FOOD EMPIRE HOLDINGS LIMITED

annual report 2001

Spirit of Enterprise

The spirit of enterprise boldly and intuitively pilots us in our swift journey of progression.

With its dynamism, keen vision and strength, the majestic eagle embodies our

Spirit of Enterprise

CONTENTS

Mission Statement

We aim to be a leading global food and beverage company providing quality products and services. We will achieve this goal as we have the people, the passion and enterprising spirit to make a difference.

No bird soars too high
if he soars with his own wings.

WILLIAM BLAKE

CORPORATE PROFILE

Food Empire Holdings is a leading food and beverage company that manufactures and markets instant beverage products, frozen finger food and confectionery. The company has extended its business to include the marketing and wholesaling of frozen seafood.

Since starting the food and beverage business in the early '90s, to its listing on the mainboard of the Singapore Exchange in 2000, the Group has nurtured and expanded its presence in more than 30 countries and regions, including Russia, Eastern Europe & Central Asia, Southeast Asia, Australia and the US.

With more than 40 products and an impressive brand portfolio, Food Empire markets and exports its products through its global network of 10 representative and liaison offices in 9 countries – Russia, Ukraine, Poland, Kazakhstan, UAE, Turkey, China, Vietnam and the UK. Four manufacturing plants are located in Asia, where only the strictest quality control is exercised to produce the best products.

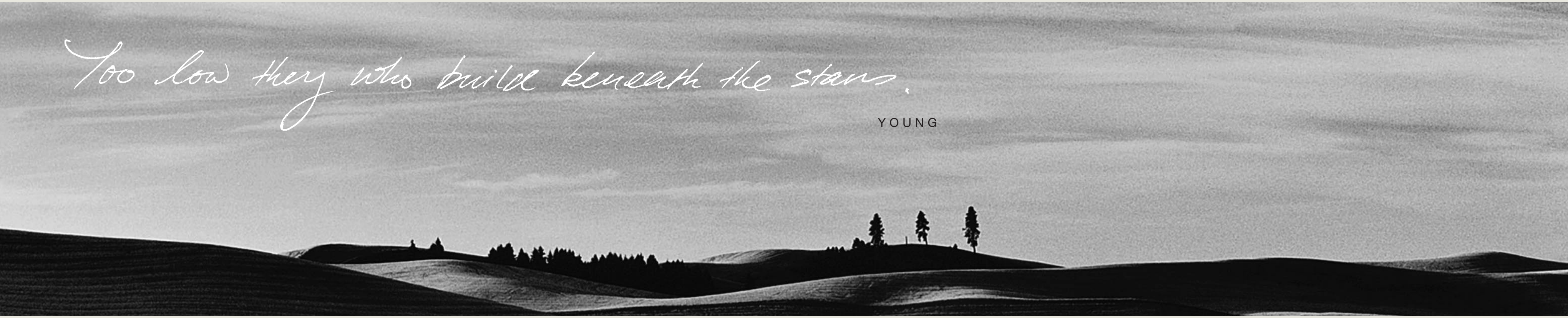
Our Vision

Food Empire's vision is to be an unsurpassed global food and beverage company, offering products that are renowned for quality and taste. The Group is committed to:

- Fostering an enterprising spirit
- Generating shareholder value
- Spurring strategic growth
- Producing innovative products

Our Core Strengths:

- Strong international network
- Brand equity
- Quality products and prompt delivery
- Competitive pricing mechanism
- Experienced management, regional expertise


Too low they who build beneath the stars.
YOUNG

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive
Tan Wang Cheow, *Chairman & Managing Director*
Oon Peng Lim
Oon Peng Heng
Tan Guek Ming
Lew Syn Pau
Ong Kian Min

AUDIT COMMITTEE

Ong Kian Min, *Chairman*
Lew Syn Pau
Tan Guek Ming, *Appointed on I Jan 02*
Oon Peng Heng, *Resigned on I Jan 02*

COMPANY SECRETARY

Yvonne Choo (FCIS)
Loh Shu Chun

REGISTERED OFFICE

10 Collyer Quay #19-08
Ocean Building
Singapore 049315
T 65. 6536.5355
F 65. 6536.1360

BUSINESS OFFICE

101 Geylang Lorong 23
#05-03/04 Prosper House
Singapore 388399
T 65. 6744.8911
F 65. 6744.8977

SHARE REGISTRARS

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315
T 65. 6536.5355
F 65. 6536.1360

AUDITORS

Ernst & Young
10 Collyer Quay #21-01
Ocean Building
Singapore 049315
Audit Partner-In-Charge
Tan Chian Khong

An acre of performance is worth
the whole world of promise.

HOWELL

MESSAGE FROM THE CHAIRMAN

It is my pleasure to announce that Food Empire has posted record financial results for the year ended 31 December 2001.

Financial Performance

We continued to generate growth during the year – a remarkable feat in view of the global economic slowdown and international concerns that followed the events of September 11.

The Group's turnover rose 42.4% in 2001, reaching a record S$84.2 million. Such dynamic growth can be attributed to intensive promotional activities and media advertising, an increased average value of the US dollar, innovative product developments, and overall growth across key markets and product groups. In addition, performance in our key markets has remained strong, recording substantial increases – particularly in Eastern Europe and Central Asia – where turnover contribution surged 99.6%.

Profit after tax for the Group swelled by a substantial 133.1% to S$11.0 million, owing to improved operational efficiencies, increased broad-based turnover, and a reduction in raw material costs. Earnings per ordinary share rose from 1.37 cents in 2000 to 3.19 cents in 2001, while net tangible assets rose 35.5%, from 8.12 cents in 2000 to 11.00 cents in 2001.

Dividends

In light of solid performance for the year, the Board has recommended a first and final dividend of 0.5 cents per ordinary share, and a special dividend of 0.25 cents per ordinary share.

The Spirit of Enterprise

The Group's achievements stem from the efforts and determination of our staff, a focus on building brand equity, product development, a strong global distribution network, and an unwavering commitment to quality. These ingredients form the very foundation that Food Empire was built upon – proving this to be the right formula for growth.

To spotlight our continuous drive, keen foresight and innovative product offering, we have chosen the theme, 'Spirit of Enterprise' for this year's annual report. Our belief in fostering an enterprising spirit and spearheading creative ways to market products has continually encouraged us to explore new markets and break records – the results for financial year 2001 are testimony to this.

Courage exists, not, in blindly overlooking danger,
but in seeing and conquering it.

RICHTER

Corporate Developments

Building Brand Equity

At Food Empire, we recognise the value of brand equity, both as a competitive advantage and driver of long term growth. Hence, during the year we continued to invest in programmes and activities that enhance our brand portfolio, such as wet sampling of our beverages in high human traffic belts at retail outlets and distribution points at the outskirts of cities.

We also strengthened ties with our existing distribution network and expanded our marketing channels to reinforce our market position. Our strongest and best-known brand – MacCoffee – continued to register a strong presence in our key markets. According to independent polls conducted by AC Nielson, MacCoffee has consistently been rated as one of the best-selling 3-in-1 instant coffee brands in Russia, Eastern Europe and Central Asia. Two other house brands – FesAroma and Klassno – are also gaining popularity.

