



## FOOD EMPIRE HOLDINGS LIMITED

(Co Registration No: 200001282G)

### Third Quarter Financial Statement and Dividend Announcement for the Period ended 30 September 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			Group		
	3Q 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
Revenue	70,102	68,278	2.7	195,350	172,174	13.5
Cost of sales	(43,738)	(42,132)	3.8	(120,620)	(111,194)	8.5
Gross profit	26,364	26,146	0.8	74,730	60,980	22.5
Selling and distribution expenses	(8,764)	(10,492)	(16.5)	(28,048)	(29,222)	(4.0)
General and administrative expenses	(8,354)	(7,712)	8.3	(25,494)	(21,607)	18.0
Results from operating expenses	9,246	7,942	16.4	21,188	10,151	108.7
Net other income/(expenses) (Note 1)	292	(23)	NM	1,899	5,200	(63.5)
Net finance costs (Note 2)	(256)	(248)	3.2	(761)	(698)	9.0
Share of profit/(loss) of associates	158	(694)	NM	(684)	(666)	2.7
<b>Profit before taxation (Note 3)</b>	<b>9,440</b>	<b>6,977</b>	<b>35.3</b>	<b>21,642</b>	<b>13,987</b>	<b>54.7</b>
Taxation (Note 4)	(2,151)	(1,238)	73.7	(5,040)	(2,707)	86.2
<b>Profit for the period</b>	<b>7,289</b>	<b>5,739</b>	<b>27.0</b>	<b>16,602</b>	<b>11,280</b>	<b>47.2</b>
<b>Profit attributable to:</b>						
Equity shareholders of the Company	7,351	5,797	26.8	16,887	11,605	45.5
Non-controlling interest	(62)	(58)	6.9	(285)	(325)	(12.3)
	<b>7,289</b>	<b>5,739</b>	<b>27.0</b>	<b>16,602</b>	<b>11,280</b>	<b>47.2</b>

NM denotes not meaningful.

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

	Group			Group		
	3Q 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
<u>Other income</u>						
Gain on disposal of property, plant and equipment	12	-	NM	24	-	NM
Sales of scrapped items	56	16	250.0	134	59	127.1
Other income	118	183	(35.5)	653	407	60.4
Insurance claim	1	4	(75.0)	19	17	11.8
Foreign exchange gain	129	-	NM	1,093	4,729	(76.9)
	<u>316</u>	<u>203</u>	<u>55.7</u>	<u>1,923</u>	<u>5,212</u>	<u>(63.1)</u>
<u>Other expenses</u>						
Foreign exchange loss	-	(207)	NM	-	-	NM
Loss on disposal of property, plant and equipment	-	(19)	NM	-	(12)	NM
Loss on disposal of a subsidiary	(24)	-	NM	(24)	-	NM
	<u>(24)</u>	<u>(226)</u>	<u>(89.4)</u>	<u>(24)</u>	<u>(12)</u>	<u>100.0</u>
<b>Net other income</b>	<b>292</b>	<b>(23)</b>	<b>NM</b>	<b>1,899</b>	<b>5,200</b>	<b>(63.5)</b>

**2. Net finance costs comprises:**

	Group			Group		
	3Q 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
<u>Finance income</u>						
Interest income	83	62	33.9	166	189	(12.2)
<u>Finance costs</u>						
Interest expenses on:						
- Bank loans	(337)	(307)	9.8	(923)	(878)	5.1
- Others	(2)	(3)	(33.33)	(4)	(9)	(55.6)
	<u>(339)</u>	<u>(310)</u>	<u>9.4</u>	<u>(927)</u>	<u>(887)</u>	<u>4.5</u>
<b>Net finance costs</b>	<b>(256)</b>	<b>(248)</b>	<b>3.2</b>	<b>(761)</b>	<b>(698)</b>	<b>9.0</b>

**3. Included in profit before taxation are as follows:**

	Group			Group		
	3Q 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(1,329)	(1,304)	1.9	(3,952)	(3,811)	3.7
Depreciation of investment properties	(41)	(40)	2.5	(121)	(118)	2.5
Inventories written down	(47)	(95)	(50.5)	(369)	(103)	258.3
Write back/(allowance) for doubtful receivables	84	9	833.3	(188)	(525)	(64.2)
Net fair value (loss)/gain on derivatives	(54)	(18)	200.0	42	(93)	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 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
Current income tax						
- Current income taxation	(1,605)	(55)	2,818.2	(4,126)	(1,431)	188.3
- (Under)/over provision for prior year	(45)	(71)	(36.6)	(50)	80	NM
Deferred income tax	(501)	(1,112)	(54.9)	(864)	(1,356)	(36.3)
	<b>(2,151)</b>	<b>(1,238)</b>	<b>73.7</b>	<b>(5,040)</b>	<b>(2,707)</b>	<b>86.2</b>

