interest expenses on:						
- Bank loans	(328)	(337)	(2.7)	(960)	(923)	4.0
- Others	(5)	(2)	150.0	(13)	(4)	225.0
	(333)	(339)	(1.8)	(973)	(927)	5.0
Net finance expenses	(271)	(256)	5.9	(537)	(761)	(29.4)

3. Included in profit before taxation are as follows:

	3Q 18 US\$'000	3Q 17 US\$'000	Increase/ (Decrease) %	9M 18 US\$'000	9M 17 US\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(1,442)	(1,329)	8.5	(4,212)	(3,952)	6.6
Depreciation of investment properties	(42)	(41)	2.4	(128)	(121)	5.8
Inventories written down	(89)	(47)	89.4	(279)	(369)	(24.4)
(Allowance)/write back for doubtful receivables	(7)	84	NM	279	(37)	NM
Net fair value (loss)/gain on derivatives	-	(54)	NM	-	42	NM
Write back/(allowance) for impairment on property, plant and equipment	-	4	NM	-	(98)	NM

4. Included in the taxation is as follows:

	Group			Group		
	3Q 18 US\$'000	3Q 17 US\$'000	Increase/ (Decrease) %	9M 18 US\$'000	9M 17 US\$'000	Increase/ (Decrease) %
Current income tax						
- Current income taxation	(925)	(1,605)	(42.4)	(3,390)	(4,126)	(17.8)
- Over/(under) provision for prior year	1,484	(45)	NM	1,438	(50)	NM
Deferred income tax	(335)	(501)	(33.1)	(1,326)	(864)	53.5
	<u>224</u>	<u>(2,151)</u>	<u>NM</u>	<u>(3,278)</u>	<u>(5,040)</u>	<u>(35.0)</u>

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

	Group			Group		
	3Q 18 US\$'000	3Q 17 US\$'000	Increase/ (Decrease) %	9M 18 US\$'000	9M 17 US\$'000	Increase/ (Decrease) %
Profit net of tax	5,761	7,289	(21.0)	15,119	16,602	(8.9)
<u>Other comprehensive (loss)/income:</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation (loss)/gain	(2,361)	584	NM	(4,871)	1,773	NM
Share of other comprehensive (loss)/gain of associates	(400)	82	NM	(1,075)	379	NM
Exchange differences realised on disposal of a subsidiary	-	92	NM	-	92	NM
Exchange differences realised on disposal of an associate	-	-	NM	8	-	NM
Other comprehensive (loss)/income for the period, net of tax	<u>(2,761)</u>	<u>758</u>	<u>NM</u>	<u>(5,938)</u>	<u>2,244</u>	<u>NM</u>
Total comprehensive income for the period	<u>3,000</u>	<u>8,047</u>	<u>(62.7)</u>	<u>9,181</u>	<u>18,846</u>	<u>(51.3)</u>
Total comprehensive income/(loss) attributable to:						
Equity shareholders of the Company	3,090	8,109	(61.9)	9,439	19,131	(50.7)
Non-controlling interest	(90)	(62)	45.2	(258)	(285)	(9.5)
	<u>3,000</u>	<u>8,047</u>	<u>(62.7)</u>	<u>9,181</u>	<u>18,846</u>	<u>(51.3)</u>