In 2001, we extended our product portfolio to enhance sales momentum and deliver fresh ideas that crystallise new products to meet the increasingly sophisticated demands of global consumers. During the year, several new products were launched: Klassno Cappuccino Gold (in a re-sealable pouch bag); Klassno range of Frozen Finger Food; Klassno Coffee Candy; Klassno Butterscotch Candy; MacCoffee Cognac 3-in-1 instant coffee; MacCoffee Exclusive (in a glass bottle); MacCandy Butterscotch Candy; FesAroma Instant Coffee in several flavours; FesAroma Flavoured Cappuccino; and FesAroma Classic Coffee (in a tin) – all catering to the distinct tastes of different target markets.

During the year under review, we also expanded our frozen finger food range with the launch of OrienBites range of ready-to-cook Asian snacks. Furthermore, as part of our expansion plan, we ventured into the wholesale of frozen seafood, both in Singapore and overseas markets.

The Spirit of Food Empire: Innovation

We continued improving the quality and uniqueness of our packaging. Our R&D team's creativity and expertise won accolades at the Singapore Star Awards in 2001. An event jointly organised by the Packaging Council of Singapore and the Singapore Confederation of Industries, the Star Award recognises excellence in the use of packaging design and technology. Food Empire was the only company to sweep three awards in a row for 2001. The awards were received for Cosenza Cappuccino, FesAroma Flavoured Instant Coffee Mix and Klassno Frozen Finger Food brands, where all designs were wholly produced in-house.

Optimising Operational Efficiency

In a bid to sustain current profit levels, we disposed of Jackley Distribution Pte Ltd, a subsidiary that was unprofitable throughout last year. This disposal was carried out simultaneously with the move to acquire additional shares in FES Industries Sdn Bhd, thereby increasing our stake by 14.8%, bringing our total investment in the factory to 79.9%.

Corporate Directions

For the forthcoming year, we will continue to entrench ourselves further in key markets, increase our market share, expand our distribution network, and introduce exciting, novel products. We will also remain centered on building brand awareness and continue launching innovative ways to market our products, such as sponsoring sports events like race car rallies and musical groups like the high-profile Ukrainian group, 'ALIBI'.

Our research and development team will continue shaping our future growth by developing new products to meet the needs of different markets. Products in the pipeline include new cola and fruit flavour candy, and agglomerated Arabica coffee packaged in a glass jar.

To expand our global reach, we will explore new markets and continue pursuing opportunities in markets such as the Middle East, Australia, the US and the world's current largest market – China. Besides developing our core beverage business, we will also endeavour to aggressively grow the revenue base of three relatively new businesses – frozen processed food, confectionery and wholesale of frozen seafood.

Outlook

Barring unforeseen circumstances, we expect the economies of our key markets – Russia, Eastern Europe and Central Asia – to grow strongly in the upcoming financial year. Moreover, there is a marked upward trend in coffee consumption in the immensely-populated CIS countries. Low levels of coffee consumption in Russia – only 200-300g per capita, compared with Western levels of 4-5kg per capita – are a clear signal that there is significant potential for further growth.

Although global economic uncertainties continue to cast shadows on most businesses and markets, the outlook for Food Empire remains promising. Growth in our key markets and increased market penetration are likely to render stronger gains in the coming year.

To deliver sustainable long term growth and enhanced shareholder value, we will continue to pursue the tenets that drive us towards championing our vision: International Presence, Innovative Products and Enterprising Spirit.

Acknowledgements

On behalf of the board, I would like to extend our heartfelt thanks to our staff, the management team, our customers, suppliers, business associates and shareholders.

MR TAN WANG CHEOW

Chairman & Managing Director

*High aims and lofty purposes are the wings
of the soul aiding it to mount to heaven.*

SPRING

FINANCIAL HIGHLIGHTS (For the year ended 31 December 2001)

	ACTUAL (S$'000)		PROFORMA (S$'000)	
	2001	2000	1999	1998
Group Turnover	**84,223**	59,160	39,414	48,254
Group Operating Profit before Tax & Extraordinary Items	**16,231**	9,035	5,836	5,305
Group Operating Profit after Tax & Minority Interest	**10,976**	4,709	3,701	3,993

	ACTUAL		PROFORMA	
	2001	2000	1999	1998
FINANCIAL INDICATORS				
Margin of Profit Ratio	**20.0%**	16.5%	16.3%	12.2%
Debt to Equity Ratio	**1.3%**	0.4%	26.2%	32.6%
Coverage Ratio (times)	**738.77**	46.63	19.83	11.85
Working Capital Ratio	**3.42**	2.63	1.90	2.13
Quick Ratio	**1.76**	1.66	1.13	1.44
Ebitda Margin	**20.2%**	16.6%	16.8%	12.7%
EPS (cents)*	**3.19**	1.37	1.43	1.55
NTA per share (cents)*	**11.00**	8.12	4.97	4.33

*Note: The proforma years' calculation is based on pre-invitation issued share capital of 258 millions whereas for 2000 and 2001 is based on enlarged share capital of 344 millions

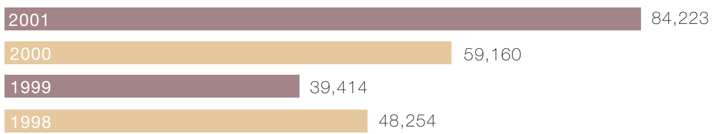
TURNOVER BY GEOGRAPHICAL MARKET

	(S$'000)		PROFORMA (S$'000)	
	2001	2000	1999	1998
Russia	**48,212**	38,638	25,269	31,430
Eastern Europe & Central Asia	**28,014**	14,034	9,329	12,767
Others	**7,997**	6,488	4,816	4,057
	84,223	59,160	39,414	48,254

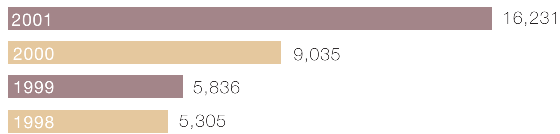
TURNOVER BY PRODUCT

	(S$'000)		PROFORMA (S$'000)	
	2001	2000	1999	1998
Coffee-based products	**77,150**	50,937	36,616	44,673
Others	**7,073**	8,223	2,798	3,581
	84,223	59,160	39,414	48,254

GROUP TURNOVER



GROUP PROFIT BEFORE TAX

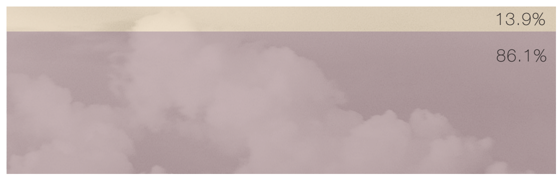


CONTRIBUTION TO TURNOVER -
by geographical region (year 2001)

CONTRIBUTION TO TURNOVER -
by product group (year 2001)

CONTRIBUTION TO TURNOVER -
by geographical region (year 2000)

CONTRIBUTION TO TURNOVER -
by product group (year 2000)



Russia · Eastern Europe & Central Asia · Others

Coffee-based products · Others

Creativity is thinking up new things.
Innovation is doing new things.