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

	Group			Group		
	3Q 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
Profit net of tax	7,289	5,739	27.0	16,602	11,280	47.2
<b>Other comprehensive income/(loss):</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation gain/(loss)	584	(68)	NM	1,773	975	81.8
Share of other comprehensive gain of associates	82	58	41.4	379	457	(17.1)
Exchange differences realised on disposal of a subsidiary	92	-	NM	92	-	NM
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>758</b>	<b>(10)</b>	<b>NM</b>	<b>2,244</b>	<b>1,432</b>	<b>56.7</b>
<b>Total comprehensive income for the period</b>	<b>8,047</b>	<b>5,729</b>	<b>40.5</b>	<b>18,846</b>	<b>12,712</b>	<b>48.3</b>
<b>Total comprehensive income attributable to:</b>						
Equity shareholders of the Company	8,109	5,787	40.1	19,131	13,037	46.7
Non-controlling interest	(62)	(58)	6.9	(285)	(325)	(12.3)
	<b>8,047</b>	<b>5,729</b>	<b>40.5</b>	<b>18,846</b>	<b>12,712</b>	<b>48.3</b>

**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 2017 US\$'000	31 Dec 2016 US\$'000	30 Sep 2017 US\$'000	31 Dec 2016 US\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	63,973	64,389	-	-
Investment properties	16,334	15,436	-	-
Investments in subsidiaries	-	-	44,536	44,545
Investments in associates	17,508	15,298	-	-
Intangible assets	10,343	10,343	-	-
Amount due from an associate (non-trade)	136	208	-	-
Deferred tax assets	2,688	3,274	-	-
	<b>110,982</b>	<b>108,948</b>	<b>44,536</b>	<b>44,545</b>
<b>Current Assets</b>				
Cash and cash equivalents	38,863	28,574	66	131
Trade receivables	44,291	38,107	15	-
Deferred expenses	216	185	-	-
Prepaid operating expenses and other debtors	3,049	2,480	13	7
Derivatives	42	-	-	-
Other receivables	1,384	1,601	-	-
Amounts due from subsidiaries (non-trade)	-	-	11,754	9,933
Amounts due from associates (non-trade)	3,508	4,801	-	-
Amounts due from related parties (trade)	700	396	-	-
Inventories	49,739	43,560	-	-
	<b>141,792</b>	<b>119,704</b>	<b>11,848</b>	<b>10,071</b>
<b>Current Liabilities</b>				
Trade payables and accruals	(36,999)	(30,103)	(363)	(1,403)
Finance lease creditors	(35)	(34)	-	-
Interest-bearing loans and borrowings	(20,459)	(21,987)	-	-
Other payables	(3,162)	(2,217)	-	-
Amount due to subsidiaries (non-trade)	-	-	(21)	(19)
Amounts due to related parties (non-trade)	(417)	(301)	-	-
Amounts due to associates (non-trade)	(130)	(49)	-	-
Amounts due to associates (trade)	(207)	(233)	-	-
Provision for taxation	(1,883)	(1,043)	-	(4)
	<b>(63,292)</b>	<b>(55,967)</b>	<b>(384)</b>	<b>(1,426)</b>
<b>Net Current Assets</b>	<b>78,500</b>	<b>63,737</b>	<b>11,464</b>	<b>8,645</b>
<b>Non-Current Liabilities</b>				
Finance lease creditors	(23)	(48)	-	-
Interest-bearing loans and borrowings	(16,707)	(16,833)	-	-
Other payables	(5)	(5)	-	-
Deferred tax liabilities	(2,163)	(1,943)	-	-
	<b>(18,898)</b>	<b>(18,829)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>170,584</b>	<b>153,856</b>	<b>56,000</b>	<b>53,190</b>
<b>Equity</b>				
Share capital	41,077	40,846	41,077	40,846
Treasury shares	(317)	(317)	(317)	(317)
Reserves	129,857	113,208	15,240	12,661
	<b>170,617</b>	<b>153,737</b>	<b>56,000</b>	<b>53,190</b>
Non-controlling interest	(33)	119	-	-
<b>Total Equity</b>	<b>170,584</b>	<b>153,856</b>	<b>56,000</b>	<b>53,190</b>