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 2018 US\$'000	31 Dec 2017 US\$'000	30 Sep 2018 US\$'000	31 Dec 2017 US\$'000
Non-Current Assets				
Property, plant and equipment	66,820	64,617	-	-
Investment properties	16,124	16,615	-	-
Investments in subsidiaries	-	-	44,536	44,536
Investments in associates	11,677	12,594	-	-
Intangible assets	10,343	10,343	-	-
Other receivables	-	-	-	-
Amount due from an associate (non-trade)	-	106	-	-
Deferred tax assets	2,185	3,299	-	-
	107,149	107,574	44,536	44,536
Current Assets				
Cash and cash equivalents	37,025	42,835	40	24
Trade receivables	44,478	39,685	16	-
Deferred expenses	221	173	-	-
Prepaid operating expenses and other debtors	7,083	5,746	13	8
Other receivables	2,723	2,002	-	-
Amounts due from subsidiaries (non-trade)	-	-	8,885	12,434
Amounts due from associates (non-trade)	94	94	-	-
Amount due from a related party (trade)	491	987	-	-
Inventories	57,485	47,505	-	-
	149,600	139,027	8,954	12,466
Asset held for sale	-	644	-	-
	149,600	139,671	8,954	12,466
Current Liabilities				
Trade payables and accruals	(40,417)	(35,287)	(376)	(752)
Finance lease creditors	(21)	(31)	-	-
Interest-bearing loans and borrowings	(21,767)	(20,041)	-	-
Other payables	(3,260)	(2,951)	-	-
Amounts due to subsidiaries (non-trade)	-	-	(20)	(37)
Amount due to a related party (non-trade)	(519)	(397)	-	-
Amount due to an associate (non-trade)	(194)	(167)	-	-
Amounts due to associates (trade)	(246)	(374)	-	-
Provision for taxation	(828)	(1,662)	(1)	(5)
	(67,252)	(60,910)	(397)	(794)
Net Current Assets	82,348	78,761	8,557	11,672
Non-Current Liabilities				
Finance lease creditors	(28)	(17)	-	-
Interest-bearing loans and borrowings	(11,899)	(16,291)	-	-
Other payables	(5)	(5)	-	-
Deferred tax liabilities	(2,827)	(2,592)	-	-
	(14,759)	(18,905)	-	-
Net Assets	174,738	167,430	53,093	56,208
Equity				
Share capital	41,187	41,093	41,187	41,093
Treasury shares	(317)	(317)	(317)	(317)
Reserves	134,589	127,117	12,223	15,432
	175,459	167,893	53,093	56,208
Non-controlling interest	(721)	(463)	-	-
Total Equity	174,738	167,430	53,093	56,208

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 2018		As at 31 Dec 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(21)	-	(31)	-
Interest-bearing loans and borrowings	(4,277)	(17,490)	(5,630)	(14,411)
Total	(4,298)	(17,490)	(5,661)	(14,411)

Amount repayable after one year

	As at 30 Sep 2018		As at 31 Dec 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(28)	-	(17)	-
Interest-bearing loans and borrowings	(7,815)	(4,084)	(8,559)	(7,732)
Total	(7,843)	(4,084)	(8,576)	(7,732)

