



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

First Quarter Financial Statement and Dividend Announcement for the Period ended 31 March 2018

PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group		Increase/ (Decrease) %
	1Q 18 US\$'000	1Q 17 US\$'000	
Revenue	72,143	62,440	15.5
Cost of sales	(43,134)	(37,535)	14.9
Gross profit	29,009	24,905	16.5
Selling and distribution expenses	(11,915)	(9,571)	24.5
General and administrative expenses	(8,842)	(8,011)	10.4
Results from operating activities	8,252	7,323	12.7
Net other income (Note 1)	915	1,462	(37.4)
Net finance costs (Note 2)	(114)	(241)	(52.7)
Share of profit/(loss) of associates	278	(734)	NM
Profit before taxation (Note 3)	9,331	7,810	19.5
Taxation (Note 4)	(2,224)	(1,700)	30.8
Profit for the period	7,107	6,110	16.3
Profit attributable to:			
Equity shareholders of the Company	7,190	6,308	14.0
Non-controlling interest	(83)	(198)	(58.1)
	7,107	6,110	16.3

NM denotes not meaningful.

Notes:
1. Net other income comprises:

	Group		Increase/ (Decrease)
	1Q 18 US\$'000	1Q 17 US\$'000	%
<u>Other income</u>			
Sale of scrapped items	57	35	62.9
Other income	621	99	527.3
Insurance claim	1	12	(91.7)
Foreign exchange gain	405	1,318	(69.3)
	<u>1,084</u>	<u>1,464</u>	<u>(26.0)</u>
<u>Other expenses</u>			
Loss on disposal of property, plant and equipment	(1)	(2)	(50.0)
Impairment of loan to associates	(168)	-	NM
	<u>(169)</u>	<u>(2)</u>	<u>8,350.0</u>
Net other income	915	1,462	(37.4)

2. Net finance costs comprises:

	Group		Increase/ (Decrease)
	1Q 18 US\$'000	1Q 17 US\$'000	%
<u>Finance income</u>			
Interest income	209	30	596.7
<u>Finance costs</u>			
Interest expenses on:			
- Bank loans	(323)	(271)	19.2
Net finance costs	(114)	(241)	(52.7)

3. Included in profit before taxation are as follows:

	1Q 18 US\$'000	1Q 17 US\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(1,341)	(1,307)	2.6
Depreciation of investment properties	(43)	(40)	7.5
Inventories (written down)/write back	(40)	24	NM
Write back for doubtful receivables	158	20	690.0
Net fair value loss on derivatives	-	(284)	NM



4. Included in the taxation is as follows:

	Group		Increase/ (Decrease)
	1Q 18 US\$'000	1Q 17 US\$'000	%
Current income tax			
- Current income taxation	(1,347)	(1,363)	-1%
- Under provision for prior year	(46)	(84)	-45%
Deferred income tax	(831)	(253)	228%
	(2,224)	(1,700)	31%

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

	Group		Increase/ (Decrease)
	1Q 18 US\$'000	1Q 17 US\$'000	%
Profit net of tax	7,107	6,110	16.3
<u>Other comprehensive income/(loss):</u>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain	920	1,783	(48.4)
Share of other comprehensive gain/(loss) of associates	83	(35)	NM
Other comprehensive income for the period, net of tax	1,003	1,748	(42.6)
Total comprehensive income for the period	8,110	7,858	3.2
Total comprehensive income/(loss) attributable to:			
Equity shareholders of the Company	8,193	8,056	1.7
Non-controlling interest	(83)	(198)	(58.1)
	8,110	7,858	3.2