THEODORE LEVITT

GROUP STRUCTURE

FOOD EMPIRE

- Future Enterprises Pte Ltd (100%)
  - FES Industries Sdn Bhd (79.9%)
  - FES Industries Pte Ltd (88%)
  - Express Food & Beverages Ltd (100%)
  - Klassno Foods Ltd (100%)
  - FES Marketing Pty Ltd (100%)
  - Future Enterprises (Russia) Pte Ltd (87%)
- Masters Corporation Pte Ltd (100%)
- Foodaworld Marketing Pte Ltd (100%)
- Café Veneto Pte Ltd (100%)
- Future Corporation Pte Ltd (100%)
- Asianparenting Pte Ltd (70%)
  - Sunrise Nexus (M) Sdn Bhd (100%)
- Ernsts Food Ingredients Sdn Bhd (35%)


To improve the golden moment of opportunity and
catch the good that is within our reach, is the great art of life.
JOHNSON

OPERATIONS REVIEW

Food Empire has made substantial progress since launching its IPO in 2000, and results for 2001 are remarkable, reflecting successful execution of our growth strategies.

As in previous years, performance was notably stronger in the second half of the year, with a 51.9% increase in turnover and an 85.1% increase in profit after tax before minority interest to S$8.1 million. This signalled that the global economic slowdown had minimal impact on our operating results. For the year under review, Group turnover shot up 42.4% to S$84.2 million, while profit after tax surged 133.1% to almost S$11.0 million. Intensive promotional activities, a myriad of product launches and a multiple branding strategy spurred this record growth.

At the Ebitda level, profits rose sharply by 73.4% to S$17.0 million, yielding margins of 20.2%.

Results reflect the strength of the Group's business operations and diversified brand portfolio. Our performance also proves the successful execution of cost-containment measures, such as the disposal of a non-contributing business during the year.

Results by Geographical Markets

For the year under review, all market segments generated increased revenue contributions. Sales in Eastern Europe and Central Asia jumped by a staggering 99.6%, from S$14.0 million to S$28.0 million. Our largest market – Russia – accounted for over 57.2% of sales in 2001, posting an increase from S$38.6 million in 2000 to S$48.2 million in 2001. In addition, turnover increased in Other Markets from S$6.5 million in 2000 to S$8.0 million in 2001.

For 2001, profit before tax and interest increased from S$7.5 million in 2000 to S$11.5 million in Russia, and from S$2.2 million to S$5.6 million in Eastern Europe & Central Asia. Nevertheless, due to a provision of S$1.2 million for impairment loss on investment properties, a net loss of S$963,000 was incurred for Other Markets, compared with a net loss of S$449,000 in 2000.

Significant Potential For Further Growth

Estimated Populations of our key market

Core Product

Coffee-based Products

During 2001, coffee-based products remained the main contributor to income, with turnover swelling by 51.5% from S$50.9 million in 2000 to S$77.2 million in 2001; profit before tax and interest rose 95.2% from S$8.6 million to S$16.8 million in 2001. These substantial increases are due to continued emphasis on flexible, innovative sales and marketing strategies that meet the needs of local demands in our key markets. Our flagship brand – MacCoffee – is recognised as one of the most popular 3-in-1-coffee brands in Russia, Eastern Europe & Central Asia. These markets continue to be the main contributors to turnover and profit.

Other Products

Other areas of business accounted for 8.4% of total revenue and include the sale of non-coffee beverages (instant tea, cereal and hot chocolate), confectionery, frozen food and the wholesale and trading of frozen seafood.

Convenience Food

The year under review also marked the launch of our second range of frozen food under the OrienBites brand in Western Europe, the US and the UAE. This range includes 12 different types of ready-to-cook Asian finger food, such as spring rolls, curry puffs and shrimp dumplings. Convenience is woven into the very fabric of our value proposition. Thus, nutritious, easy-to-prepare food was a natural extension for the Group. Both brands of our frozen finger food – Klassno and OrienBites – are generating increased interest and popularity with mainstream consumers.

Frozen Seafood

In 2001, we also introduced a line of frozen seafood through our wholly-owned subsidiary, Masters Corporation Pte Ltd. Products include frozen shrimps, squid, baby cuttlefish, crabs and other kinds of fish. These products are distributed in Singapore and overseas markets. In line with global demand for easily-stored, quality frozen food, there is viable potential for growth in these areas.

Confectionery

Confectionery has massive untapped potential and we have made significant progress in this sector since the launch of our coffee candy in 2000. During the year, we extended our product range and leveraged brand equity for the MacCandy and Klassno brands of confectionery, by utilising our existing distribution network and marketing channels to optimise cost and productivity. In 2001, we launched a new candy flavour– Butterscotch. We will continue to develop and introduce eye-catching and innovative packaging in addition to new flavours and variation to the market.

As a home-grown food and beverage manufacturer and exporter, we believe it is important to raise the standards of our products to compete internationally.

MR TAN WANG CHEOW

Operational Efficiencies

We continued to employ a vertical integration business strategy to benefit from economies of scale and cost efficiencies. In line with this, in 2001 we achieved a factory capacity utilization of 60-70%, which has yielded production levels at 1.0 billion sachets of instant beverage products per year.

To meet anticipated growth in demand, we purchased a new factory in Johor Bahru in 2001. The purchase of this factory will boost the group's production capacity by 10%. When fully-operational, the new facility will have a production capacity of more than 100 million sachets of instant beverages per year – a ratio that will facilitate quick boosting of production levels during peak seasons.

World Food Show in Russia


Shanghai, China

Fine Food Australia

Polfish Exhibition in Poland

Advertisement banner in Kiev, Ukraine


Prodexpo in Moscow, Russia

Food Expo in Taipei, Taiwan


Food Expo in Hanoi, Vietnam

FINANCIAL STATEMENTS

PAGE

REPORT OF THE DIRECTORS for the year ended 31 December 2001

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2001.

Directors

The Directors of the Company in office at the date of the report are :-

Tan Wang Cheow
Oon Peng Lim
Oon Peng Heng
Tan Guek Ming
Lew Syn Pau
Ong Kian Min

Principal activities

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are stated in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year under review.

Results for the financial year

	Group	Company
	$	$
Balance at beginning of the year as previously reported	3,287,140	245,285
Effect of change in accounting policy on proposed dividend	1,298,600	1,298,600
Balance at beginning of the year as restated	4,585,740	1,543,885
Net profit for the year	10,976,467	2,597,001
Dividend on ordinary shares	(1,298,600)	(1,298,600)
Balance at end of the year	14,263,607	2,842,286

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been affected by any item, transaction or event of a material and unusual nature.

REPORT OF THE DIRECTORS for the year ended 31 December 2001

Material movements in reserves and provisions

There were no material transfers to or from reserves during the financial year other than those disclosed in the statements of changes in equity.

There were no material transfers to or from provisions during the financial year except for normal amounts recognised as an expense for such items as depreciation, provision for doubtful receivables, provision for inventory obsolescence and taxation as disclosed in the financial statements.

