

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

First Quarter Financial Statement and Dividend Announcement for the Period ended 31 March 2016

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.

	1Q 16	Group *Restated 1Q 15	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	50,510	51,426	(1.8)
Cost of sales	(34,282)	(34,003)	0.8
Gross profit	16,228	17,423	(6.9)
Selling and distribution expenses	(7,720)	(8,748)	(11.8)
General and administrative expenses	(6,589)	(6,171)	6.8
Results from operating expenses	1,919	2,504	(23.4)
Net other income/(expenses) (Note 1)	2,925	(6,784)	NM
Net finance costs (Note 2)	(223)	(173)	28.9
Share of profit of associates	192	155	23.9
Profit/(loss) before taxation (Note 3)	4,813	(4,298)	NM
Taxation (Note 4)	(926)	(190)	387.4
Profit/(loss) for the period	3,887	(4,488)	NM
Profit/(loss) attributable to:			
Equity shareholders of the Company	3,973	(4,410)	NM
Non-controlling interest	(86)	(78)	10.3
	3,887	(4,488)	NM

* Comparatives have been restated as highlighted under note 5.

NM denotes not meaningful.

Notes:

1. Net other income/(expenses) comprises:

	1Q 16 US\$'000	Group *Restated 1Q 15 US\$'000	Increase/ (Decrease) %
<u>Other income</u>			
Gain on disposal of assets held for sale	-	938	NM
Gain on disposal of property, plant and equipment	4	-	NM
Sales of scrapped items	10	8	25.0
Other income	152	261	(41.8)
Insurance claim	13	-	NM
Foreign exchange gain	2,746	-	NM
	<u>2,925</u>	<u>1,207</u>	<u>142.3</u>
<u>Other expenses</u>			
Foreign exchange loss	-	(7,991)	NM
Net other income/(expenses)	<u>2,925</u>	<u>(6,784)</u>	<u>NM</u>

2. Net finance costs comprises:

	1Q 16 US\$'000	Group *Restated 1Q 15 US\$'000	Increase/ (Decrease) %
<u>Finance income</u>			
Interest income	59	15	293.3
<u>Finance costs</u>			
Interest expenses on:			
- Bank loans	(278)	(185)	50.3
- Others	(4)	(3)	33.3
	<u>(282)</u>	<u>(188)</u>	<u>50.0</u>
Net finance costs	<u>(223)</u>	<u>(173)</u>	<u>28.9</u>

3. Included in profit/(loss) before taxation are as follows:

	1Q 16 US\$'000	Group *Restated 1Q 15 US\$'000	Increase/ (Decrease) %
Write down of inventories	(24)	(69)	(65.2)
(Allowance)/write back for doubtful receivables	(54)	9	NM

4. Included in the taxation is as follows:

	1Q 16 US\$'000	Group *Restated 1Q 15 US\$'000	Increase/ (Decrease) %
Over/(under) provision for prior year	61	(127)	NM

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

	1Q 16 US\$'000	Group *Restated 1Q 15 US\$'000	Increase/ (Decrease) %
Profit/(loss) net of tax	3,887	(4,488)	NM
<u>Other comprehensive income/(loss):</u>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain	984	907	8.5
Share of other comprehensive gain/(loss) of associates	257	(224)	NM
Other comprehensive income for the period, net of tax	1,241	683	81.7
Total comprehensive income/(loss) for the period	5,128	(3,805)	NM
Total comprehensive income/(loss) attributable to:			
Equity shareholders of the Company	5,214	(3,727)	NM
Non-controlling interest	(86)	(78)	10.3
	5,128	(3,805)	NM