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 2018 US\$'000	31 Dec 2017 US\$'000	31 Mar 2018 US\$'000	31 Dec 2017 US\$'000
Non-Current Assets				
Property, plant and equipment	65,729	64,617	-	-
Investment properties	16,889	16,615	-	-
Investments in subsidiaries	-	-	44,536	44,536
Investments in associates	12,899	12,594	-	-
Intangible assets	10,343	10,343	-	-
Amount due from an associate (non-trade)	13	106	-	-
Deferred tax assets	2,569	3,299	-	-
	108,442	107,574	44,536	44,536
Current Assets				
Cash and cash equivalents	45,221	42,835	81	24
Trade receivables	44,199	39,685	-	-
Asset held for sale	-	-	-	-
Deferred expenses	216	173	-	-
Prepaid operating expenses and other debtors	7,717	5,746	22	8
Other receivables	2,402	2,002	-	-
Amounts due from subsidiaries (non-trade)	-	-	12,494	12,434
Amounts due from associates (non-trade)	108	94	-	-
Amounts due from related parties (trade)	819	987	-	-
Inventories	49,243	47,505	-	-
	149,925	139,027	12,597	12,466
Asset held for sale	675	644	-	-
	150,600	139,671	12,597	12,466
Current Liabilities				
Trade payables and accruals	(37,970)	(35,287)	(894)	(752)
Finance lease creditors	(30)	(31)	-	-
Interest-bearing loans and borrowings	(21,557)	(20,041)	-	-
Other payables	(3,488)	(2,951)	(5)	-
Amount due to a subsidiary (non-trade)	-	-	(38)	(37)
Amounts due to a related party (non-trade)	(397)	(397)	-	-
Amounts due to an associate (non-trade)	(201)	(167)	-	-
Amounts due to associates (trade)	(427)	(374)	-	-
Provision for taxation	(2,336)	(1,662)	(5)	(5)
	(66,406)	(60,910)	(942)	(794)
Net Current Assets	84,194	78,761	11,655	11,672
Non-Current Liabilities				
Finance lease creditors	(12)	(17)	-	-
Interest-bearing loans and borrowings	(14,325)	(16,291)	-	-
Other payables	(5)	(5)	-	-
Deferred tax liabilities	(2,677)	(2,592)	-	-
	(17,019)	(18,905)	-	-
Net Assets	175,617	167,430	56,191	56,208
Equity				
Share capital	41,125	41,093	41,125	41,093
Treasury shares	(317)	(317)	(317)	(317)
Reserves	135,355	127,117	15,383	15,432
	176,163	167,893	56,191	56,208
Non-controlling interest	(546)	(463)	-	-
Total Equity	175,617	167,430	56,191	56,208

1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand

	As at 31 Mar 2018		As at 31 Dec 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(30)	-	(31)	-
Interest-bearing loans and borrowings	(4,993)	(16,564)	(5,630)	(14,411)
Total	(5,023)	(16,564)	(5,661)	(14,411)

Amount repayable after one year

	As at 31 Mar 2018		As at 31 Dec 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(12)	-	(17)	-
Interest-bearing loans and borrowings	(7,586)	(6,739)	(8,559)	(7,732)
Total	(7,598)	(6,739)	(8,576)	(7,732)

Details of any collateral

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

As at 31 December 2017 and 31 March 2018, the secured interest bearing loans and borrowings were secured by mortgages over the related freehold & leasehold properties and fixed charges over plant & machinery owned by subsidiaries of the Group.

As at 31 December 2017 and 31 March 2018, 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 18	1Q 17
	US\$'000	US\$'000
Cash flows from operating activities		
Profit from operations before taxation	9,331	7,810
Adjustment for :		
Depreciation of property, plant and equipment	1,341	1,307
Depreciation of investment properties	43	40
Loss on disposal of property, plant and equipment	1	2
Interest income	(209)	(30)
Interest expenses	323	271
Exchange realignment	143	711
Share of (profit)/loss of associates	(278)	734
Write back for doubtful receivables	(158)	(20)
Impairment of loan to associates	168	-
Inventories written down/(write back)	40	(24)
Value of employee services received for issue of share options	51	63
Net fair value loss on derivatives	-	284
Operating profit before working capital changes	10,796	11,148
Increase in trade and other receivables	(6,604)	(3,657)
Increase in inventories	(1,778)	(6,251)
Increase in trade and other payables	3,273	5,143
Cash flows generated from operations	5,687	6,383
Income taxes paid	(713)	(718)
Net cash flows generated from operating activities	4,974	5,665
Cash flows from investing activities		
Interest income received	209	30
Purchase of property, plant and equipment	(2,329)	(942)
Proceeds from disposal of property, plant and equipment	86	4
Net cash flows used in investing activities	(2,034)	(908)
Cash flows from financing activities		
Interest expenses paid	(323)	(271)
Dividends refunded from shareholders of the Company	1	-
Repayment of interest-bearing loans and borrowings	(15,168)	(12,809)
Proceeds from interest-bearing loans and borrowings	14,604	12,267
Repayment of obligation under finance leases	(9)	(9)
Proceeds from issuance of shares	25	69
Net cash flows used in financing activities	(870)	(753)
Net increase in cash and cash equivalents	2,070	4,004
Effect of exchange rate changes on cash and cash equivalents	316	250
Cash and cash equivalents at beginning of the period	42,835	28,574
Cash and cash equivalents at end of the period	45,221	32,828