Details of any collateral

As at 31 December 2017 and 30 September 2018, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2017 and 30 September 2018, 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 31 December 2017 and 30 September 2018, the unsecured interest-bearing loan and borrowings of subsidiaries were covered by corporate guarantees 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		Group	
	3Q 18 US\$'000	3Q 17 US\$'000	9M 18 US\$'000	9M 17 US\$'000
Cash flows from operating activities				
Profit from operations before taxation	5,537	9,440	18,397	21,642
Adjustment for :				
Depreciation of property, plant and equipment	1,442	1,329	4,212	3,952
Depreciation of investment properties	42	41	128	121
Gain on disposal of asset classified as held for sale	-	-	(408)	-
Loss/(gain) on disposal of property, plant and equipment	12	(12)	27	(24)
Interest income	(62)	(83)	(436)	(166)
Interest expenses	333	339	973	927
Exchange realignment	451	(235)	1,543	(1,246)
Share of (profit)/loss of associates	(31)	(158)	(273)	685
Allowance/(writeback) for doubtful receivables	7	(84)	(279)	37
(Writeback)/impairment of loan to associates	(22)	-	159	151
Inventories written down	89	47	279	369
(Writeback)/allowance for impairment on property, plant and equipment	-	(4)	-	98
Loss on disposal of a subsidiary	-	24	-	24
Value of employee services received for issue of share options	356	25	451	154
Net fair value loss/(gain) on derivatives	-	54	-	(42)
Loss on disposal of an associate	-	-	67	-
Operating profit before working capital changes	8,154	10,723	24,840	26,682
Increase in trade and other receivables	(6,818)	(7,476)	(7,672)	(6,833)
Increase in inventories	(3,072)	(736)	(13,076)	(5,739)
Increase in trade and other payables	1,636	5,615	5,531	7,741
Cash flows (used in)/generated from operations	(100)	8,126	9,623	21,851
Income taxes paid	(1,126)	(1,192)	(3,234)	(2,823)
Net cash flows (used in)/generated from operating activities	(1,226)	6,934	6,389	19,028
Cash flows from investing activities				
Interest income received	62	83	436	166
Purchase of property, plant and equipment	(3,021)	(947)	(7,086)	(3,103)
Subsequent expenditure on investment property	-	(4)	-	(8)
Proceeds from disposal of property, plant and equipment	96	14	190	40
Net cash inflow on disposal of a subsidiary	-	75	-	75
Proceeds from disposal of asset classified as held for sale	-	-	1,052	-
Loan to associates	-	(1,107)	-	(1,107)
Net cash flows used in investing activities	(2,863)	(1,886)	(5,408)	(3,937)
Cash flows from financing activities				
Interest expenses paid	(333)	(339)	(973)	(927)
Dividends paid to equity shareholders of the Company	-	-	(2,396)	(2,312)
Repayment of interest-bearing loans and borrowings	(12,389)	(15,398)	(43,180)	(46,999)
Proceeds from interest-bearing loans and borrowings	12,607	11,170	40,650	44,899
Repayment of obligation under finance leases	(8)	(9)	(27)	(28)
Proceeds from obligation under finance lease	26	-	26	-
Proceeds from issuance of shares	20	32	72	179
Acquisition of non-controlling interest in a subsidiary	-	-	-	(139)
Net cash flows used in financing activities	(77)	(4,544)	(5,828)	(5,327)
Net (decrease)/increase in cash and cash equivalents	(4,166)	504	(4,847)	9,764
Effect of exchange rate changes on cash and cash equivalents	(594)	128	(963)	525
Cash and cash equivalents at beginning of the period	41,785	38,231	42,835	28,574
Cash and cash equivalents at end of the period	37,025	38,863	37,025	38,863

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 18

	Attributable to equity shareholders 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	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 Jul 2018	41,160	(317)	(14,386)	2,206	143,330	171,993	(631)	171,362
Profit/(loss) for the period	-	-	-	-	5,851	5,851	(90)	5,761
<u>Other comprehensive (loss)/income</u>								
Foreign currency translation loss	-	-	(2,361)	-	-	(2,361)	-	(2,361)
Share of other comprehensive loss of associates	-	-	(400)	-	-	(400)	-	(400)
Total comprehensive (loss)/income for the period	-	-	(2,761)	-	5,851	3,090	(90)	3,000
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	356	-	356	-	356
Issuance of new shares	20	-	-	-	-	20	-	20
Exercise of share options	7	-	-	(7)	-	-	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	27	-	-	349	-	376	-	376
Balance as at 30 Sep 2018	41,187	(317)	(17,147)	2,555	149,181	175,459	(721)	174,738

The Group – 3Q 17

	Attributable to equity shareholders 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	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 Jul 2017	41,034	(317)	(11,950)	2,085	131,599	162,451	29	162,480
Profit/(loss) for the period	-	-	-	-	7,351	7,351	(62)	7,289
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	584	-	-	584	-	584
Share of other comprehensive gain of associates	-	-	82	-	-	82	-	82
Exchange differences realised on disposal of a subsidiary	-	-	92	-	-	92	-	92
Total comprehensive income/(loss) for the period	-	-	758	-	7,351	8,109	(62)	8,047
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	25	-	25	-	25
Issuance of new shares	32	-	-	-	-	32	-	32
Exercise of share options	11	-	-	(11)	-	-	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	43	-	-	14	-	57	-	57
Balance as at 30 Sep 2017	41,077	(317)	(11,192)	2,099	138,950	170,617	(33)	170,584