Dividends

During the financial year, a first and final dividend of $0.005 per ordinary share less tax at 24.5%, amounting to $1,298,600 was paid in respect of the previous financial period as proposed in the previous Directors' report.

The Directors propose that a first and final dividend of $0.005 per ordinary share less tax at 24.5%, amounting to $1,298,600 and a special dividend of $0.0025 per ordinary share less tax at 24.5% amounting to $649,300 be paid in respect of the financial year under review.

Acquisition and disposal of subsidiary companies

a) During the financial year, the Company disposed its interest in the following subsidiary company :

Name of company	Interest disposed	Net tangible assets on date of disposal	Consideration
	%	$	$
Jackley Distribution Pte Ltd	60	24,030	24,030

b) The Group, through one of its subsidiary companies, Future Enterprises Pte Ltd acquired additional interest in the following subsidiary company :

Name of company	Interest acquired	Net tangible assets on date of acquisition	Consideration	Interest held after additional interest acquired
	%	$	$	%
FES Industries Sdn Bhd	14.8	369,968	469,030	79.9

Issuance of shares and debentures

During the financial year, a subsidiary company of the Group, Future Enterprises (Russia) Pte Ltd, increased its issued share capital from $2 to $1,000,000 by issuing 999,998 ordinary shares of $1.00 each fully paid for a cash consideration of $999,998 as additional working capital. Out of the increase, 13% or 130,000 ordinary shares of $1.00 each was not taken up by the Group, resulting in a dilution of interest held by the Group in Future Enterprises (Russia) Pte Ltd from 100% to 87%.

The Company did not issue any shares during the financial year.

No debentures were issued by the Group and the Company during the financial year.

Arrangement to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objective is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors interests in shares and debentures

The following Directors of the Company who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act, Chapter 50, an interest in shares of the Company, as stated below :-

	Held in the name of the Directors		
Name of Director	At the beginning of the year	At the end of the year	As at 21 January 2002
The Company			
	Ordinary shares of $0.05 each		
Tan Wang Cheow	55,700,000	55,700,000	55,700,000
Oon Peng Lim	53,520,000	53,720,000	53,720,000
Oon Peng Heng	53,500,000	53,500,000	53,500,000
Tan Guek Ming	55,700,000	55,700,000	55,700,000
Lew Syn Pau (in nominee's name)	200,000	200,000	200,000

By virtue of Section 7 of the Companies Act, Chapter 50, Mr. Tan Wang Cheow and his spouse, Mdm. Tan Guek Ming are deemed to have an interest in the Company's subsidiary companies at the end of the financial year.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2002.

REPORT OF THE DIRECTORS for the year ended 31 December 2001

Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Bad and doubtful debts

Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and where necessary, adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render any amount written off or provided for bad and doubtful debts in the Group inadequate to any substantial extent.

Current assets

Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the diminution in value of such current assets.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on assets and contingent liabilities

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person and no contingent liability of the Company or any company in the Group has arisen, except as disclosed in the financial statements.

Ability to meet obligations

No contingent or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company or of the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Company and of the Group which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual items

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual items after the financial year

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

Share options

There is no share option scheme on unissued shares of the Company as at the end of the financial year.

At an Extraordinary General Meeting of the Company held on 22 January 2002, Members of the Company approved and adopted the Food Empire Holdings Limited Share Option Scheme ("the Scheme").

Corporate governance

Food Empire Holdings Limited is committed in maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group which strives to preserve the interests of all shareholders.

i) *Board of Directors*

The Board of Food Empire Holdings Limited comprises six Directors, three of whom hold executive positions. The executive and non-executive Directors are as follows :-

Executive Directors :		*Non-Executive Directors :*	
Tan Wang Cheow	Managing Director	Tan Guek Ming	Non-executive Director
Oon Peng Lim	Executive Director	Lew Syn Pau	Independent Director
Oon Peng Heng	Executive Director	Ong Kian Min	Independent Director

REPORT OF THE DIRECTORS for the year ended 31 December 2001

The Board oversees the business affairs of the Group, approves the Group's strategic plans, business initiatives, major investments and funding decisions. It reviews the Group's financial performance, evaluates the performance, and determines the compensation of senior management personnel. While the Board takes keen interest in these matters, it is also committed to raising the standard of corporate governance in order to protect the interest of its shareholders. The Board has also formed an Audit Committee to carry out its functions more effectively.

ii) *Audit Committee*

The Audit Committee comprises of three members, the majority of whom, including its Chairman are independent of management :

Ong Kian Min *Chairman*
Lew Syn Pau
Tan Guek Ming *Appointed on 1January 02*
Oon Peng Heng *Resigned on 1January 02*

The Audit Committee meets at least twice a year with the management and the auditors of the Group to discuss and review :

a) the audit plans of the external auditors of the Group and the results of their examination and evaluation of the Group's systems of internal accounting controls;
b) the Group's financial and operating results and accounting policies;
c) the assistance given by the Group's officers to the external auditors;
d) the Group's transactions with related parties;
e) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the external auditors' report on those financial statements; and
f) the appointment of internal auditors.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The Committee has recommended to the Board of Directors that the auditors, Ernst & Young, Certified Public Accountants, be nominated for the re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

iii) *Nomination Committee*

The Nomination Committee was established on 22 August 2001, and as at the date of this report, comprises of Mr. Lew Syn Pau (Chairman), Mr. Ong Kian Min and Mr. Tan Wang Cheow.

The Nomination Committee's responsibility is to identify candidates and review all nominations for Directorships of the Company as well as to evaluate executive directors' contributions as board members.

iv) *Remuneration Committee*

The Remuneration Committee was established on 22 August 2001, and as at the date of this report, comprises of Mr. Lew Syn Pau (Chairman), Mr. Ong Kian Min and Mr. Tan Wang Cheow.

The Remuneration Committee's responsibility is to review and approve the remuneration policy to the executive directors and key executives of the Group.

v) *Share Options Committee*

The Share Options Committee was established on 18 February 2002, and as at the date of this report, comprises of Mr. Oon Peng Heng (Chairman), Mr. Tan Wang Cheow, Mr. Oon Peng Lim, Mdm. Tan Guek Ming, Mr. Lew Syn Pau and Mr. Ong Kian Min.

The Share Options Committee's responsibility is to review the Share Options Scheme and grant of share options to directors and employees of the Group.

vi) *Securities Transactions*

The Company has issued a Policy on Share Dealings to key employees of the Company, setting out the implications of insider trading and the recommendations of the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. To further provide guidance to employees on dealing in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares. The code of conduct was modelled after the Best Practices Guide with some modifications.

The Directors have adopted the Best Practices Guide with regard to dealing in the Company's shares.

Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

Tan Wang Cheow
Director

Oon Peng Lim
Director

Singapore
12 March 2002

STATEMENT BY DIRECTORS pursuant to section 201(15)

We, Tan Wang Cheow and Oon Peng Lim, being two of the Directors of Food Empire Holdings Limited do hereby state that, in the opinion of the Directors :-

i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flows together with the notes thereto, set out on pages 33 to 74, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2001; and the results of the business and the changes in equity of the Company and the Group and the cash flows of the Group, for the year ended on that date; and

ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 12 March 2002.