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 2016 US\$'000	31 Dec 2015 US\$'000	31 Mar 2016 US\$'000	31 Dec 2015 US\$'000
Non-Current Assets				
Property, plant and equipment	66,814	66,519	26	35
Investment properties	15,965	15,275	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	15,927	7,647	-	-
Intangible assets	10,343	10,343	-	-
Deferred tax assets	3,687	3,614	-	-
	112,736	103,398	44,571	44,580
Current Assets				
Cash and cash equivalents	24,128	27,524	25	92
Trade receivables	38,447	38,576	29	-
Deferred expenses	221	152	-	-
Prepaid operating expenses and other debtors	3,129	2,833	33	57
Other receivables	1,416	1,433	-	-
Amounts due from subsidiaries (non-trade)	-	-	10,073	9,839
Amounts due from associates (non-trade)	621	841	-	-
Amounts due from related parties (trade)	784	364	-	-
Inventories	45,399	40,100	-	-
	114,145	111,823	10,160	9,988
Current Liabilities				
Derivatives	(222)	-	-	-
Trade payables and accruals	(32,226)	(32,412)	(553)	(459)
Finance lease creditors	(17)	(15)	-	-
Interest-bearing loans and borrowings	(19,970)	(13,303)	-	-
Other payables	(4,392)	(3,754)	-	-
Amount due to subsidiaries (non-trade)	-	-	(20)	(19)
Amount due to related parties (trade)	-	(154)	-	-
Amount due to related parties (non-trade)	(2)	-	-	-
Amounts due to associates (non-trade)	(181)	(165)	-	-
Amounts due to associates (trade)	(396)	(395)	-	-
Provision for taxation	(1,781)	(960)	(3)	(14)
	(59,187)	(51,158)	(576)	(492)
Net Current Assets	54,958	60,665	9,584	9,496
Non-Current Liabilities				
Finance lease creditors	(27)	(27)	-	-
Interest-bearing loans and borrowings	(24,083)	(26,119)	-	-
Other payables	(5)	(6)	-	-
Deferred tax liabilities	(458)	(457)	-	-
	(24,573)	(26,609)	-	-
Net Assets	143,121	137,454	54,155	54,076
Equity				
Share capital	40,725	40,725	40,725	40,725
Treasury shares	(317)	(317)	(317)	(317)
Reserves	102,182	96,957	13,747	13,668
	142,590	137,365	54,155	54,076
Non-controlling interest	531	89	-	-
Total Equity	143,121	137,454	54,155	54,076

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 2016		As at 31 Dec 2015	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(17)	-	(15)	-
Interest-bearing loans and borrowings	(9,623)	(10,347)	(8,455)	(4,848)
Total	<u>(9,640)</u>	<u>(10,347)</u>	<u>(8,470)</u>	<u>(4,848)</u>

Amount repayable after one year

	As at 31 Mar 2016		As at 31 Dec 2015	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(27)	-	(27)	-
Interest-bearing loans and borrowings	(17,783)	(6,300)	(19,239)	(6,880)
Total	<u>(17,810)</u>	<u>(6,300)</u>	<u>(19,266)</u>	<u>(6,880)</u>

Details of any collateral

As at 31 December 2015 and 31 March 2016, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2015 and 31 March 2016, 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 2015 and 31 March 2016, 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 16	1Q 15
	US\$'000	US\$'000
Cash flows from operating activities		
Profit/(loss) from operations before taxation	4,813	(4,298)
Adjustment for :		
Depreciation of property, plant and equipment	1,232	1,067
Depreciation of investment properties	38	8
Gain on disposal of assets held for sale	-	(938)
Gain on disposal of property, plant and equipment	(4)	-
Interest income	(59)	(15)
Interest expenses	282	188
Exchange realignment	(399)	3,711
Share of profit of associates	(192)	(155)
Allowance/(write back) for doubtful receivables	54	(9)
Inventories written down	24	69
Value of employee services received for issue of share options	11	33
Net fair value loss on derivatives	222	-
Operating profit/(loss) before working capital changes	6,022	(339)
(Increase)/decrease in trade and other receivables	(620)	1,108
Increase in inventories	(5,323)	(257)
Increase/(decrease) in trade and other payables	453	(4,414)
Cash flows generated from/(used in) operations	532	(3,902)
Income taxes refund/(paid)	20	(4)
Net cash flows generated from/(used in) operating activities	552	(3,906)
Cash flows from investing activities		
Interest income received	59	15
Purchase of property, plant and equipment	(1,110)	(2,029)
Subsequent expenditure on investment property	(2)	(317)
Proceeds from disposal of property, plant and equipment	8	20
Proceeds from disposal of assets held for sale	-	1,481
Capital injection in an associate	(7,831)	-
Net cash flows used in investing activities	(8,876)	(830)
Cash flows from financing activities		
Interest expenses paid	(282)	(258)
Capital injection from non-controlling interest of subsidiaries	528	-
Repayment of interest-bearing loans and borrowings	(7,089)	(4,580)
Proceeds from interest-bearing loans and borrowings	11,340	7,102
Repayment of obligation under finance leases	(4)	(4)
Net cash flows generated from financing activities	4,493	2,260
Net decrease in cash and cash equivalents	(3,831)	(2,476)
Effect of exchange rate changes on cash and cash equivalents	435	(946)
Cash and cash equivalents at beginning of the period	27,524	19,778
Cash and cash equivalents at end of the period	24,128	16,356

