

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

First Quarter Financial Statement and Dividend Announcement for the Period ended 31 March 2017

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		Increase/ (Decrease) %
	1Q 17 US\$'000	1Q 16 US\$'000	
Revenue	62,440	50,510	23.6
Cost of sales	(37,535)	(34,282)	9.5
Gross profit	24,905	16,228	53.5
Selling and distribution expenses	(9,571)	(7,720)	24.0
General and administrative expenses	(8,011)	(6,589)	21.6
Results from operating activities	7,323	1,919	281.6
Net other income (Note 1)	1,462	2,925	(50.0)
Net finance expenses (Note 2)	(241)	(223)	8.1
Share of (loss)/profit of associates	(734)	192	NM
Profit before taxation (Note 3)	7,810	4,813	62.3
Taxation (Note 4)	(1,700)	(926)	83.6
Profit for the period	6,110	3,887	57.2
Profit attributable to:			
Equity shareholders of the Company	6,308	3,973	58.8
Non-controlling interest	(198)	(86)	130.2
	6,110	3,887	57.2

NM denotes not meaningful.

Notes:

1. Net other income comprises:

	Group		Increase/ (Decrease)
	1Q 17 US\$'000	1Q 16 US\$'000	%
<u>Other income</u>			
Gain on disposal of property, plant and equipment	-	4	NM
Sales of scrapped items	35	10	250.0
Other income	99	152	(34.9)
Insurance claim	12	13	(7.7)
Foreign exchange gain	1,318	2,746	(52.0)
	<u>1,464</u>	<u>2,925</u>	<u>(49.9)</u>
<u>Other expenses</u>			
Loss on disposal of property, plant and equipment	(2)	-	NM
	<u>(2)</u>	<u>-</u>	<u>NM</u>
Net other income	<u>1,462</u>	<u>2,925</u>	<u>(50.0)</u>

2. Net finance expenses comprises:

	Group		Increase/ (Decrease)
	1Q 17 US\$'000	1Q 16 US\$'000	%
<u>Finance income</u>			
Interest income	30	59	(49.2)
<u>Finance costs</u>			
Interest expenses on:			
- Bank loans	(271)	(278)	(2.5)
- Others	-	(4)	NM
	<u>(271)</u>	<u>(282)</u>	<u>(3.9)</u>
Net finance expenses	<u>(241)</u>	<u>(223)</u>	<u>8.1</u>

3. Included in profit before taxation are as follows:

	Group		Increase/ (Decrease)
	1Q 17 US\$'000	1Q 16 US\$'000	%
Depreciation of property, plant and equipment	(1,307)	(1,232)	6.1
Depreciation of investment properties	(40)	(38)	5.3
Inventories write back/(written down)	24	(24)	NM
Write back/(allowance) for doubtful receivables	20	(54)	NM
Net fair value loss on derivatives	(284)	(222)	27.9

4. Included in the taxation is as follows:

	Group		Increase/ (Decrease)
	1Q 17 US\$'000	1Q 16 US\$'000	%
Current income tax			
- Current income taxation	(1,363)	(898)	52%
- (Under)/over provision for prior year	(84)	61	NM
Deferred income tax	(253)	(89)	184%
	(1,700)	(926)	84%

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

	Group		Increase/ (Decrease)
	1Q 17 US\$'000	1Q 16 US\$'000	%
Profit net of tax	6,110	3,887	57.2
<u>Other comprehensive income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain	1,783	984	81.2
Share of other comprehensive (loss)/gain of associates	(35)	257	NM
Other comprehensive income for the period, net of tax	1,748	1,241	40.9
Total comprehensive income for the period	7,858	5,128	53.2
Total comprehensive income attributable to:			
Equity shareholders of the Company	8,056	5,214	54.5
Non-controlling interest	(198)	(86)	130.2
	7,858	5,128	53.2