The Group – 9M 18

	Attributable to equity shareholders of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 Jan 2018	41,093	(317)	(11,209)	2,126	136,200	167,893	(463)	167,430
Profit/(loss) for the period	-	-	-	-	15,377	15,377	(258)	15,119
<u>Other comprehensive (loss)/income</u>								
Foreign currency translation loss	-	-	(4,871)	-	-	(4,871)	-	(4,871)
Share of other comprehensive loss of associates	-	-	(1,075)	-	-	(1,075)	-	(1,075)
Exchange differences realised on disposal of an associate	-	-	8	-	-	8	-	8
Total comprehensive (loss)/income for the period	-	-	(5,938)	-	15,377	9,439	(258)	9,181
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	451	-	451	-	451
Issuance of new shares	72	-	-	-	-	72	-	72
Exercise of share options	22	-	-	(22)	-	-	-	-
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,396)	(2,396)	-	(2,396)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	94	-	-	429	(2,396)	(1,873)	-	(1,873)
Balance as at 30 Sep 2018	41,187	(317)	(17,147)	2,555	149,181	175,459	(721)	174,738

The Group – 9M 17

	Attributable to equity shareholders 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	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 Jan 2017	40,846	(317)	(13,436)	1,997	124,647	153,737	119	153,856
Profit/(loss) for the year	-	-	-	-	16,887	16,887	(285)	16,602
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	1,773	-	-	1,773	-	1,773
Share of other comprehensive gain of associates	-	-	379	-	-	379	-	379
Exchange differences realised on disposal of a subsidiary	-	-	92	-	-	92	-	92
Total comprehensive income/(loss) for the year	-	-	2,244	-	16,887	19,131	(285)	18,846
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	154	-	154	-	154
Issuance of new shares	179	-	-	-	-	179	-	179
Exercise of share options	52	-	-	(52)	-	-	-	-
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)	-	(2,312)
Total contributions by and distributions to owners	231	-	-	102	(2,312)	(1,979)	-	(1,979)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of non-controlling interest without a change in control, representing total changes in ownership interest in subsidiaries	-	-	-	-	(272)	(272)	133	(139)
Total transactions with owners in their capacity as owners	231	-	-	102	(2,584)	(2,251)	133	(2,118)
Balance as at 30 Sep 2017	41,077	(317)	(11,192)	2,099	138,950	170,617	(33)	170,584

The Company – 2Q

	Share capital US\$'000	Treasury shares 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 2018	41,160	(317)	3,467	2,206	6,651	53,167
Loss for the period	-	-	-	-	(429)	(429)
<u>Other comprehensive loss</u>						
Foreign currency translation loss	-	-	(21)	-	-	(21)
Total comprehensive loss for the period	-	-	(21)	-	(429)	(450)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	356	-	356
Issuance of new shares	20	-	-	-	-	20
Exercise of share options	7	-	-	(7)	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	27	-	-	349	-	376
Balance as at 30 Sep 2018	41,187	(317)	3,446	2,555	6,222	53,093
Balance as at 1 Jul 2017	41,034	(317)	3,306	2,085	9,963	56,071
Loss for the period	-	-	-	-	(282)	(282)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	154	-	-	154
Total comprehensive income/(loss) for the period	-	-	154	-	(282)	(128)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	25	-	25
Issuance of new shares	32	-	-	-	-	32
Exercise of share options	11	-	-	(11)	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	43	-	-	14	-	57
Balance as at 30 Sep 2017	41,077	(317)	3,460	2,099	9,681	56,000