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 18

	Attributable to equity shareholders of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 January 2018	41,093	(317)	(11,209)	2,126	136,200	167,893	(463)	167,430
Profit/(loss) for the period	-	-	-	-	7,190	7,190	(83)	7,107
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	920	-	-	920	-	920
Share of other comprehensive gain of associates	-	-	83	-	-	83	-	83
Total comprehensive income/(loss) for the period	-	-	1,003	-	7,190	8,193	(83)	8,110
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	51	-	51	-	51
Issuance of new shares	25	-	-	-	-	25	-	25
Exercise of share options	7	-	-	(7)	-	-	-	-
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1	-	1
Total contributions by and distributions to owners, representing total transactions with owners in their own capacity as owners	32	-	-	44	1	77	-	77
Balance as at 31 March 2018	41,125	(317)	(10,206)	2,170	143,391	176,163	(546)	175,617

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 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 2018	41,093	(317)	3,634	2,126	9,672	56,208
Loss for the period	-	-	-	-	(315)	(315)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	221	-	-	221
Total comprehensive income/(loss) for the period	-	-	221	-	(315)	(94)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	51	-	51
Issuance of new shares	25	-	-	-	-	25
Exercise of share options	7	-	-	(7)	-	-
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	32	-	-	44	1	77
Balance as at 31 March 2018	41,125	(317)	3,855	2,170	9,358	56,191
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>						
Value of employee services received for issue of share options	-	-	-	63	-	63
Issuance of new shares	69	-	-	-	-	69
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

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 2018</u>	<u>FY 2017</u>
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan (including treasury shares)	534,809,999	534,171,999
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Issued for cash under employee share option scheme:		
- at the exercise price of S\$0.335 each	100,000	-
- at the exercise price of S\$0.315 each	-	100,000
- at the exercise price of S\$0.505 each	-	130,000
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	<u>533,908,999</u>	<u>533,400,999</u>
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan	2,610,000	2,810,000
Options exercised during the period	(100,000)	-
Balance as at 31 Mar	<u>2,510,000</u>	<u>2,810,000</u>
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,080,000	3,630,000
Options exercised during the period	-	(130,000)
Balance as at 31 Mar	<u>3,080,000</u>	<u>3,500,000</u>
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	2,774,000	3,272,000
Options exercised during the period	-	(100,000)
Balance as at 31 Mar	<u>2,774,000</u>	<u>3,172,000</u>
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan	4,280,000	4,630,000
Options lapsed during the period	(300,000)	-
Balance as at 31 Mar	<u>3,980,000</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>4,880,000</u>	<u>5,170,000</u>
<u>Share Option - exercise price of S\$0.693</u>		
Balance as at 1 Jan and 31 Mar	<u>650,000</u>	-
<u>Share Option - exercise price of S\$0.679</u>		
Balance as at 1 Jan	-	-
Granted to eligible participants on 16 Mar 2018	4,750,000	-
Balance as at 31 Mar	<u>4,750,000</u>	-

Out of the 22,624,000 outstanding share options on 31 March 2018 (31 March 2017: 19,282,000), 14,212,000 (31 March 2017: 14,112,000) share options are exercisable.

Treasury Shares

As at 31 March 2018, the total number of treasury shares held was 1,001,000 (31 March 2017: 1,001,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

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

	Group	
	<u>As at 31 Mar 2018</u>	<u>As at 31 Dec 2017</u>
Issued ordinary shares	533,908,999	533,808,999

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

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

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

Not applicable.

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

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2017, except for the adoption of new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which came into effect on 1 January 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of new and revised SFRS (I) and INT SFRS(I) as highlighted in paragraph 4 does not have a material impact on the financial statements for the period under review.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	1Q 18	1Q 17
Profit per share		
Based on existing issued share capital (USD cents)	1.35	1.18
On a fully diluted basis (USD cents)	1.33	1.17
	Group	
	1Q 18	1Q 17
Weighted average number of shares table		
Weighted average number of shares for calculation of basic EPS	533,821,221	533,282,888
Weighted average number of shares for calculation of diluted EPS	540,023,056	538,141,891

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 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Net asset value per ordinary share (USD cents)	32.99	31.45	10.52	10.53

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue for the first quarter ended 31 March 2018 ("1Q2018") was US\$72.1 million, a year-on-year ("yoy") increase of 15.5% compared with the US\$62.4 million revenue recorded in 1Q2017. The Group reported a net profit after tax of US\$7.1 million for 1Q2018 as compared to US\$6.1 million for 1Q2017.

Revenue by Markets (US\$'000)

	Group		Increase/ (Decrease) %
	1Q 18 US\$'000	1Q 17 US\$'000	
Russia	30,595	29,946	2.2
Ukraine	5,713	4,415	29.4
Kazakhstan and CIS markets	9,714	9,220	5.4
Indochina	12,545	7,043	78.1
Other Markets	13,576	11,816	14.9
Total	72,143	62,440	15.5

In 1Q2018, sales in the Group's largest market, Russia, increased by 2.2% to US\$30.6 million compared to US\$29.9 million mainly due to appreciation of the Russian Ruble against the US dollar in 1Q2018 compared to 1Q2017.