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 Mar 2017 US\$'000	31 Dec 2016 US\$'000	31 Mar 2017 US\$'000	31 Dec 2016 US\$'000
Non-Current Assets				
Property, plant and equipment	64,418	64,389	-	-
Investment properties	15,944	15,436	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	14,616	15,298	-	-
Intangible assets	10,343	10,343	-	-
Amount due from an associate	125	208	-	-
Deferred tax assets	3,243	3,274	-	-
	108,689	108,948	44,545	44,545
Current Assets				
Cash and cash equivalents	32,828	28,574	54	131
Trade receivables	40,747	38,107	19	-
Deferred expenses	133	185	-	-
Prepaid operating expenses and other debtors	3,202	2,480	17	7
Other receivables	1,392	1,601	-	-
Amounts due from subsidiaries (non-trade)	-	-	9,467	9,933
Amounts due from associates (non-trade)	4,981	4,801	-	-
Amounts due from related parties (trade)	433	396	-	-
Inventories	49,835	43,560	-	-
	133,551	119,704	9,557	10,071
Current Liabilities				
Derivatives	(284)	-	-	-
Trade payables and accruals	(34,416)	(30,103)	(738)	(1,403)
Finance lease creditors	(34)	(34)	-	-
Interest-bearing loans and borrowings	(23,775)	(21,987)	-	-
Other payables	(2,748)	(2,217)	-	-
Amount due to subsidiaries (non-trade)	-	-	(19)	(19)
Amount due to related parties (non-trade)	(397)	(301)	-	-
Amounts due to associates (non-trade)	(70)	(49)	-	-
Amounts due to associates (trade)	(532)	(233)	-	-
Provision for taxation	(1,294)	(1,043)	(4)	(4)
	(63,550)	(55,967)	(761)	(1,426)
Net Current Assets	70,001	63,737	8,796	8,645
Non-Current Liabilities				
Finance lease creditors	(40)	(48)	-	-
Interest-bearing loans and borrowings	(14,745)	(16,833)	-	-
Other payables	(5)	(5)	-	-
Deferred tax liabilities	(2,054)	(1,943)	-	-
	(16,844)	(18,829)	-	-
Net Assets	161,846	153,856	53,341	53,190
Equity				
Share capital	40,915	40,846	40,915	40,846
Treasury shares	(317)	(317)	(317)	(317)
Reserves	121,327	113,208	12,743	12,661
	161,925	153,737	53,341	53,190
Non-controlling interest	(79)	119	-	-
Total Equity	161,846	153,856	53,341	53,190

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 Mar 2017		As at 31 Dec 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(34)	-	(34)	-
Interest-bearing loans and borrowings	(8,119)	(15,656)	(8,239)	(13,748)
Total	(8,153)	(15,656)	(8,273)	(13,748)

Amount repayable after one year

	As at 31 Mar 2017		As at 31 Dec 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(40)	-	(48)	-
Interest-bearing loans and borrowings	(10,765)	(3,980)	(12,273)	(4,560)
Total	(10,805)	(3,980)	(12,321)	(4,560)

Details of any collateral

As at 31 December 2016 and 31 March 2017, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2016 and 31 March 2017, 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 2016 and 31 March 2017, the unsecured interest bearing loan and borrowing 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	
	1Q 17	1Q 16
	US\$'000	US\$'000
Cash flows from operating activities		
Profit from operations before taxation	7,810	4,813
Adjustment for :		
Depreciation of property, plant and equipment	1,307	1,232
Depreciation of investment properties	40	38
Loss/(gain) on disposal of property, plant and equipment	2	(4)
Interest income	(30)	(59)
Interest expenses	271	282
Exchange realignment	711	(399)
Share of loss/(profit) of associates	734	(192)
(Write back)/allowance for doubtful receivables	(20)	54
Inventories (write back)/written down	(24)	24
Value of employee services received for issue of share options	63	11
Net fair value loss on derivatives	284	222
Operating profit before working capital changes	11,148	6,022
Increase in trade and other receivables	(3,657)	(620)
Increase in inventories	(6,251)	(5,323)
Increase in trade and other payables	5,143	453
Cash flows generated from operations	6,383	532
Income taxes (paid)/refunded	(718)	20
Net cash flows generated from operating activities	5,665	552
Cash flows from investing activities		
Interest income received	30	59
Purchase of property, plant and equipment	(942)	(1,110)
Subsequent expenditure on investment property	-	(2)
Proceeds from disposal of property, plant and equipment	4	8
Capital injection in an associate	-	(7,831)
Net cash flows used in investing activities	(908)	(8,876)
Cash flows from financing activities		
Interest expenses paid	(271)	(282)
Capital injection from non-controlling interest of subsidiaries	-	528
Repayment of interest-bearing loans and borrowings	(12,809)	(7,089)
Proceeds from interest-bearing loans and borrowings	12,267	11,340
Repayment of obligation under finance leases	(9)	(4)
Proceeds from issuance of shares	69	-
Net cash flows (used in)/generated from financing activities	(753)	4,493
Net increase/(decrease) in cash and cash equivalents	4,004	(3,831)
Effect of exchange rate changes on cash and cash equivalents	250	435
Cash and cash equivalents at beginning of the period	28,574	27,524
Cash and cash equivalents at end of the period	32,828	24,128