On behalf of the Board,

Tan Wang Cheow
Director

Oon Peng Lim
Director

Singapore
12 March 2002

AUDITORS' REPORT to the Members of Food Empire Holdings Limited

We have audited the financial statements of Food Empire Holdings Limited set out on pages 33 to 74. These financial statements comprise the balance sheets of the Company and the Group as at 31 December 2001, the profit and loss accounts and the statement of changes in equity of the Company and the Group, and the cash flow statement of the Group for the year ended 31 December 2001 and notes thereto. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-

   i) the state of affairs of the Company and of the Group as at 31 December 2001, the results and changes in equity of the Company and of the Group and the cash flows of the Group for the year ended on that date; and

   ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiary companies of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements. The names of these subsidiary companies are stated in Note 10 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of subsidiary companies incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
12 March 2002

PROFIT & LOSS ACCOUNTS for the year ended 31 December 2001

		GROUP		COMPANY	
	NOTES	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000
		$	$	$	$
Revenue	3	84,223,491	59,160,299	6,848,513	2,527,487
Costs and expenses					
Changes in inventories of finished goods		(6,865,270)	(1,983,536)	–	–
Raw materials and consumables used		46,250,944	31,450,731	–	–
Staff costs		3,728,331	3,314,757	–	–
Depreciation and amortisation expenses		786,125	593,101	–	–
Other operating expenses		24,221,501	16,613,711	2,781,023	360,707
Other (income)/expenses		(151,488)	(61,099)	(24,030)	19,895
Total costs and expenses		67,970,143	49,927,665	2,756,993	380,602
Profit from operating activities	4	16,253,348	9,232,634	4,091,520	2,146,885
Finance costs	5	(21,633)	(197,631)	–	–
Share of result of associated company		(154,258)	–	–	–
Profit from ordinary activities before taxation and minority interests		16,077,457	9,035,003	4,091,520	2,146,885
Taxation	6	(3,666,008)	(3,472,195)	(1,494,519)	(603,000)
Minority interests, net of taxation		(1,434,982)	(853,898)	–	–
Net profit for the year/period		10,976,467	4,708,910	2,597,001	1,543,885
Basic earnings per share (in cents)	8	3.19	1.37		
Diluted earnings per share (in cents)	8	3.19	1.37		

The accounting policies and explanatory notes on pages 41 through 74 form an integral part of the financial statements.

BALANCE SHEETS as at 31 December 2001

	NOTES	GROUP 2001 $	GROUP 2000 $	COMPANY 2001 $	COMPANY 2000 $
ASSETS LESS LIABILITIES					
Non-Current Assets					
Fixed assets	9	9,252,975	8,438,813	–	–
Investments in subsidiary companies	10	–	–	12,935,998	13,379,998
Investment in associated company	11	679,295	–	833,553	–
Preliminary and pre-operating expenditure	12	–	19,369	–	–
Intangible assets	13	79,250	–	–	–
		10,011,520	8,458,182	13,769,551	13,379,998
Current Assets					
Cash and bank balances	14	8,535,755	6,207,624	582,529	254,356
Fixed deposits	14	292,731	4,896,756	–	3,172,310
Other financial asset	15	500,000	–	500,000	–
Trade receivables	16	8,980,722	8,905,445	–	–
Other receivables	17	3,412,477	1,541,787	111,250	18,990
Amounts due from subsidiary companies	18	–	–	10,469,634	8,166,192
Amount due from associated company	19	851,974	–	851,974	–
Inventories	20	21,146,330	12,605,055	–	–
		43,719,989	34,156,667	12,515,387	11,611,848
Current Liabilities					
Trade payables		4,712,751	5,763,914	–	–
Other payables	21	3,776,245	3,025,590	154,288	145,136
Interest-bearing loans and borrowings	22	729,482	648,214	–	–
Provision for taxation		3,581,860	3,554,103	2,039	16,500
		12,800,338	12,991,821	156,327	161,636
Net Current Assets		30,919,651	21,164,846	12,359,060	11,450,212

BALANCE SHEETS as at 31 December 2001 (cont'd)

	NOTES	GROUP 2001 $	GROUP 2000 $	COMPANY 2001 $	COMPANY 2000 $
Non-Current Liabilities					
Interest-bearing loans and borrowings	22	436,833	102,915	–	–
Deferred taxation	23	366,048	212,521	–	–
		802,881	315,436	–	–
Net Assets		40,128,290	29,307,592	26,128,611	24,830,210
EQUITY					
Equity					
Share capital	24	17,200,000	17,200,000	17,200,000	17,200,000
Reserves	25	20,720,260	10,755,192	8,928,611	7,630,210
		37,920,260	27,955,192	26,128,611	24,830,210
Minority interests		2,208,030	1,352,400	–	–
		40,128,290	29,307,592	26,128,611	24,830,210

The accounting policies and explanatory notes on pages 41 through 74 form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2001

	NOTES	GROUP 2001 $	GROUP 2000 $	COMPANY 2001 $	COMPANY 2000 $
Issued capital [1]					
Balance at beginning of the year/period		17,200,000	–	17,200,000	–
Issued 2 ordinary shares at date of incorporation which was sub-divided into 40 ordinary shares		–	2	–	2
Issue of ordinary shares pursuant to the restructuring exercise		–	12,899,998	–	12,899,998
Issue of ordinary shares pursuant to the initial public offering		–	4,300,000	–	4,300,000
Balance at end of the year/period	24	17,200,000	17,200,000	17,200,000	17,200,000
Share premium					
Balance at beginning of the year/period		6,086,325	–	6,086,325	–
Premium on 86,000,000 shares issued pursuant to the initial public offering		–	6,880,000	–	6,880,000
Expenses on issue of ordinary shares		–	(793,675)	–	(793,675)
Balance at end of the year/period		6,086,325	6,086,325	6,086,325	6,086,325
Capital reserve					
Balance at beginning of the year/period		15,551	–	–	–
Arising during the period		–	15,551	–	–
Balance at end of the year/period		15,551	15,551	–	–
Foreign currency translation reserve					
Balance at beginning of the year/period		67,576	–	–	–
Foreign currency translation adjustment		287,201	67,576	–	–
Balance at end of the year/period		354,777	67,576	–	–

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2001 (cont'd)

		GROUP		COMPANY	
	NOTES	2001	2000	2001	2000
		$	$	$	$
Revenue reserve					
Balance at beginning of the year as previously reported		3,287,140	–	245,285	–
Effect of change in accounting policy on proposed dividend	7	1,298,600	–	1,298,600	–
Balance at beginning of the year as restated		4,585,740	–	1,543,885	–
Net profit for the year/period		10,976,467	4,708,910	2,597,001	1,543,885
Dividend on ordinary shares	7	(1,298,600)	–	(1,298,600)	–
Goodwill arising on acquisition of subsidiary companies		–	(123,170)	–	–
Balance at end of the year/period		14,263,607	4,585,740	2,842,286	1,543,885
Total equity outstanding		37,920,260	27,955,192	26,128,611	24,830,210
Net change in equity from non-owner sources excluding net profits		287,201	83,127	–	–

1) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The accounting policies and explanatory notes on pages 41 through 74 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2001

	2001 $	2000 $
Cash flows from operating activities :		
Profit from ordinary activities before taxation and minority interests	16,077,457	9,035,003
Adjustments for :		
Amortisation of goodwill	19,813	–
Depreciation of fixed assets	766,312	593,101
Loss on disposal of fixed assets	106,899	13,195
Interest income	(84,619)	(50,815)
Interest expense	21,633	197,631
Preliminary expenses written off	19,369	–
Exchange realignment	210,956	33,094
Loss on dilution of interest in a subsidiary company	–	11,734
Impairment loss on fixed assets	1,203,891	–
Share of result of associated company	154,258	–
Operating income before reinvestment in working capital	18,495,969	9,832,943
Increase in receivables	(2,409,209)	(1,894,524)
Increase in inventories	(8,692,418)	(4,450,467)
Increase/(decrease) in payables	263,043	(1,004,482)
Repayment of advances from Directors	–	(1,103,500)
Preliminary expenses paid	–	(8,789)
Cash generated from operations	7,657,385	1,371,181
Income taxes paid	(3,484,724)	(1,656,900)
Net cash generated from/(used in) operating activities	4,172,661	(285,719)

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2001 (cont'd)

	2001 $	2000 $
Cash flows from investing activities :		
Interest received	84,619	50,815
Purchase of other financial asset	(500,000)	–
Purchase of shares in an associated company	(833,553)	–
Net cash inflow on acquisition of interest in subsidiary companies	–	6,362,591
Acquisition of additional interest in a subsidiary company	(469,030)	–
Injection of additional share application monies by minority shareholders of a subsidiary company	–	80,000
Dividends paid to minority shareholders of subsidiary companies	(291,937)	(402,460)
Purchase of fixed assets	(3,231,831)	(1,534,554)
Proceeds from disposal of fixed assets	167,686	11,197
Proceeds from dilution of interest in a subsidiary company	–	5
Net cash inflow from disposal of a subsidiary company	130,372	–
Proceeds from issuance of shares to minority shareholder of a subsidiary company	130,000	–
Net cash (used in)/provided by investing activities	(4,813,674)	4,567,594
Cash flows from financing activities :		
Interest paid	(21,633)	(197,631)
Dividend paid to shareholders of the Company	(1,298,600)	–
Proceeds from issuance of shares	–	11,180,002
Expenses on issuance of shares	–	(793,675)
Repayment of short-term borrowings	–	(219,960)
Repayment of long-term borrowings	–	(3,146,231)
Proceeds from short-term financing	60,741	–
Proceeds from term loans	476,585	–
Loan to associated company	(851,974)	–
Net cash (used in)/provided by financing activities	(1,634,881)	6,822,505
Net (decrease)/increase in cash and cash equivalents	(2,275,894)	11,104,380
Cash and cash equivalents at beginning of the year/period	11,104,380	–
Cash and cash equivalents at end of the year/period (Note 14)	8,828,486	11,104,380

The accounting policies and explanatory notes on pages 41 through 74 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2001 (cont'd)

The effect on the Group's cash flows arising from the disposal/acquisition of subsidiary companies are shown in the statement of cash flows as a single item. The fair values of the assets and liabilities disposed/acquired are set out below :-

	DISPOSAL 2001 $	ACQUISITIONS 2000 $
Fixed assets	(217,699)	7,434,811
Inventories	(151,143)	8,154,588
Trade receivables	(419,604)	6,942,278
Other receivables	(43,638)	1,610,430
Amounts due from related companies	–	3,093,668
Cash at bank and in hand	(235,839)	4,426,008
Fixed deposits	–	238,916
Trade payables	421,557	(6,985,190)
Other payables and accruals	53,885	(3,445,990)
Amount due to holding company	342,181	–
Advances from Directors	88,109	(1,103,500)
Hire purchase creditors	122,140	(63,272)
Dividends payable	–	(1,036,000)
Provision for income tax	–	(1,808,808)
Deferred taxation	–	(140,370)
Short-term borrowings	–	(219,960)
Long-term borrowings	–	(3,146,231)
	(40,051)	13,951,378
Minority interests	16,021	(814,549)
Net assets disposed/acquired	(24,030)	13,136,829
Shares issued as consideration	–	(12,899,998)
Goodwill arising on acquisition	–	123,170
Amounts due from companies within the Group	–	(3,093,668)
Dividends payable to holding company	–	1,036,000
Amount due to holding company	(342,181)	–
	(366,211)	(1,697,667)
Less : Cash & cash equivalents of subsidiary companies disposed/acquired	235,839	(4,664,924)
Net cash inflow on disposal/acquisition of subsidiary companies	(130,372)	(6,362,591)

The accounting policies and explanatory notes on pages 41 through 74 form an integral part of the financial statements.

1. Corporate information

The financial statements of Food Empire Holdings Limited ("the Company") for the year ended 31 December 2001 were authorised for issue in accordance with a resolution of the Directors on 12 March 2002.

The Company is a limited liability company which is domiciled and incorporated in Singapore. The principal activity of the Company is that of an investment holding company.

The principal activities and other details of the subsidiary companies are stated in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year under review.

The Group operates in 9 (2000 : 12) countries and employed 255 (2000 : 200) employees as of 31 December 2001. The Company has no employees as the operation is managed by a subsidiary company.

2. Significant accounting policies

(a) Basis of preparation of financial statements

The financial statements of the Company and of the Group, which are expressed in Singapore dollars, are prepared under the historical cost convention and in accordance with Singapore Statements of Accounting Standard ("SAS") and applicable requirements of the Singapore Companies Act, Chapter 50.

In 2001, the Group and the Company changed their accounting policies as a result of adopting new or revised accounting standards which have become effective for the financial statements for 2001. They are as follows :

SAS 8 (Revised 2000) Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies;
SAS 10 (Revised 2000) Events Occurring after the Balance Sheet Date;
SAS 17 (Revised 2000) Employee Benefits;
SAS 22 (Revised 2000) Business Combinations;
SAS 31 Provisions, Contingent Liabilities and Contingent Assets;
SAS 32 Financial Instruments – Disclosure and Presentation;
SAS 34 Intangible Assets;
SAS 35 Discontinuing Operations; and
SAS 36 Impairment of Assets.

The benchmark treatment given in SAS 8 (Revised 2000) of applying the changes retrospectively by adjusting the opening balance of the retained earnings of the prior and current year has been adopted, unless such treatment is prohibited or modified by the specific transitional provisions set out in the respective standards being adopted.

Details of the effects of adopting the standards are given in Note 28.

2. Significant accounting policies (cont'd)

b) *Basis of consolidation*

The accounting year of the Company and all its subsidiary companies in the Group ends on 31 December.

The Group's financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. All transactions among the Group companies have been eliminated. The results of subsidiary companies acquired or disposed of during the financial year are included in or excluded from the Group's financial statements from their respective dates of acquisition or disposal.