In the Group's Ukraine market, sales increased by 29.4% from US\$4.4 million in 1Q2017 to US\$5.7 million in 1Q2018 due to restructuring in the Group's distributorship and higher sales volume.

In the Group's Kazakhstan and CIS markets, sales increased by 5.4% from US\$9.2 million in 1Q2017 to US\$9.7 million in 1Q2018 mainly due to higher sales volume.

In the Group's Indochina market, sales increased by 78.1% from US\$7.0 million in 1Q2017 to US\$12.5 million in 1Q2018 due to higher sales volumes and difference in timing of festive season.

Sales in the Group's Other Markets increased by 14.9% from US\$11.8 million in 1Q2017 to US\$13.6 million in 1Q2018 mainly due to higher sales contribution from the Group's non-dairy creamer plant and snacks manufacturing facility in Malaysia.

Profitability

For 1Q2018, the Group recorded a net profit after tax of US\$7.1 million as compared to US\$6.1 million in 1Q2017 mainly due to higher sales and margin and absence of loss from our Korean associate, Caffebene, offset by higher expenses for advertising and promotion activities coupled with higher manpower cost, transportation expenses and lower exchange gain.

For 1Q2018, selling and distribution expenses increased by US\$2.3 million from US\$9.6 million in 1Q2017 to US\$11.9 million. The increase was mainly attributed to higher advertising and promotion expenses coupled with higher manpower cost.

For 1Q2018, general and administrative expenses increased by US\$0.8 million from US\$8.0 million in 1Q2017 to US\$8.8 million. The increase was mainly attributed to higher manpower cost and transportation expenses.

For 1Q2018, the Ukrainian Hryvnia strengthened from 28.1 Hryvnia per US dollar on 31 December 2017 to 26.6 Hryvnia per US dollar on 31 March 2018. Over the same period, the Russian Ruble strengthened marginally to 57.3 Ruble per US dollar on 31 March 2018, compared with 57.6 Ruble per US dollar on 31 December 2017. As the Group is economically exposed to both markets, it was affected by the revaluation of its outstanding trade receivables denominated in currencies other than the US dollar.

Balance Sheet & Cashflow

Property, plant and equipment increased from US\$64.6 million as at 31 December 2017 to US\$65.7 million as at 31 March 2018 mainly due to addition of a new warehouse and equipment for the Group's instant coffee plant in India coupled with the addition of machinery for the Group's snack manufacturing facility in Malaysia.

Trade receivables increased from US\$39.7 million as at 31 December 2017 to US\$44.2 million as at 31 March 2018 mainly due to higher receivables from the Group's Russia markets.

Prepaid operating expenses and other debtors increased from US\$5.7 million as at 31 December 2017 to US\$7.7 million as at 31 March 2018 mainly due to deposit for the purchase of machineries and material coupled with higher prepaid advertising and promotion and insurance expenses.

Inventories increased from US\$47.5 million as at 31 December 2017 to US\$49.2 million as at 31 March 2018 due to stock-up of inventories in anticipation of higher sales.

Trade payables and accruals increased US\$2.7 million to US\$38.0 million as at 31 March 2018 mainly due to higher accruals of staff costs, advertising and promotion and value-added tax ("VAT") expenses.

The Group's net operating cash inflow declined from US\$5.7 million in 1Q2017 to US\$5.0 million in 1Q2018. The Group's cash and cash equivalents was US\$45.2 million as at 31 March 2018, compared to US\$42.8 million as at 31 December 2017.

The Group's net assets as at 31 March 2018 were US\$175.6 million. The net asset value per ordinary share (excluding non-controlling interests) as at 31 March 2018 was 32.99 US cents as compared to 31.45 US cents as at 31 December 2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The fluctuation of currencies in the Group's key markets of Russia, Kazakhstan, CIS countries and Malaysia will continue to impact the results of the Group.

For the coming fiscal year, the expansion into new geographical markets outside that of its core markets remains a key focal area for the Group. By building on its successful market diversification efforts in Indochina, the Group seeks to capture greater shareholder value by replicating its proven business model to other growth regions of Asia.

Specifically in February 2018, the Group also announced plans to open its second manufacturing facility in Andhra Pradesh, India. This venture, with the support of Enterprise Singapore and the Government of Andhra Pradesh, should provide the Group with further growth prospects upon its due completion.

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 2018 to be false or misleading in any material aspect.

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

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

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
11 May 2018