

Third Quarter * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information

Name of Announcer *	FOOD EMPIRE HOLDINGS LIMITED
Company Registration No.	200001282G
Announcement submitted on behalf of	FOOD EMPIRE HOLDINGS LIMITED
Announcement is submitted with respect to *	FOOD EMPIRE HOLDINGS LIMITED
Announcement is submitted by *	Tan San-Ju
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2008
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Attachments

 [3Q_08_SGX_Report.pdf](#)

Total size = **109K**
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Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

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

Third Quarter and First Nine Months Financial Statement And Dividend Announcement for the Period Ended 30 September 2008

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

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

With effect from FY2008, the Group has begun reporting in USD instead of SGD to better reflect the Group's results as the majority of its transactions are in US dollars. For comparative purposes, FY2007 results were translated to USD in accordance to Financial Reporting Standard 21 – The Effects of Changes in Foreign Exchange Rates ("FRS 21").

	Group			Group		
	Jul – Sep 2008 US\$'000	Jul – Sep 2007 US\$'000	Increase/ (Decrease)	Jan – Sep 2008 US\$'000	Jan – Sep 2007 US\$'000	Increase/ (Decrease)
Revenue	61,555	43,542	41.4%	175,266	124,340	41.0%
Changes in inventories of finished goods	7,806	2,469		9,499	2,223	
Raw materials and consumables used	(38,894)	(25,360)	35.8%	(99,729)	(68,613)	35.9%
Staff costs	(6,540)	(4,755)	37.5%	(19,669)	(13,265)	48.3%
Depreciation expenses	(498)	(356)	39.9%	(1,330)	(1,058)	25.7%
Depreciation of freehold investment properties	(7)	(7)	-	(22)	(22)	-
Net loss from fair value adjustment in leasehold properties	(2)	(2)	-	(6)	(5)	20%
Write off of Goodwill	-	(92)	N.M	-	(92)	N.M
Foreign exchange loss	(812)	(840)	-3.3%	(839)	(823)	1.9%
Other operating expenses	(15,976)	(8,625)	85.2%	(43,198)	(26,220)	64.8%
Finance costs	(143)	(184)	-22.3%	(399)	(416)	-4.1%
Other income	237	250	-5.2%	478	448	6.7%
Share of (losses) / profit of associated companies	(209)	(35)	497.1%	(119)	155	-176.8%
Profit from operations before taxation	6,517	6,005	8.5%	19,932	16,652	19.7%
Taxation (Note 1)	(192)	(606)	-68.3%	(1,981)	(1,362)	45.4%
Profit after taxation	6,325	5,399	17.2%	17,951	15,290	17.4%
Attributable to:						
Shareholders of the Company	6,325	5,404	17.0%	17,951	15,285	17.4%
Minority interests, net of taxation	-	(5)	N.M	-	5	N.M
Profit after taxation	6,325	5,399	17.2%	17,951	15,290	17.4%

Note 1
Included in the taxation:

	Group			Group		
	Jul – Sep 2008 US\$'000	Jul – Sep 2007 US\$'000	Increase/ (Decrease)	Jan – Sep 2008 US\$'000	Jan – Sep 2007 US\$'000	Increase/ (Decrease)
(Over)/under provision for the prior period	(271)	-	N.M	51	-	N.M

N.M denotes not meaningful.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Sep 08	31 Dec 07	30 Sep 08	31 Dec 07
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Property, plant and equipment	11,968	10,924	-	-
Investment properties	1,401	1,424	-	-
Investments in subsidiary companies	-	-	7,529	7,529
Investments in associated companies	6,352	5,771	-	-
Intangible assets	15,751	15,751	-	-
Amounts due from associated companies (non-trade)	1,057	1,607	-	-
Deferred tax assets	637	786	-	-
	37,166	36,263	7,529	7,529
Current Assets				
Cash and bank balances	8,129	15,974	83	38
Trade receivables	69,623	55,778	-	-
Deferred expenses	2,552	883	-	-
Prepaid operating expenses and other debtors	1,513	2,342	15	21
Other receivables	791	853	3	3
Amounts due from subsidiary companies (non-trade)	-	-	37,133	36,875
Amounts due from associated companies	1,289	1,115	-	-
Inventories	46,920	27,781	-	-
	130,817	104,726	37,234	36,937
Current Liabilities				
Trade payables and accruals	(25,003)	(18,462)	(316)	(365)
Interest-bearing loans and borrowings	(12,000)	(2,000)	-	-
Other payables	(141)	(243)	-	-
Provision for taxation	(2,857)	(2,444)	-	(210)
	(40,001)	(23,149)	(316)	(575)
Net Current Assets	90,816	81,577	36,918	36,362
Non-Current Liabilities				
Interest-bearing loans and borrowings	(6,000)	(7,500)	-	-
Deferred tax liabilities	(615)	(1,294)	-	-
	(6,615)	(8,794)	-	-
Net Assets	121,367	109,046	44,447	43,891
Equity				
Share capital	39,666	38,867	39,666	38,867
Reserves	81,701	70,179	4,781	5,024
	121,367	109,046	44,447	43,891
Minority interests	-	-	-	-
	121,367	109,046	44,447	43,891