The Company – 9M

	Share capital US\$'000	Treasury shares 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 2018	41,093	(317)	3,634	2,126	9,672	56,208
Loss for the period	-	-	-	-	(1,054)	(1,054)
<u>Other comprehensive loss</u>						
Foreign currency translation loss	-	-	(188)	-	-	(188)
Total comprehensive loss for the period	-	-	(188)	-	(1,054)	(1,242)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	451	-	451
Issuance of new shares	72	-	-	-	-	72
Exercise of share options	22	-	-	(22)	-	-
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,396)	(2,396)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	94	-	-	429	(2,396)	(1,873)
Balance as at 30 Sep 2018	41,187	(317)	3,446	2,555	6,222	53,093
Balance as at 1 Jan 2017	40,846	(317)	2,820	1,997	7,844	53,190
Profit for the period	-	-	-	-	4,149	4,149
<u>Other comprehensive income</u>						
Foreign currency translation gain	-	-	640	-	-	640
Total comprehensive income for the period	-	-	640	-	4,149	4,789
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	154	-	154
Issuance of new shares	179	-	-	-	-	179
Exercise of share options	52	-	-	(52)	-	-
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	231	-	-	102	(2,312)	(1,979)
Balance as at 30 Sep 2017	41,077	(317)	3,460	2,099	9,681	56,000

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 and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2018	FY 2017
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan (including treasury shares)	534,809,999	534,171,999
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Issued for cash under employee share option scheme:		
- at the exercise price of S\$0.335 each	100,000	-
- at the exercise price of S\$0.315 each	-	100,000
- at the exercise price of S\$0.505 each	-	130,000
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	533,908,999	533,400,999
- at the exercise price of S\$0.308 each	68,000	-
- at the exercise price of S\$0.315 each	44,000	78,000
- at the exercise price of S\$0.505 each	-	100,000
- at the exercise price of S\$0.669 each	-	50,000
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	534,020,999	533,628,999
- at the exercise price of S\$0.308 each	90,000	140,000
Balance of issued ordinary shares as at 30 Sep (excluding treasury shares)	534,110,999	533,768,999
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan	2,610,000	2,810,000
Options exercised during the period	(100,000)	-
Balance as at 30 Jun and 30 Sep	2,510,000	2,810,000
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,080,000	3,630,000
Options exercised during the period	-	(130,000)
Balance as at 31 Mar	3,080,000	3,500,000
Options exercised during the period	-	(100,000)
Balance as at 30 Jun and 30 Sep	3,080,000	3,400,000
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	2,774,000	3,272,000
Options exercised during the period	-	(100,000)
Balance as at 31 Mar	2,774,000	3,172,000
Options exercised during the period	(44,000)	(78,000)
Balance as at 30 Jun and 30 Sep	2,730,000	3,094,000
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan	4,280,000	4,630,000
Options lapsed during the period	(300,000)	-
Balance as at 31 Mar	3,980,000	4,630,000
Options exercised during the period	-	(50,000)
Balance as at 30 Jun and 30 Sep	3,980,000	4,580,000

Share Option - exercise price of S\$0.308

	FY 2018	FY 2017
Balance as at 1 Jan and 31 Mar	4,880,000	5,170,000
Options exercised during the period	(68,000)	-
Balance as at 30 Jun	4,812,000	5,170,000
Options exercised during the period	(90,000)	(140,000)
Balance as at 30 Sep	<u>4,722,000</u>	<u>5,030,000</u>

Share Option - exercise price of S\$0.693

Balance as at 1 Jan and 31 Mar	650,000	-
Granted to eligible participants on 23 May 2017	-	650,000
Balance as at 30 Jun and 30 Sep	<u>650,000</u>	<u>650,000</u>

Share Option - exercise price of S\$0.679

Balance as at 1 Jan	-	-
Granted to eligible participants on 16 Mar 2018	4,750,000	-
Balance as at 31 Mar and 30 Jun and 30 Sep	<u>4,750,000</u>	<u>-</u>

Out of the 22,422,000 outstanding share options on 30 September 2018 (30 September 2017: 19,564,000), 15,776,000 (30 September 2017: 15,812,000) share options are exercisable.