**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 2017		As at 31 Dec 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(35)	-	(34)	-
Interest-bearing loans and borrowings	(6,312)	(14,147)	(8,239)	(13,748)
Total	<u>(6,347)</u>	<u>(14,147)</u>	<u>(8,273)</u>	<u>(13,748)</u>

**Amount repayable after one year**

	As at 30 Sep 2017		As at 31 Dec 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(23)	-	(48)	-
Interest-bearing loans and borrowings	(7,982)	(8,725)	(12,273)	(4,560)
Total	<u>(8,005)</u>	<u>(8,725)</u>	<u>(12,321)</u>	<u>(4,560)</u>

**Details of any collateral**

As at 31 December 2016 and 30 September 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 30 September 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 30 September 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		Group	
	3Q 17	3Q 16	9M 17	9M 16
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Profit from operations before taxation	9,440	6,977	21,642	13,987
Adjustment for :				
Depreciation of property, plant and equipment	1,329	1,304	3,952	3,811
Depreciation of investment properties	41	40	121	118
Loss on disposal of a subsidiary	25	-	25	-
(Gain)/loss on disposal of property, plant and equipment	(12)	19	(24)	12
Interest income	(83)	(62)	(166)	(189)
Interest expenses	339	310	927	887
Exchange realignment	201	146	61	(624)
Share of (profit)/loss of associates	(158)	694	684	666
(Write back)/allowance for doubtful receivables	(84)	(9)	188	525
Inventories written down	47	95	369	103
(Write back)/allowance for impairment on property, plant and equipment	(4)	-	98	-
Value of employee services received for issue of share options	25	63	154	74
Net fair value loss/(gain) on derivatives	54	18	(42)	93
<b>Operating profit before working capital changes</b>	<b>11,160</b>	<b>9,595</b>	<b>27,989</b>	<b>19,463</b>
Increase in trade and other receivables	(7,641)	(5,460)	(7,405)	(3,435)
(Increase)/decrease in inventories	(1,030)	836	(6,548)	(6,732)
Increase/(decrease) in trade and other payables	5,637	2,330	7,815	(1,640)
<b>Cash flows generated from operations</b>	<b>8,126</b>	<b>7,301</b>	<b>21,851</b>	<b>7,656</b>
Income taxes paid	(1,192)	(518)	(2,823)	(1,137)
<b>Net cash flows generated from operating activities</b>	<b>6,934</b>	<b>6,783</b>	<b>19,028</b>	<b>6,519</b>
<b>Cash flows from investing activities</b>				
Interest income received	83	62	166	189
Purchase of property, plant and equipment	(947)	(868)	(3,103)	(2,903)
Subsequent expenditure on investment property	(4)	-	(8)	(33)
Proceeds from disposal of property, plant and equipment	14	20	40	32
Capital injection in an associate	-	-	-	(7,831)
Net cash inflow on disposal of a subsidiary	75	-	75	-
Loan to associates	(1,107)	(219)	(1,107)	(219)
Dividend income from an associate	-	35	-	35
<b>Net cash flows used in investing activities</b>	<b>(1,886)</b>	<b>(970)</b>	<b>(3,937)</b>	<b>(10,730)</b>
<b>Cash flows from financing activities</b>				
Interest expenses paid	(339)	(310)	(927)	(887)
Capital injection from non-controlling interest of subsidiaries	-	171	-	726
Dividends (paid to)/refunded from shareholders of the Company	-	-	(2,312)	1
Repayment of interest-bearing loans and borrowings	(15,398)	(13,739)	(46,999)	(34,857)
Proceeds from interest-bearing loans and borrowings	11,170	12,015	44,899	34,946
Repayment of obligation under finance leases	(9)	(5)	(28)	(11)
Proceeds from issuance of shares	32	-	179	-
Acquisition of non-controlling interests in a subsidiary	-	-	(139)	-
<b>Net cash flows used in financing activities</b>	<b>(4,544)</b>	<b>(1,868)</b>	<b>(5,327)</b>	<b>(82)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>504</b>	<b>3,945</b>	<b>9,764</b>	<b>(4,293)</b>
Effect of exchange rate changes on cash and cash equivalents	128	11	525	598
Cash and cash equivalents at beginning of the period	38,231	19,873	28,574	27,524
<b>Cash and cash equivalents at end of the period</b>	<b>38,863</b>	<b>23,829</b>	<b>38,863</b>	<b>23,829</b>