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 08		As at 31 Dec 2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	12,000	-	2,000

Amount repayable after one year

As at 30 Sep 08		As at 31 Dec 2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	6,000	-	7,500

Details of any collateral

NIL

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended 30 Sept 2008	3 months ended 30 Sept 2007	9 months ended 30 Sept 2008	9 months ended 30 Sept 2007
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit from operations before taxation	6,517	6,005	19,932	16,652
Adjustments for:				
Depreciation of property, plant and equipment	498	356	1,330	1,058
Depreciation of freehold investment properties	7	7	22	22
Net loss from fair value adjustment in leasehold properties	2	2	6	5
(Gain) / loss on disposal of property, plant and equipment	(10)	(28)	50	(16)
Loss on disposal of investment in associated companies	-	58	-	58
Write off of Goodwill	-	92	-	92
Interest income	(60)	(124)	(228)	(304)
Interest expenses	143	184	399	416
(Write back) / provision of allowance of doubtful debts	(1)	(270)	571	-
Allowance of stock obsolescence	380	141	120	-
Exchange realignment	352	1,011	117	1,015
Share of loss/ (profit) of associated companies	209	35	119	(155)
(Write back) / recognition of provision for diminution for investment in associate	-	(92)	-	-
(Write back of) / value of employees services received for issue of share options	(11)	4	120	73
Operating profit before working capital changes	8,026	7,381	22,558	18,916



	3 months ended 30 Sept 2008	3 months ended 30 Sept 2007	9 months ended 30 Sept 2008	9 months ended 30 Sept 2007
	US\$'000	US\$'000	US\$'000	US\$'000
Cont'd				
Increase in receivables	(13,854)	(3,937)	(15,361)	(8,077)
Increase in inventories	(10,545)	(2,705)	(19,259)	(4,433)
Increase / (decrease) in payables	4,587	3,895	6,439	(1,960)
Cash flows (used) / generated	(11,786)	4,634	(5,623)	4,446
Income taxes paid	(749)	(522)	(2,105)	(1,386)
Net cash flows (used in) / generated from operating activities	(12,535)	4,112	(7,728)	3,060
Cash flows from investing activities:				
Interest income received	60	124	228	304
Purchase of property, plant and equipment	(808)	(489)	(2,755)	(1,276)
Proceeds from sales of property, plant and equipment	12	38	31	71
Proceeds from disposal of investment held for sale	-	-	-	350
Proceeds from disposal of investment in associates	-	2,877	-	2,877
Investment in associated companies	-	-	(721)	(636)
Net payment for acquisition of subsidiaries	-	(638)	-	(9,407)
Dividend income received from associates	-	-	17	-
Purchase of M1 shares in subsidiary	-	(1,298)	-	(1,298)
Repayment of / (increase in) loans to associated companies	150	347	550	(2,598)
Net cash flows (used in) / generated from investing activities	(586)	961	(2,650)	(11,613)
Cash flows from financing activities:				
Interest paid	(143)	(184)	(399)	(416)
Proceeds from issuance of shares	-	162	557	734
Dividends paid	-	-	(6,125)	(5,163)
Increase in interest-bearing loans & borrowings and bills payable	3,000	(83)	8,500	5,272
Net cash flows generated from / (used in) financing activities	2,857	(105)	2,533	427
Net (decrease) / increase in cash and cash equivalents	(10,264)	4,968	(7,845)	(8,126)
Cash and cash equivalents at beginning of the period	18,393	10,594	15,974	23,688
Cash and cash equivalents at end of the period	8,129	15,562	8,129	15,562

- 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 period.