Treasury Shares

As at 30 September 2018, the total number of treasury shares held was 1,001,000 (30 September 2017: 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	
	<u>As at 30 Sep 2018</u>	<u>As at 31 Dec 2017</u>
Issued ordinary shares	534,110,999	533,808,999

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.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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 2017, except for the adoption of new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which came into effect on 1 January 2018.

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 new and revised SFRS (I) and INT SFRS(I) 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 18	3Q 17	9M 18	9M 17
Profit per share				
Based on existing issued share capital (US cents)	1.10	1.38	2.88	3.17
On a fully diluted basis (US cents)	1.08	1.36	2.85	3.13

	Group		Group	
	3Q 18	3Q 17	9M 18	9M 17
Weighted average number of shares table				
Weighted average number of shares for calculation of basic EPS	534,106,108	533,747,260	533,980,537	533,505,556
Weighted average number of shares for calculation of diluted EPS	539,364,433	539,971,527	539,299,032	539,818,184

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 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Net asset value per ordinary share (US cents)	32.85	31.45	9.94	10.53

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.

Revenue for the nine months ended 30 September 2018 ("9M2018") was US\$214.4 million, a year-on-year ("yoy") increase of 9.7% compared with the US\$195.4 million revenue recorded in 9M2017. The Group's net profit after tax declined 8.9% to US\$15.1 million for 9M2018.

On a quarterly basis, revenue for the third quarter ended 30 September 2018 ("3Q2018") increased 4.0% from US\$70.1 million to US\$72.9 million. Profit after tax for the quarter decreased by 21.0% to US\$5.8 million.

Revenue by Markets (US\$'000)

	Group			Group		
	3Q 18 US\$'000	3Q 17 US\$'000	Increase/ (Decrease) %	9M 18 US\$'000	9M 17 US\$'000	Increase/ (Decrease) %
Russia	28,711	31,142	(7.8)	86,183	87,723	(1.8)
Ukraine	6,182	5,837	5.9	17,958	15,615	15.0
Kazakhstan and CIS markets	9,413	6,715	40.2	27,833	23,593	18.0
Indochina	13,056	10,550	23.8	39,543	27,056	46.2
Other Markets	15,537	15,858	(2.0)	42,841	41,363	3.6
Total	72,899	70,102	4.0	214,358	195,350	9.7

In 9M2018, sales in the Group's largest market, Russia, decreased by 1.8% to US\$86.2 million compared to US\$87.7 million mainly due to lower translated revenue partly offset by higher sales volume. The lower translated revenue was due to the depreciation of the Russian Ruble against the US dollar.

In the Group's Ukraine market, sales increased by 15.0% from US\$15.6 million in 9M2017 to US\$18.0 million in 9M2018 due to restructuring in the Group's distributorship and higher sales volume.

In the Group's Kazakhstan and CIS markets, sales increased by 18.0% from US\$23.6 million in 9M2017 to US\$27.8 million in 9M2018 mainly due to higher sales volume.

In the Group's Indochina market, sales increased by 46.2% from US\$27.1 million in 9M2017 to US\$39.5 million in 9M2018 due to higher sales volume.

Sales in the Group's Other Markets increased by 3.6% from US\$41.4 million in 9M2017 to US\$42.8 million in 9M2018 mainly due to higher sales contribution from the Group's Philippines market.

On a quarterly basis, the Group's revenue in 3Q2018 was US\$72.9 million, an increase of 4.0% compared to 3Q2017. Sales in the Group's Kazakhstan and CIS markets increased by 40.2% mainly due to a one-off reclassification of its advertising and promotion expenses in 3Q2017 coupled with higher sales volume.