- 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 17**

	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 July 2017	41,034	(317)	(11,950)	2,085	131,599	162,451	29	162,480
<b>Profit/(loss) for the period</b>	-	-	-	-	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
<b>Total comprehensive income/(loss) for the period</b>	-	-	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)	-	-	-	-
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	43	-	-	14	-	57	-	57
Balance as at 30 September 2017	41,077	(317)	(11,192)	2,099	138,950	170,617	(33)	170,584

**The Group – 3Q 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 July 2016	40,725	(317)	(13,615)	1,899	115,935	144,627	386	145,013
<b>Profit/(loss) for the period</b>	-	-	-	-	5,797	5,797	(58)	5,739
<u>Other comprehensive (loss)/income</u>								
Foreign currency translation loss	-	-	(68)	-	-	(68)	-	(68)
Share of other comprehensive gain of associates	-	-	58	-	-	58	-	58
<b>Total comprehensive (loss)/income for the period</b>	-	-	(10)	-	5,797	5,787	(58)	5,729
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	63	-	63	-	63
<b>Total contributions by and distributions to owners</b>	-	-	-	63	-	63	-	63
<u>Changes in ownership interests in subsidiaries</u>								
Capital injection from non-controlling interest of a subsidiary, representing total changes in ownership interests in subsidiaries	-	-	-	-	-	-	171	171
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	63	-	63	171	234
<b>Balance as at 30 September 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>(13,625)</b>	<b>1,962</b>	<b>121,732</b>	<b>150,477</b>	<b>499</b>	<b>150,976</b>



**The Group – 9M 17**

	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 January 2017	40,846	(317)	(13,436)	1,997	124,647	153,737	119	153,856
<b>Profit/(loss) for the period</b>	-	-	-	-	<b>16,887</b>	<b>16,887</b>	<b>(285)</b>	<b>16,602</b>
<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
<b>Total comprehensive income/(loss) for the period</b>	-	-	<b>2,244</b>	-	<b>16,887</b>	<b>19,131</b>	<b>(285)</b>	<b>18,846</b>
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	154	-	154	-	154
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)	-	(2,312)
Issuance of new shares	179	-	-	-	-	179	-	179
Exercise of share options	52	-	-	(52)	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>231</b>	-	-	<b>102</b>	<b>(2,312)</b>	<b>(1,979)</b>	-	<b>(1,979)</b>
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	-	-	-	-	(272)	(272)	133	(139)
<b>Total transactions with owners in their capacity as owners</b>	<b>231</b>	-	-	<b>102</b>	<b>(2,584)</b>	<b>(2,251)</b>	<b>133</b>	<b>(2,118)</b>
<b>Balance as at 30 September 2017</b>	<b>41,077</b>	<b>(317)</b>	<b>(11,192)</b>	<b>2,099</b>	<b>138,950</b>	<b>170,617</b>	<b>(33)</b>	<b>170,584</b>

**The Group – 9M 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
<b>Profit/(loss) for the period</b>	-	-	-	-	11,605	11,605	(325)	11,280
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	975	-	-	975	-	975
Share of other comprehensive gain of associates	-	-	457	-	-	457	-	457
<b>Total comprehensive income/(loss) for the period</b>	-	-	1,432	-	11,605	13,037	(325)	12,712
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	74	-	74	-	74
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1	-	1
<b>Total contributions by and distributions to owners</b>	-	-	-	74	1	75	-	75
<u>Changes in ownership interests in subsidiaries</u>								
Capital injection from non-controlling interest of subsidiaries	-	-	-	-	-	-	726	726
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	9	9
<b>Total changes in ownership interest in subsidiaries</b>	-	-	-	-	-	-	735	735
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	74	1	75	735	810
<b>Balance as at 30 September 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>(13,625)</b>	<b>1,962</b>	<b>121,732</b>	<b>150,477</b>	<b>499</b>	<b>150,976</b>