The Group – 3Q

	← Attributable to equity holders of the Company →					Total US\$'000	Minority Interests US\$'000	Total Equity US\$'000
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Asset Revaluation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000			
Balance as at 1 Jul 07	38,404	1,707	60	551	55,336	96,058	1,258	97,316
Foreign currency translation differences	-	1,075	-	-	-	1,075	45	1,120
Net income recognised directly in equity	-	1,075	-	-	-	1,075	45	1,120
Net profit for the period	-	-	-	-	5,404	5,404	(5)	5,399
Total recognised income and expenses for the period	-	1,075	-	-	5,404	6,479	40	6,519
Value of employee services received for issue of share options	-	-	-	4	-	4	-	4
Acquisition of minority interest	-	-	-	-	-	-	(1,298)	(1,298)
Exercise of share options	95	-	-	(95)	-	-	-	-
Issuance of ordinary shares	162	-	-	-	-	162	-	162
Balance as at 30 Sep 07	38,661	2,782	60	460	60,740	102,703	-	102,703
Balance as at 1 Jul 08	39,666	3,205	60	335	72,008	115,274	-	115,274
Foreign currency translation differences	-	(221)	-	-	-	(221)	-	(221)
Net expenses recognised directly in equity	-	(221)	-	-	-	(221)	-	(221)
Net profit for the period	-	-	-	-	6,325	6,325	-	6,325
Total recognised income and expenses for the period	-	(221)	-	-	6,325	6,104	-	6,104
Value of employee services received for issue of share options	-	-	-	(11)	-	(11)	-	(11)
Exercise of share options	-	-	-	-	-	-	-	-
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Balance as at 30 Sep 08	39,666	2,984	60	324	78,333	121,367	-	121,367

The Group – 9 months

	← Attributable to equity holders of the Company →							Total Equity US\$'000
	Share Capital 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	Minority Interests US\$'000	
Balance as at 1 Jan 07	37,650	1,576	60	664	50,618	90,568	1,225	91,793
Foreign currency translation differences	-	1,206	-	-	-	1,206	68	1,274
Net income recognised directly in equity	-	1,206	-	-	-	1,206	68	1,274
Net profit for the period	-	-	-	-	15,285	15,285	5	15,290
Total recognised income and expenses for the period	-	1,206	-	-	15,285	16,491	73	16,564
Dividends paid to shareholders of the Company	-	-	-	-	(5,163)	(5,163)	-	(5,163)
Value of employee services received for issue of share options	-	-	-	73	-	73	-	73
Acquisition of minority interest	-	-	-	-	-	-	(1,298)	(1,298)
Exercise of share options	277	-	-	(277)	-	-	-	-
Issuance of ordinary shares	734	-	-	-	-	734	-	734
Balance as at 30 Sep 07	38,661	2,782	60	460	60,740	102,703	-	102,703
Balance as at 1 Jan 08	38,867	3,166	60	446	66,507	109,046	-	109,046
Foreign currency translation differences	-	(182)	-	-	-	(182)	-	(182)
Net expenses recognised directly in equity	-	(182)	-	-	-	(182)	-	(182)
Net profit for the period	-	-	-	-	17,951	17,951	-	17,951
Total recognised income and expenses for the period	-	(182)	-	-	17,951	17,770	-	17,770
Dividends paid to shareholders of the Company	-	-	-	-	(6,125)	(6,125)	-	(6,125)
Value of employee services received for issue of share options	-	-	-	120	-	120	-	120
Exercise of share options	242	-	-	(242)	-	-	-	-
Issuance of ordinary shares	557	-	-	-	-	557	-	557
Balance as at 30 Sep 08	39,666	2,984	60	324	78,333	121,367	-	121,367

The Company – 3Q

	← Attributable to equity holders of the Company →				
	Share Capital	Foreign Currency Translation Reserve	Share-based payment reserve	Accumulated profits	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Jul 07	38,404	1,360	551	597	40,912
Foreign currency translation differences	-	1,026	-	-	1,026
Net income recognised directly in equity	-	1,026	-	-	1,026
Net profit for the period	-	-	-	1,605	1,605
Total recognized income for the period	-	1,026	-	1,605	2,631
Value of employee services received for issue of share options	-	-	4	-	4
Exercise of share options	95	-	(95)	-	-
Issuance of ordinary shares	162	-	-	-	162
Balance as at 30 Sep 07	38,661	2,386	460	2,202	43,709
Balance as at 1 Jul 08	39,666	5,718	335	473	46,192
Foreign currency translation differences	-	(1,797)	-	-	(1,797)
Net expenses recognised directly in equity	-	(1,797)	-	-	(1,797)
Net profit for the period	-	-	-	63	63
Total recognised income for the period	-	(1,797)	-	63	(1,734)
Value of employee services received for issue of share options	-	-	(11)	-	(11)
Balance as at 30 Sep 08	39,666	3,921	324	536	44,447