- 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 – 1Q 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 January 2017	40,846	(317)	(13,436)	1,997	124,647	153,737	119	153,856
Profit/(loss) for the period	-	-	-	-	6,308	6,308	(198)	6,110
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	1,783	-	-	1,783	-	1,783
Share of other comprehensive loss of associates	-	-	(35)	-	-	(35)	-	(35)
Total comprehensive income/(loss) for the period	-	-	1,748	-	6,308	8,056	(198)	7,858
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	63	-	63	-	63
Issuance of new shares	69	-	-	-	-	69	-	69
Total contributions by and distributions to owners, representing total transactions with owners in their own capacity as owners	69	-	-	63	-	132	-	132
Balance as at 31 March 2017	40,915	(317)	(11,688)	2,060	130,955	161,925	(79)	161,846

The Group – 1Q 16

	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 January 2016	40,725	(317)	(15,057)	1,888	110,126	137,365	89	137,454
Profit/(loss) for the period	-	-	-	-	3,973	3,973	(86)	3,887
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	984	-	-	984	-	984
Share of other comprehensive gain of associates	-	-	257	-	-	257	-	257
Total comprehensive income/(loss) for the period	-	-	1,241	-	3,973	5,214	(86)	5,128
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	11	-	11	-	11
Total contributions by and distributions to owners	-	-	-	11	-	11	-	11
<u>Changes in ownership interests in subsidiaries</u>								
Capital injection from non-controlling interests of subsidiaries, representing total changes in ownership interests in subsidiaries	-	-	-	-	-	-	528	528
Total transactions with owners in their capacity as owners	-	-	-	11	-	11	528	539
Balance as at 31 March 2016	40,725	(317)	(13,816)	1,899	114,099	142,590	531	143,121

The Company – 1Q

	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 January 2017	40,846	(317)	2,820	1,997	7,844	53,190
Loss for the period	-	-	-	-	(283)	(283)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	302	-	-	302
Total comprehensive income/(loss) for the period	-	-	302	-	(283)	19
<u>Contributions by and distributions to owners</u>						
Issuance of new shares	69	-	-	-	-	69
Value of employee services received for issue of share options	-	-	-	63	-	63
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	69	-	-	63	-	132
Balance as at 31 March 2017	40,915	(317)	3,122	2,060	7,561	53,341
Balance as at 1 January 2016	40,725	(317)	2,999	1,888	8,781	54,076
Loss for the period	-	-	-	-	(369)	(369)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	437	-	-	437
Total comprehensive income/(loss) for the period	-	-	437	-	(369)	68
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	11	-	11
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	11	-	11
Balance as at 31 March 2016	40,725	(317)	3,436	1,899	8,412	54,155

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: -

	<u>FY 2017</u>	<u>FY 2016</u>
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan (including treasury shares)	534,171,999	533,741,999
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\$0.315 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)	<u>533,400,999</u>	<u>532,740,999</u>
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan and 31 Mar	<u>2,810,000</u>	<u>2,840,000</u>
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,630,000	3,630,000
Options exercised during the period	(130,000)	-
Balance as at 31 Mar	<u>3,500,000</u>	<u>3,630,000</u>
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	3,272,000	3,672,000
Options exercised during the period	(100,000)	-
Balance as at 31 Mar	<u>3,172,000</u>	<u>3,672,000</u>
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan and 31 Mar	<u>4,630,000</u>	<u>4,630,000</u>
<u>Share Option - exercise price of S\$0.308</u>		
Balance as at 1 Jan and 31 Mar	<u>5,170,000</u>	-

Out of the 19,282,000 outstanding share options on 31 March 2017 (31 March 2016: 14,772,000), 14,112,000 (31 March 2016: 14,772,000) share options are exercisable.

Treasury Shares

As at 31 March 2017, the total number of treasury shares held was 1,001,000 (31 March 2016: 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 31 Mar 2017	As at 31 Dec 2016
Issued ordinary shares	533,400,999	533,170,999

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 2016, except for the adoption of new/revised FRS which came into effect on 1 January 2017.

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/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	
	1Q 17	1Q 16
Profit per share		
Based on existing issued share capital (USD cents)	1.18	0.75
On a fully diluted basis (USD cents)	1.17	0.75

	Group	
	1Q 17	1Q 16
Weighted average number of shares table		
Weighted average number of shares for calculation of basic EPS	533,282,888	532,740,999
Weighted average number of shares for calculation of diluted EPS	538,141,891	532,740,999

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	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per ordinary share (USD cents)	30.36	28.83	10.00	9.98

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 first quarter ended 31 March 2017 ("1Q2017") was US\$62.4 million, a year-on-year ("yoy") increase of 23.6% compared with the US\$50.5 million revenue recorded in 1Q2016. The Group reported a net profit after tax of US\$6.1 million for 1Q2017 as compared to US\$3.9 million for 1Q2016.