**The Company – 3Q**

	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 July 2017	41,034	(317)	3,306	2,085	9,963	56,071
<b>Loss for the period</b>	-	-	-	-	(282)	(282)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	154	-	-	154
<b>Total comprehensive income/(loss) for the period</b>	-	-	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)	-	-
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	43	-	-	14	-	57
<b>Balance as at 30 September 2017</b>	<b>41,077</b>	<b>(317)</b>	<b>3,460</b>	<b>2,099</b>	<b>9,681</b>	<b>56,000</b>
Balance as at 1 July 2016	40,725	(317)	3,441	1,899	8,385	54,133
<b>Loss for the period</b>	-	-	-	-	(326)	(326)
<u>Other comprehensive loss</u>						
Foreign currency translation loss	-	-	(109)	-	-	(109)
<b>Total comprehensive loss for the period</b>	-	-	(109)	-	(326)	(435)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	63	-	63
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	-	-	-	63	-	63
<b>Balance as at 30 September 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>3,332</b>	<b>1,962</b>	<b>8,059</b>	<b>53,761</b>

**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 January 2017	40,846	(317)	2,820	1,997	7,844	53,190
<b>Profit for the period</b>	-	-	-	-	<b>4,149</b>	<b>4,149</b>
<u>Other comprehensive income</u>						
Foreign currency translation gain	-	-	640	-	-	640
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>640</b>	<b>-</b>	<b>4,149</b>	<b>4,789</b>
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	154	-	154
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)
Issuance of new shares	179	-	-	-	-	179
Exercise of share options	52	-	-	(52)	-	-
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>(2,312)</b>	<b>(1,979)</b>
<b>Balance as at 30 September 2017</b>	<b>41,077</b>	<b>(317)</b>	<b>3,460</b>	<b>2,099</b>	<b>9,681</b>	<b>56,000</b>
Balance as at 1 January 2016	40,725	(317)	2,999	1,888	8,781	54,076
<b>Loss for the period</b>	-	-	-	-	<b>(723)</b>	<b>(723)</b>
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	333	-	-	333
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>333</b>	<b>-</b>	<b>(723)</b>	<b>(390)</b>
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	74	-	74
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>1</b>	<b>75</b>
<b>Balance as at 30 September 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>3,332</b>	<b>1,962</b>	<b>8,059</b>	<b>53,761</b>

**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 2017	FY 2016
<b><u>Share Capital</u></b>		
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)	533,400,999	-
- at the exercise price of S\$0.315 each	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)	533,628,999	-
- at the exercise price of S\$0.308 each	140,000	-
Balance of issued ordinary shares as at 30 Sep (excluding treasury shares)	533,768,999	532,740,999
<b><u>Share Option - exercise price of S\$0.335</u></b>		
Balance as at 1 Jan and 31 Mar and 30 Jun and 30 Sep	2,810,000	2,840,000
<b><u>Share Option - exercise price of S\$0.505</u></b>		
Balance as at 1 Jan	3,630,000	3,630,000
Options exercised during the period	(130,000)	-
Balance as at 31 Mar	3,500,000	3,630,000
Options exercised during the period	(100,000)	-
Balance as at 30 Jun and 30 Sep	3,400,000	3,630,000
<b><u>Share Option - exercise price of S\$0.315</u></b>		
Balance as at 1 Jan	3,272,000	3,672,000
Options exercised during the period	(100,000)	-
Balance as at 31 Mar	3,172,000	3,672,000
Options exercised during the period	(78,000)	-
Balance as at 30 Jun and 30 Sep	3,094,000	3,672,000
<b><u>Share Option - exercise price of S\$0.669</u></b>		
Balance as at 1 Jan and 31 Mar	4,630,000	4,630,000
Options exercised during the period	(50,000)	-
Balance as at 30 Jun and 30 Sep	4,580,000	4,630,000

**Share Option - exercise price of S\$0.308**

Balance as at 1 Jan and 31 Mar and 30 Jun  
 Granted to eligible participants on 4 July 2016  
 Options exercised during the period  
 Balance as at 30 Sep

	FY 2017	FY 2016
	5,170,000	-
	-	5,170,000
	(140,000)	-
	<u>5,030,000</u>	<u>5,170,000</u>

**Share Option - exercise price of S\$0.693**

Balance as at 1 Jan and 31 Mar  
 Granted to eligible participants on 23 May 2017  
 Balance as at 30 Jun and 30 Sep

	-	-
	650,000	-
	<u>650,000</u>	<u>-</u>

Out of the 19,564,000 outstanding share options on 30 September 2017 (30 September 2016: 19,942,000), 15,812,000 (30 September 2016: 14,772,000) share options are exercisable.