The Company – 9 months

	← Attributable to equity holders of the Company →				
	Share Capital	Foreign Currency Translation Reserve	Share-based payment reserve	Accumulated profits	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Jan 07	37,650	1,367	664	629	40,310
Foreign currency translation differences	-	1,019	-	-	1,019
Net income recognised directly in equity	-	1,019	-	-	1,019
Net profit for the period	-	-	-	6,736	6,736
Total recognised income for the period	-	1,019	-	6,736	7,755
Dividends paid to shareholders of the Company	-	-	-	(5,163)	(5,163)
Value of employee services received for issue of share options	-	-	73	-	73
Exercise of share options	277	-	(277)	-	-
Issuance of ordinary shares	734	-	-	-	734
Balance as at 30 Sep 07	38,661	2,386	460	2,202	43,709
Balance as at 1 Jan 08	38,867	3,573	446	1,005	43,891
Foreign currency translation differences	-	348	-	-	348
Net income recognised directly in equity	-	348	-	-	348
Net profit for the period	-	-	-	5,656	5,656
Total recognised income for the period	-	348	-	5,656	6,004
Dividends paid to shareholders of the Company	-	-	-	(6,125)	(6,125)
Value of employee services received for issue of share options	-	-	120	-	120
Exercise of share options	242	-	(242)	-	-
Issuance of ordinary shares	557	-	-	-	557
Balance as at 30 Sep 08	39,666	3,921	324	536	44,447

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.

As announced on 10 June 2008, 88,173,999 new ordinary shares were issued as bonus shares on the basis of 1 for 5 ordinary shares held

Movement in the number of shares of the Company

	No of shares
Number of shares at 1 Jan 2008	438,165,000
Share options exercised during the period of 1 January 2008 – 31 March 2008	245,000
Share options exercised during the period of 1 April 2008 – 5 June 2008	2,460,000
Bonus shares issued	88,173,999
Share options exercised during the period of 6 June 2008 – 30 September 2008	0
Number of shares as at 30 September 2008	<u>529,043,999</u>

Share options

As at 30 September 2008, options to subscribe to a total of 3,890,000 ordinary shares were outstanding under the Option Scheme. As at 30 September 2007, there were unexercised options for 8,560,000 of unissued ordinary shares of the Company under the Option Scheme.

	Number of options outstanding at 1 July 08	Number of options lapsed during the financial period	Number of options exercised during the financial period	Number of options outstanding at 30 Sep 08	Exercise price per share \$	Exercise period
2002 Options	240,000	-	-	240,000	0.142	14 March 2004 to 13 March 2012
2004 Options	3,650,000	-	-	3,650,000	0.229	25 May 2006 to 24 May 2014
	<u>3,890,000</u>	<u>-</u>	<u>-</u>	<u>3,890,000</u>		

Treasury Shares

Nil

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.

	Company	
	30 Sep 08	31 Dec 07
Number of issued shares	<u>529,043,999</u>	<u>438,165,000</u>

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.

The Group has no treasury shares.

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

The figures were unaudited and were not 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 same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2007 have been applied in the preparation for this financial statements except for the change in the Group's presentation currency from Singapore Dollars to United States Dollars.

The change in the presentation currency had no material impact to the performance of the Group.

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.

Not applicable.

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	
	3 months ended 30/09/2008	3 months ended 30/09/2007	9 months ended 30/09/2008	9 months ended 30/09/2007
Earnings per share				
(i) Based on existing issued share capital (US cents)	1.20	1.03	3.40	2.93
(ii) On a fully diluted basis (US cents)	1.20	1.02	3.39	2.88

Weighted average number of shares table

	Group		Group	
	3 months ended 30/09/2008	3 months ended 30/09/2007	9 months ended 30/09/2008	9 months ended 30/09/2007
Earnings per share				
Weighted average number of shares for calculation of basic EPS	527,263,317	523,844,217	527,426,733	521,285,758
Weighted average number of shares for calculation of diluted EPS	529,974,316	531,485,296	529,805,278	531,063,547

The weighted average number of shares for the prior period had been adjusted to take into account the effect of the bonus shares issued during 2Q 2008.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) **current financial period reported on; and**
- (b) **immediately preceding financial year.**

	Group		Company	
	30 Sep 08	31 Dec 07	30 Sep 08	31 Dec 07
Net asset value per ordinary share (US cents)	22.94	20.74	8.40	8.34

The net assets value per ordinary share is calculated based on the number of ordinary shares issued of 529,043,999 (31 Dec 2007: 525,798,000) shares of the Company as at 30 September 2008

The number of shares as at 31 December 2007 had been adjusted to take into account the effect of the bonus shares issued during Q2 2008.