Profitability

For 9M2018, the Group's net profit after tax decreased by 8.9% to US\$15.1 million. For 3Q2018, the Group's net profit after tax decreased by 21% to US\$5.8 million. This was mainly due to higher expenses incurred for advertising and promotion activities, higher manpower cost and foreign exchange losses recorded partly offset by lower tax expenses.

For 9M2018, selling and distribution expenses increased by US\$8.3 million from US\$28.0 million in 9M2017 to US\$36.3 million. For 3Q2018, selling and distribution expenses increased by US\$3.2 million from US\$8.8 million in 3Q2017 to US\$12.0 million. The increase was attributed to higher advertising and promotion expenses coupled with higher manpower cost.

For 9M2018, general and administrative expenses increased by US\$2.7 million from US\$25.3 million in 9M2017 to US\$28.0 million. For 3Q2018, general and administrative expenses increased by US\$1.3 million from US\$8.4 million in 3Q2017 to US\$9.7 million. The increase was mainly attributed to higher manpower and transportation costs.

The Group recorded a foreign exchange loss of US\$2.7 million in 9M2018 as compared to a foreign exchange gain of US\$1.1 million in 9M2017. For 9M2018, the Ukrainian Hryvnia weakened from 28.1 Hryvnia per US dollar on 31 December 2017 to 28.3 Hryvnia per US dollar on 30 September 2018. Over the same period, the Russian Ruble weakened to 65.6 Ruble per US dollar on 30 September 2018, compared with 57.6 Ruble per US dollar on 31 December 2017. As the Group is economically exposed to both markets, it was affected by the revaluation of its outstanding trade receivables denominated in currencies other than the US dollar.

Balance Sheet & Cashflow

Inventories increased from US\$47.5 million as at 31 December 2017 to US\$57.5 million as at 30 September 2018 due to stock-up of inventories in anticipation of higher sales.

Trade payables and accruals increased US\$5.1 million to US\$40.4 million as at 30 September 2018 mainly due to higher procurement and higher accruals for staff costs and advertising and promotion expenses.

Trade receivables increased from US\$39.7 million as at 31 December 2017 to US\$44.5 million as at 30 September 2018 mainly due to seasonal factors and higher sales.

The Group's net operating cash inflow declined from US\$19.0 million in 9M2017 to US\$6.4 million in 9M2018 in view of stock-up of inventories in anticipation of higher sales. The Group's cash and cash equivalents was US\$37.0 million as at 30 September 2018, compared to US\$42.8 million as at 31 December 2017.

The Group's net assets as at 30 September 2018 were US\$174.7 million. The net asset value per ordinary share (excluding non-controlling interest) as at 30 September 2018 was 32.85 US cents as compared to 31.45 US cents as at 31 December 2017.

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.**

In view of the global macroeconomic uncertainty brought about by the escalation of trade conflict between China and the United States, and the ongoing political tension between Russia and the Western nations, the Group may face currency volatility in core markets such as Russia, Ukraine, Kazakhstan and CIS countries, which could impact the results of the Group.

For the coming fiscal year, the Group will continue to focus on developing and extending its reach in markets outside of its traditional core, such as Indochina, and make efforts to improve performance of existing operations. The Group will also closely monitor the progress of its new manufacturing facility in India to ensure that it will meet the project timeline, which is scheduled to commence operation sometime in FY2020.

- 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.**

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 does not have a general mandate from shareholders for IPTs.

14. Confirmation by the Board Pursuant to Rule 705(5) of the SGX-ST Listing Manual

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 2018 to be false or misleading in any material aspect.

15. Confirmation by the Company in compliance with Rule 720(1) of the SGX-ST Listing Manual

The Company has procured the undertakings (in the format set out in Appendix 7.7) from all its Directors and Executive Officers.

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
14 November 2018