**Treasury Shares**

As at 30 September 2017, the total number of treasury shares held was 1,001,000 (30 September 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	
	<u>As at 30 Sep 2017</u>	<u>As at 31 Dec 2016</u>
Issued ordinary shares	533,768,999	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		Group	
	3Q 17	3Q 16	9M 17	9M 16
<b>Profit per share</b>				
Based on existing issued share capital (USD cents)	1.38	1.09	3.17	2.18
On a fully diluted basis (USD cents)	1.36	1.09	3.13	2.18

	Group		Group	
	3Q 17	3Q 16	9M 17	9M 16
<b>Weighted average number of shares table</b>				
Weighted average number of shares for calculation of basic EPS	533,747,260	532,740,999	533,505,556	532,740,999
Weighted average number of shares for calculation of diluted EPS	539,971,527	532,992,249	539,818,184	532,992,249

**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 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Net asset value per ordinary share (USD cents)	31.96	28.83	10.49	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 nine months ended 30 September 2017 ("9M2017") was US\$195.4 million, a year-on-year ("yoy") increase of 13.5% compared with the US\$172.2 million revenue recorded in 9M2016. The Group's net profit after tax increased from US\$11.3 million in 9M2016 to US\$16.6 million in 9M2017, an increase of 47.2%.

On a quarterly basis, revenue for the third quarter ended 30 September 2017 ("3Q2017") increased 2.7% from US\$68.3 million to US\$70.1 million. Profit after tax for the quarter increased by 27.0% to US\$7.3 million.

#### **Revenue by Markets (US\$'000)**

	Group			Group		
	3Q 17 US\$'000	3Q 16 US\$'000	Increase/ (Decrease) %	9M 17 US\$'000	9M 16 US\$'000	Increase/ (Decrease) %
Russia	31,142	30,513	2.1	87,723	78,660	11.5
Ukraine	5,837	6,049	(3.5)	15,615	16,341	(4.4)
Kazakhstan and CIS markets	6,715	9,487	(29.2)	23,593	20,202	16.8
Indochina	10,551	10,393	1.5	27,056	28,095	(3.7)
Other Markets	15,857	11,836	34.0	41,363	28,876	43.2
<b>Total</b>	<b>70,102</b>	<b>68,278</b>	<b>2.7</b>	<b>195,350</b>	<b>172,174</b>	<b>13.5</b>

In 9M2017, sales in the Group's largest market, Russia, increased by 11.5% to US\$87.7 million compared to US\$78.7 million mainly due to appreciation of the Russian Ruble against the US dollar.

In the Group's Ukraine market, sales declined by 4.4% from US\$16.3 million in 9M2016 to US\$15.6 million in 9M2017 mainly due to weakening of the Ukrainian Hryvnia against the US dollar.

In the Group's Kazakhstan and CIS markets, sales increased by 16.8% from US\$20.2 million in 9M2016 to US\$23.6 million in 9M2017 mainly due to change in business model and reduction of price compensation to distributor in Kazakhstan.

In the Group's Indochina market, sales decreased by 3.7% from US\$28.1 million in 9M2016 to US\$27.1 million in 9M2017 due to stiffer competition.

Sales in the Group's Other Markets increased by 43.2% from US\$28.9 million in 9M2016 to US\$41.4 million in 9M2017 mainly due to higher sales contribution from the Group's non-dairy creamer plant and snacks manufacturing facility in Malaysia, and instant coffee plant in India.

On a quarterly basis, the Group's revenue in 3Q2017 was US\$70.1 million, an increase of 2.7% compared to 3Q2016. Sales in the Group's Kazakhstan and CIS markets decreased by 29.2% as compared to the same quarter in 2016 mainly due to a one-off reclassification of its advertising and promotion expenses. Sales in the Group's Other Markets increased by 34.0% mainly due to higher sales contribution from the Group's non-dairy creamer plant and snacks manufacturing facility in Malaysia, and instant coffee plant in India.