Revenue by Markets (US\$'000)

	Group		Increase/ (Decrease) %
	1Q 17 US\$'000	1Q 16 US\$'000	
Russia	29,946	24,345	23.0
Ukraine	4,415	5,191	(14.9)
Kazakhstan and CIS markets	9,220	3,816	141.6
Indochina	7,043	8,591	(18.0)
Other Markets	11,816	8,567	37.9
Total	62,440	50,510	23.6

In 1Q2017, sales in the Group's largest market, Russia, increased by 23.0% to US\$29.9 million compared to US\$24.3 million due to appreciation of the Russian Ruble against the US dollar.

In the Group's Ukraine market, sales declined by 14.9% from US\$5.2 million in 1Q2016 to US\$4.4 million in 1Q2017 due to weakening of the Ukrainian Hryvnia against the US dollar. In local currency terms, Ukraine recorded lower revenue due to decrease in sales volume.

In the Group's Kazakhstan and CIS markets, sales increased by 141.6% from US\$3.8 million in 1Q2016 to US\$9.2 million in 1Q2017 mainly due to change in business model and reduction of price compensation to distributor in Kazakhstan coupled with aggressive promotion.

In the Group's Indochina market, sales decreased by 18.0% from US\$8.6 million in 1Q2016 to US\$7.0 million in 1Q2017 due to the difference in the timing of the festive season.

Sales in the Group's Other Markets increased by 37.9% from US\$8.6 million in 1Q2016 to US\$11.8 million in 1Q2017 due to higher sales contribution from the Group's non-dairy creamer plant in Malaysia and instant coffee plant in India.

Profitability

For 1Q2017, the Group recorded a net profit after tax of US\$6.1 million as compared to US\$3.9 million in 1Q2016 mainly due to higher selling prices in key markets offset by higher share of losses from our Korean associate.

For 1Q2017, selling and distribution expenses increased by US\$1.9 million from US\$7.7 million in 1Q2016 to US\$9.6 million. The increase was mainly attributed to higher expenses for advertising and promotion activities coupled with higher manpower cost.

For 1Q2017, general and administrative expenses increased by US\$1.4 million from US\$6.6 million in 1Q2016 to US\$8.0 million. The increase was mainly attributed to higher manpower cost and transportation expenses.

In 1Q2017, the Ukrainian Hryvnia strengthened marginally from 27.2 Hryvnia per US dollar on 31 December 2016 to 27.0 Hryvnia per US dollar on 31 March 2017. Over the same period, the Russian Ruble strengthened to 56.4 Ruble per US dollar on 31 March 2017, compared with 60.6 Ruble per US dollar on 31 December 2016. 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\$43.6 million as at 31 December 2016 to US\$49.8 million as at 31 March 2017 due to translation gain of inventories held in currencies other than the US dollar and stock-up of inventories.

Trade payables and accruals increased from US\$30.1 million as at 31 December 2016 to US\$34.4 million as at 31 March 2017 in line with higher inventories.

The Group's net operating cash inflow was US\$5.7 million in 1Q2017 compared to US\$0.6 million in 1Q2016. The Group's cash and cash equivalents was US\$32.8 million as at 31 March 2017, compared to US\$28.6 million as at 31 December 2016.

The Group's net assets as at 31 March 2017 were US\$161.8 million. The net asset value per ordinary share (excluding non-controlling interests) as at 31 March 2017 was 30.36 US cents as compared to 28.83 US cents as at 31 December 2016.

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.

As currencies of the Group's key markets such as Russia, Kazakhstan and CIS countries begin to stabilize, together with the possible recovery in oil prices, the Group expects the economies of its key markets such as Russia, Kazakhstan and CIS countries to fare better compared to a year ago.

The Group continues to be on the lookout for opportunities to expand into new geographies outside its core markets to provide a more balanced portfolio. Building on the Group's successful market diversification efforts in Indochina, the Group plans to replicate its proven business model in other regions in Asia.

The Group's upstream projects (non-dairy creamer plant and the instant coffee plant in India, as well as its snacks manufacturing facility in Malaysia) continue to gain growth momentum. The successful vertical integration of our supply chain has provided the Group with greater control over the supply and production of raw materials. The Group plans to ramp up production scale to improve profitability.

Besides organic growth, the Group also intends to tap on strategic mergers and acquisitions to expand further upstream and downstream as well as enter new markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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 31 March 2017 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
11 May 2017