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.**

Financial Review of Q3 2008 vs Q3 2007

The Group's revenue in Q3 2008 was US\$61.6 million compared to US\$43.5 million in Q3 2007 – an increase of 41.4%. Profit after tax and minority interest increased from US\$5.4 million in Q3 2007 to US\$6.3 million in Q3 2008 – an increase of 17.0%.

Earnings per share on a fully diluted basis increased from 1.02 US cents to 1.20 US cents. Net tangible assets per ordinary share increased from 20.74 US cents as at 31 December 2007 to 22.94 US cents as at 30 September 2008.

Revenue

The Group recorded strong sales growth in all its key markets. Russia accounted for the majority of the Group's revenue (60.7%) while Eastern Europe and Central Asia was the second largest market (32.1%). Other markets contributed 7.2% of the revenue.

Revenue by Region (US\$'000)

	Q3 2008	Q3 2007	% Change
Russia	37,363	24,195	54.4
Eastern Europe and Central Asia	19,767	15,981	23.7
Other Markets	4,425	3,366	31.5
Total	61,555	43,542	41.4

Revenue from Russia increased by 54.4% or US\$13.2 million as the Group continued to build its market share especially into new geographical areas. The marketing and promotional campaign to introduce new product packaging for the MacCoffee range of beverages reached its climax with maximum media burst occurring in the month of September.

Revenue from Eastern Europe and Central Asia were up by 23.7% or US\$3.8 million as compared to the corresponding quarter in 2007. The new product packaging - which was introduced into these markets in late 2007 – continued to do well and was popular with consumers.

Revenue from other markets increased to US\$4.4 million in Q3 2008. The Middle East and Mongolia continued to show steady growth.

In Q3 2008, the Group completed the integration of the Petrovskaya Sloboda operations into the Group's existing manufacturing systems and distribution network. Petrovskaya Sloboda branded products sold in Russia and Ukraine contributed US\$4.9 million in revenue in Q3 2008.

Profitability

The 17.0% increase in profit after taxation and minority interest was achieved despite the high raw material prices during the quarter and substantial expenses in advertising and promotion to support the launch of its new product packaging in Russia and the CIS countries.

Raw material costs rose in line with the increased level of sales while additional headcount required by the Moscow factory following the completion of an expansion of its capacity in early June 2008 resulted in higher staff costs.

Other operating expenses climbed during the quarter mainly because of the campaign to launch the new product packaging in Russia and the CIS countries. The launch is an important exercise for the Group as it helps to reinforce the brand loyalty of existing customers as well as making the brand relevant to a younger generation of consumers. The advertising and promotion ensured consumers identify and accept the new contemporary packaging.

Included in other operating expenses were also logistics and transport costs which rose in view of the higher sale volume and higher freight rates.

Balance Sheet & Cash Flow

The Group continued to strengthen its balance sheet with net assets of US\$121.4 million as at 30 September 2008, compared to US\$109.0 million as at 31 December 2007.

In anticipation of the European winter months, higher sales volume was registered in September month which resulted in higher trade receivables.

The Group's inventories increased during the quarter as a result of a strategic decision to scale up production in anticipation of the traditional peak sale season during Q4 08.

The increase in current loans and borrowing was due to short term loans deployed for purchases of raw materials and working capital.

The net cash flow position was affected by the Group's increased inventory holding strategy to accommodate higher level of demand in Q4 08 and also the financing of trade debts. The Group's cash and equivalents as at 30 September 2008 were US\$8.1 million.

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 Group's performance will continue to be affected by the following factors:

- The possibility of changes in regulatory policies in developing markets;
- Fluctuations in the cost of raw materials and oil;
- Foreign exchange fluctuations; and
- Competitive market conditions.

The current credit crisis plaguing the international financial systems can now be felt in every corner of the world including the countries in which the Group operates. As the global economic outlook now looks dimmer and more volatile, especially in the currencies of the countries that we operate in, the Group expects its traditionally strong fourth quarter to be very challenging. In response to the worsening economic conditions, the Group will continue to control costs and better manage working capital.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Confirmation by the Board

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 nine months period ended on 30 September 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary
10 November 2008