### **Profitability**

For 9M2017, the Group recorded a net profit after tax of US\$16.6 million as compared to US\$11.3 million in 9M2016 mainly due to higher sales and margin offset by lower exchange gain, higher manpower cost, transportation and tax expenses. For 3Q2017, the Group's net profit after tax was US\$7.3 million compared with net profit after tax of US\$5.7 million in 3Q2016 due to higher sales and margin, lower advertising and promotion expenses, share of profit of associates recorded in 3Q2017 as compared to a share of loss of associates in 3Q2016, offset by higher manpower cost, transportation and tax expenses.

For 9M2017, the Group's share of loss from associates of US\$0.7 million was mainly due to losses recorded by Korean associate of US\$1.3 million partly offset by profit recorded of US\$0.5 million from our Russian associates. For 3Q2017, the Group's share of profit from associates was US\$0.2 million mainly due to higher contribution from our Russian associates.

For 9M2017, selling and distribution expenses decreased by US\$1.2 million from US\$29.2 million in 9M2016 to US\$28.0 million. For 3Q2017, selling and distribution expenses decreased by US\$1.7 million from US\$10.5 million in 3Q2016 to US\$8.8 million. The decrease was mainly attributed to a one-off reclassification of its advertising and promotion expenses offset by higher manpower cost.

For 9M2017, general and administrative expenses increased by US\$3.9 million from US\$21.6 million in 9M2016 to US\$25.5 million. The increase was mainly attributed to higher manpower cost, inventory obsolescence provision and transportation expenses. For 3Q2017, general and administrative expenses increased by US\$0.7 million from US\$7.7 million in 3Q2016 to US\$8.4 million. The increase was mainly attributed to higher manpower cost and transportation expenses.

In 9M2017, the Ukrainian Hryvnia strengthened from 27.2 Hryvnia per US dollar on 31 December 2016 to 26.5 Hryvnia per US dollar on 30 September 2017. Over the same period, the Russian Ruble strengthened to 58.0 Ruble per US dollar on 30 September 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\$49.7 million as at 30 September 2017 due to stock-up of inventories in anticipation of higher sales.

Amounts due from associates (non-trade) decreased from US\$4.8 million as at 31 December 2016 to US\$3.5 million as at 30 September 2017 mainly due to a reclassification of loan amount from its Korean associate, following the Group's conversion of its debt into equity in relation to a loan agreement announced on 27 December 2016. This was offset by an additional loan to its Korean associate. As a result of the reclassification of loan amount, the investment in associates also increased from US\$15.3 million as at 31 December 2016 to US\$17.5 million as at 30 September 2017.

Trade receivables increased from US\$38.1 million as at 31 December 2016 to US\$44.3 million as at 30 September 2017 mainly due to slower collections coupled with the appreciation of the Russian Ruble against the US dollar in the Group's Russia markets.

Trade payables and accruals increased from US\$30.1 million as at 31 December 2016 to US\$37.0 million as at 30 September 2017 mainly due to higher accruals for advertising and promotion expenses, manpower cost and VAT payables in the Group's Russia market coupled with the appreciation of the Russian Ruble against the US dollar, higher accruals for advertising and promotion expenses in the Group's Vietnam market, and higher procurement in the Group's Russia and Other Markets in anticipation of higher sales.

The Group's borrowings were US\$37.2 million as at 30 September 2017, compared to US\$38.9 million as at 31 December 2016. The decrease was largely attributed to the Group's regular scheduled repayments offset by additional loans undertaken by the Group in relation to its Korean associate.

The Group's net operating cash flow position improved, with a net operating cash inflow of US\$19.0 million in 9M2017 compared to US\$6.5 million in 9M2016. The Group's cash and cash equivalents was US\$38.9 million as at 30 September 2017, compared to US\$28.6 million as at 31 December 2016.

The Group's net assets as at 30 September 2017 were US\$170.6 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 September 2017 was 31.96 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, Ukraine, Kazakhstan and CIS countries have improved, together with the gradual recovery in oil prices, the Group expects the economies of these key markets to stabilize.

The Group continues to focus on expanding 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 (instant coffee plant in India, non-dairy creamer plant and snacks manufacturing facility in Malaysia) have reached maturity phase and will continue to provide stable contributions. The Group is on the lookout for opportunities to expand its ingredients business further and expects it to be a key growth driver going forward.

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. However, our investment in our Korean associate may require more time to turn around.

**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 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**  
**9 November 2017**