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 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 interest 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 Group – 1Q 15

	Attributable to equity shareholders of the Company								
	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	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 January 2015	40,725	(317)	(13,962)	60	1,808	109,856	138,170	263	138,433
Loss for the period	-	-	-	-	-	(4,410)	(4,410)	(78)	(4,488)
<u>Other comprehensive income/(loss)</u>									
Foreign currency translation gain	-	-	907	-	-	-	907	-	907
Share of other comprehensive loss of associates	-	-	(224)	-	-	-	(224)	-	(224)
Reversal of asset revaluation reserve from disposal of assets held for sale	-	-	-	(60)	-	60	-	-	-
Total comprehensive income/(loss) for the period	-	-	683	(60)	-	(4,350)	(3,727)	(78)	(3,805)
<u>Contributions by and distributions to owners</u>									
Value of employee services received for issue of share options	-	-	-	-	33	-	33	-	33
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	-	33	-	33	-	33
Balance as at 31 March 2015	40,725	(317)	(13,279)	-	1,841	105,506	134,476	185	134,661

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 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
Balance as at 1 January 2015	40,725	(317)	3,669	1,808	8,997	54,882
Loss for the period	-	-	-	-	(299)	(299)
<u>Other comprehensive loss</u>						
Foreign currency translation loss	-	-	(401)	-	-	(401)
Total comprehensive loss for the period	-	-	(401)	-	(299)	(700)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	33	-	33
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	33	-	33
Balance as at 31 March 2015	40,725	(317)	3,268	1,841	8,698	54,215

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: -

	<u>FY 2016</u>	<u>FY2015</u>
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan (excluding treasury shares)	533,741,999	533,741,999
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	<u>532,740,999</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>2,840,000</u>	<u>2,840,000</u>
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan and 31 Mar	<u>3,630,000</u>	<u>3,630,000</u>
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan and 31 Mar	<u>3,672,000</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>

Out of the 14,772,000 outstanding share options on 31 March 2016 (31 March 2015: 14,772,000), 14,772,000 (31 March 2015: 13,383,000) share options are exercisable.

Treasury Shares

As at 31 March 2016, the total number of treasury shares held was 1,001,000 (31 March 2015: 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 31 March 2016</u>	<u>As at 31 Dec 2015</u>
Issued ordinary shares	532,740,999	532,740,999

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 2015, except for the adoption of new/revised FRS which came into effect on 1 January 2016.

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.

As highlighted in FY2015 full year announcement, the Group has adopted the presentation of analysis of expenses recognised in the Consolidated Income Statement from the classification based on the nature of expenses to the classification based on function. The comparatives had been restated accordingly to follow the same classification.

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 16	1Q 15
Profit/(loss) per share		
Based on existing issued share capital (USD cents)	0.75	(0.83)
On a fully diluted basis (USD cents)	0.75	(0.83)
	Group	
	1Q 16	1Q 15
Weighted average number of shares table		
Weighted average number of shares for calculation of basic EPS	532,740,999	532,740,999
Weighted average number of shares for calculation of diluted EPS	532,740,999	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-16	31-Dec-15	31-Mar-16	31-Dec-15
Net asset value per ordinary share (USD cents)	26.77	25.78	10.17	10.15

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 2016 ("1Q2016") was US\$50.5 million, a year-on-year ("yoy") decline of 1.8% compared with the US\$51.4 million revenue recorded in 1Q2015.

Revenue by Markets (US\$'000)

	Group		Increase/ (Decrease) %
	1Q 16 US\$'000	1Q 15 US\$'000	
Russia	24,345	25,456	(4.4)
Ukraine	5,191	4,325	20.0
Kazakhstan and CIS Countries	3,816	7,985	(52.2)
Indochina	8,591	5,989	43.4
Other Markets	8,567	7,671	11.7
Total	50,510	51,426	(1.8)

In 1Q2016, sales of the Group's largest market, Russia, decreased by 4.4% to US\$24.3 million compared to US\$25.5 million due to weakening of the Russian Ruble against the US dollar on a yoy basis. In local currency terms, Russia recorded higher revenue due to increase in selling price.