Any excess/deficit of the cost of acquisition of a subsidiary company over the fair value of the net assets acquired is treated as goodwill/negative goodwill on consolidation.

Assets, liabilities and results of overseas subsidiary companies are translated into Singapore dollars on the basis outlined in Note 2(g) below.

c) *Subsidiary companies*

A subsidiary company is a company in which the Group or Company has significant control over its management, including participation in the financial and operating policies.

Investments in subsidiary companies are stated in the Company's balance sheet at cost and provision is made for impairment in values.

A list of the Group's subsidiary companies is shown in Note 10 to the financial statements.

d) *Associated company*

An associated company is defined as a company, not being a subsidiary company, in which the Group has long-term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investment in associated company is stated at cost and adjusted to recognise the Group's share of the net assets of the associated company at the date of acquisition.

The Group's share of results of associated company is included in the consolidated profit and loss account. The Group's share of the post-acquisition reserves of associated company is included in the investments in the consolidated balance sheet.

Where the audited financial statements are not co-terminous with those of the Group, the share of profits is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period.

Investment in the associated company is stated in the Company's balance sheet at cost and provision is made for impairment in value.

2. Significant accounting policies (cont'd)

e) Other financial asset

Short-term investments are stated at the lower of cost and market value determined on an aggregate basis.

f) Intangible assets

Goodwill

Goodwill on consolidation is amortised using the straight-line method over an average 5 year period in which benefits are expected to be received.

Negative goodwill

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

g) Foreign currencies

Transactions arising in foreign currencies during the year are converted at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at exchange rates ruling at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences arising from conversion are included in the profit and loss account.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary companies are translated into Singapore dollars at the exchange rates ruling at the balance sheet date and the results of foreign subsidiary companies are translated into Singapore dollars at the weighted average exchange rates. Exchange differences due to such currency translations are taken to foreign currency translation reserve.

2. Significant accounting policies (cont'd)

h) *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to profit and loss account.

When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

i) *Depreciation*

Depreciation is calculated on the straight-line method to write off the cost over their estimated useful lives. The rates used to calculate depreciation are as follows:-

Freehold properties	- 50 years
Leasehold factory buildings	- Over the remaining term of lease
Plant and machinery	- 10 years
Furniture and fittings and other equipment	- 10 years
Factory and office equipment	- 5 –10 years
Computers	- 3 years
Motor vehicles	- 5 years
Forklifts	- 10 years
Renovation, air-conditioners, electrical installation and leasehold improvements	- 5 –10 years

No depreciation is provided on capital work-in-progress.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

j) *Preliminary and pre-operating expenditure*

Preliminary and pre-operating expenditure represent the expenses incurred prior to commencement of operations and are recognised in the profit and loss account as incurred.

2. Significant accounting policies (cont'd)

k) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash at bank and in hand, including fixed deposits.

l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an amount for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Amounts due from subsidiary companies are recognised and carried at cost less an allowance for any uncollectible amounts.

m) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost in respect of direct materials and goods purchased for resale are stated based on first-in-first-out basis. Cost in respect of manufactured products, include direct labour and attributable production overheads based on normal levels of operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale, and after making allowance for damaged, obsolete and slow-moving items.

n) Impairment of assets

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

2. Significant accounting policies (cont'd)

Impairment of assets (cont'd)

Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

o) Trade and other payables

Liabilities for trade and other amounts payable which are normally settled on 30-90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

q) Leases

Finance leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased property, plant and equipment. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

2. Significant accounting policies (cont'd)

r) *Employee benefits*

Defined contribution plans

As required by law, the Group's companies in Singapore and Malaysia make contributions to their state pension schemes, the Central Provident Fund ("CPF") and Employee's Provident Fund ("EPF") respectively. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to these contributions.

s) *Deferred taxation*

Deferred taxation accounted for under the liability method whereby the tax charge for the year is based on the disclosed book profit after adjusting for all permanent differences. The amount of taxation deferred on account of all timing differences is reflected in the deferred taxation account. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

t) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company, and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Revenue from rendering of internet services is recognised when the services are rendered.

Revenue from restaurant operations is recognised upon delivery and consumption.

Rental income is recognised on the time apportionment basis.

Dividend income is recognised when the shareholder's right to receive the payment is established.

Interest income is recognised on accrual basis.

u) *Finance costs*

Interest expenses and similar charges are recognised as expenses in the period in which they are incurred.

v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services, or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, by business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing, if any, is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

i) Business Segments

The main business segments of the Group comprises of :

Coffee-based products : The manufacture and sale of coffee-based products.

Others : The manufacture and sale of non-coffee-based products, rental income, restaurant operations and provision of internet-related services.

ii) Geographical Segments

The coffee-based products segment operates in two principal geographical areas. Russia and Eastern Europe and Central Asia are major markets for these sales.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

3. Revenue

The Group's revenue represents invoiced value of goods supplied to customers net of sales discounts and returns, which excludes intra-group transactions.

Revenue in respect of the Company represents dividend income and interest income from its subsidiary companies.

Revenue comprises of :

	GROUP		COMPANY	
	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000
	$	$	$	$
Sale of goods	84,053,258	59,010,716	–	–
Restaurant operations	20,862	49,143	–	–
Rental income	64,375	71,040	–	–
Income from internet-related services	84,996	29,400	–	–
Interest income from subsidiary companies	–	–	298,513	227,487
Dividend income from subsidiary companies	–	–	6,550,000	2,300,000
	84,223,491	59,160,299	6,848,513	2,527,487

4. Profit from operating activities

Profit from operating activities is stated after charging/(crediting) :-

Amortisation of goodwill	19,813	–	–	–
Auditors' remuneration				
- auditors of the Company	60,000	48,000	20,000	20,000
- other auditors of subsidiary companies				
- current year	23,356	22,659	–	–
- underprovision in prior year	8,519	–	–	–
Bad debts written off - trade	63,821	69,306	–	–
Depreciation of fixed assets	766,312	593,101	–	–
Directors' remuneration				
- Directors of the Company				
Salaries and other remuneration	2,283,110	1,598,105	108,000	81,000
Central Provident Fund	64,874	46,318	–	–
- other Directors of subsidiary companies				
Salaries and other remuneration	370,613	174,000	–	–
Central Provident Fund	42,584	8,260	–	–

4. Profit from operating activities (cont'd)

	GROUP		COMPANY	
	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000
	$	$	$	$
Foreign exchange gain	(1,289,569)	(815,941)	(42,079)	(118)
Loss on disposal of fixed assets	106,899	13,195	–	–
Loss on dilution of a subsidiary company	–	11,734	–	19,995
Impairment loss on fixed assets	1,203,891	–	–	–
Interest income				
- bank deposits	(84,610)	(50,815)	(46,997)	(82,974)
- others	(9)	–	–	–
Non-audit fees paid to				
- auditors of the Company	26,263	3,870	9,635	–
- other auditors of subsidiary companies	5,888	6,268	–	–
Preliminary expenses written off	19,369	22,210	–	–
Provision for doubtful debts				
- trade	824,295	300,096	–	–
- non-trade amount due from a subsidiary company	–	–	2,038,986	120,000
Provision for inventory obsolescence	300,000	–	–	–
Provision for impairment in value of investment in a subsidiary company	–	–	444,000	60,000
Staff costs				
- Central Provident Fund	277,718	219,427	–	–
- Employee's Provident Fund	48,795	33,220	–	–
- Salaries, wages and other staff benefits	3,401,818	3,062,110	–	–