In the Group's Ukraine market, sales improved by 20.0% from US\$4.3 million in 1Q2015 to US\$5.2 million in 1Q2016 due to higher selling price.

In the Group's Kazakhstan market and CIS countries, sales decreased by 52.2% from US\$8.0 million in 1Q2015 to US\$3.8 million in 1Q2016 due to soft consumer sentiment, the weakening of local currencies and the change in business processes from distributor importer to direct import model.

In the Group's Indochina market, sales increased by 43.4% from US\$6.0 million in 1Q2015 to US\$8.6 million in 1Q2016 as a result of higher sales due to wider distribution channels, aggressive advertising and promotion activities.

Sales of the Group's Other Markets grew by 11.7% from US\$7.7 million in 1Q2015 to US\$8.6 million in 1Q2016 due to higher sales contribution from the non-dairy creamer plant in Malaysia.

Profitability

For 1Q2016, the Group recorded a net profit after tax of US\$3.9 million compared to a net loss after tax of US\$4.5 million in 1Q2015 mainly due to more favourable exchange rates coupled with higher selling prices.

For 1Q2016, selling and distribution expenses decreased by US\$1.0 million from US\$8.7 million in 1Q2015 to US\$7.7 million. The decrease was mainly attributed to lower expenses for advertising and promotion activities.

In 1Q2016, the Ukrainian Hryvnia weakened from 23.9 Hryvnia per US dollar on 31 December 2015 to 26.2 Hryvnia per US dollar on 31 March 2016. Over the same period, the Russian Ruble strengthened to 67.6 Ruble per US dollar on 31 March 2016, compared with 72.9 Ruble per US dollar on 31 December 2015. 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\$40.1 million at 31 December 2015 to US\$45.4 million as at 31 March 2016 due to translation gain of inventories held in currencies other than the US dollar, slow down of sales in the CIS countries and a change in business processes from distributor importer to direct import model for our operations in Kazakhstan.

Investments in associates increased from US\$7.6 million as at 31 December 2015 to US\$15.9 million as at 31 March 2016 due to the Group's investment in Caffebene Co., Ltd.

The Group's borrowings were US\$44.1 million as at 31 March 2016, compared to US\$39.5 million as at 31 December 2015. This increase was largely attributed to additional trade loans taken up for the Group's India operations as well as for the Group's investment in Caffebene Co., Ltd.

The Group's net operating cash flow position improved, with a net operating cash inflow of US\$0.6 million in 1Q2016, compared to a net operating cash outflow of US\$3.9 million in 1Q2015. The Group's cash and cash equivalents was US\$24.1 million as at 31 March 2016, compared to US\$27.5 million as at 31 December 2015.

The Group's net assets as at 31 March 2016 were US\$143.1 million. The net asset value per ordinary share (excluding non-controlling interests) as at 31 March 2016 was 26.77 US cents as compared to 25.78 US cents as at 31 December 2015.

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.

Global oil prices continue to remain volatile amid concerns of global oversupply and the weak global economic outlook. As a result, currencies of the Group's key markets such as Russia and Ukraine remain vulnerable and may affect the Group's financial performance in the foreseeable future.

On the other hand, the Group has achieved meaningful geographical diversification with its breakthrough in Indochina and will continue to nurture and develop these new markets. Efforts are also underway to push for an expansion of its product portfolio, particularly in the coffee and beverage capsule business through the production, marketing and distribution of its proprietary "Coffee One" and Nespresso compatible systems.

The Group will continue to bring up the utilisation levels of all its upstream projects, which include the non-dairy creamer plant, snack factory, the beverage manufacturing facility in Malaysia and the instant coffee plant in India. It will also intensify marketing efforts in FY2016 to achieve better operational and financial performance.

As announced on 18 March 2016, as part of the Group's growth plans to move into the downstream business, it has successfully taken a minority stake in Caffebene Co., Ltd. ("Caffebene"), one of South Korea's largest coffee house chains via the subscription of new shares by its 51% owned subsidiary, Hallyu Ventures Pte Ltd. The Group is working with Caffebene to explore commercial and strategic opportunities.

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 2016 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 2016