5. Finance costs

	GROUP	
	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000
	$	$
Interest expenses on :-		
Bank overdraft and trust receipts	9,067	47,092
Term loan	11,130	125,875
Hire purchase	–	9,749
Others	1,436	14,915
	21,633	197,631

6. Taxation

	GROUP		COMPANY	
	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000	1.1.2001 to 31.12.2001	17.2.2000 to 31.12.2000
	$	$	$	$
Provision for taxation in respect of result for the year/period :-				
Current taxation				
- Singapore	2,879,007	2,431,636	1,501,750	603,000
- Foreign	704,700	970,559	–	–
	3,583,707	3,402,195	1,501,750	603,000
Deferred taxation	150,066	70,000	–	–
	3,733,773	3,472,195	1,501,750	603,000
Overprovision in respect of prior period	(67,765)	–	(7,231)	–
	3,666,008	3,472,195	1,494,519	603,000

The taxation charge for the Company materially differs from the amount determined by applying the Singapore income tax rate of 24.5% (2000 : 25.5%) to the profit from ordinary activities before taxation because certain expenses are disallowed as deductions for tax purposes.

The taxation charge for the Group materially differs from the amount determined by applying the Singapore income tax rate of 24.5% (2000 : 25.5%) to the profit from ordinary activities before taxation because of tax concessions enjoyed by certain subsidiary companies.

At 31 December 2001, certain subsidiary companies had unutilised tax losses amounting to approximately $423,905 (2000 : $417,447) available for off-set against future taxable profits subject to agreement with the tax authorities.

7. Dividends

	GROUP & COMPANY	
	2001	2000
	$	$
As previously reported :		
- First and final dividend proposed of $0.005 per ordinary share less tax at 24.5%	–	1,298,600
Effect of adopting SAS 10		
- Reversal of first and final dividend proposed of $0.005 per ordinary share less tax at 24.5%	–	(1,298,600)
As restated	–	–
First and final dividend of $0.005 per ordinary share less tax at 24.5%, paid	1,298,600	–
	1,298,600	–

After the balance sheet date, the Directors proposed the following dividends. The dividends have not been provided for.

	2001	2000
	$	$
First and final dividend of $0.005 (2000 : $0.005) per ordinary share less tax of 24.5% (2000:24.5%)	1,298,600	1,298,600
Special dividend of $0.0025 (2000 : nil) per ordinary share less tax at 24.5% (2000 : nil)	649,300	–
	1,947,900	1,298,600

8. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The following reflects the income and share data used in the basic and diluted earnings per share computations for the period ended 31 December :

	GROUP	
	2001	2000
Net profit attributable to ordinary shareholders on issue applicable to basic and diluted earnings per share	$10,976,467	$ 4,708,910
Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share	344,000,000	344,000,000

9. Fixed assets

Group

	FREEHOLD PROPERTIES $	LEASEHOLD FACTORY BUILDINGS $	PLANT AND MACHINERY, FURNITURE AND OTHER EQUIPMENT $	FACTORY AND OFFICE EQUIPMENT AND COMPUTERS $	FORKLIFTS AND MOTOR VEHICLES $	RENOVATION, AIRCONDITIONERS, ELECTRICAL INSTALLATION AND LEASEHOLD IMPROVEMENTS $	CAPITAL WORK-IN-PROGRESS $	TOTAL $
Cost								
At 1 January 2001	3,273,058	3,289,320	2,089,651	306,908	717,473	537,256	46,520	10,260,186
Due to disposal of a subsidiary company	–	–	(17,269)	(31,943)	(169,899)	(34,708)	–	(253,819)
Additions	–	803,220	1,888,603	370,724	53,500	115,784	–	3,231,831
Disposals	–	–	(409,959)	(39,105)	(25,866)	(39,960)	–	(514,890)
Exchange realignment	–	–	56,216	–	2,309	–	3,065	61,590
Reclassification	–	–	49,585	46,520	(46,520)	–	(49,585)	–
At 31 December 2001	3,273,058	4,092,540	3,656,827	653,104	530,997	578,372	–	12,784,898
Accumulated depreciation								
At 1 January 2001	240,356	390,817	682,391	137,605	178,703	191,501	–	1,821,373
Due to disposal of a subsidiary company	–	–	(1,178)	(7,295)	(21,863)	(5,785)	–	(36,121)
Charge for the year	65,462	153,365	307,261	60,386	82,058	97,780	–	766,312
Disposals	–	–	(197,922)	(10,628)	(25,865)	(5,890)	–	(240,305)
Exchange realignment	–	–	15,920	–	853	–	–	16,773
Impairment loss	732,531	471,360	–	–	–	–	–	1,203,891
At 31 December 2001	1,038,349	1,015,542	806,472	180,068	213,886	277,606	–	3,531,923
Charge for 2000	65,460	133,418	189,900	54,241	79,960	70,122	–	593,101
Net book value								
At 31 December 2001	2,234,709	3,076,998	2,850,355	473,036	317,111	300,766	–	9,252,975
At 31 December 2000	3,032,702	2,898,503	1,407,260	169,303	538,770	345,755	46,520	8,438,813

9. Fixed assets (cont'd)

i) Motor vehicles at net book value of nil (2000 : $148,036) were acquired under finance lease (Note 22).

ii) The freehold properties of a subsidiary company at net book value of $1,334,709 (2000 : $1,364,988) have been pledged to a bank to secure banking facilities for the subsidiary company.

iii) During the year, the leasehold land and building of an overseas subsidiary company at net book value of $803,200 (2000 : nil) was pledged to a bank to secure a term loan (Note 22).

iv) Included in freehold and leasehold factory buildings are properties held for investment. The details of the major properties held for investment are disclosed in Note 33.

Based on a valuation performed by an independent appraiser, Allied Appraisal Consultants Pte Ltd on 17 December 2001, the carrying amounts of these properties were written down to its recoverable amounts by $1,203,891. The amount written down is charged to the profit and loss statement as an impairment loss (Note 4). The valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and knowledgeable willing seller on an arm's length transaction at the valuation date.

10. Investments in subsidiary companies

	COMPANY	
	2001	2000
	$	$
Unquoted shares, at cost	13,379,998	13,439,998
Provision for impairment in value of investments	(444,000)	(60,000)
	12,935,998	13,379,998

The movements in provision for impairment in value of investments during the financial year are as follows :-

	2001	2000
Balance at beginning of the year/period	60,000	–
Provision made during the year/period	444,000	60,000
Amount utilised	(60,000)	–
Balance at end of the year/period	444,000	60,000

10. Investments in subsidiary companies (cont'd)

Details of the subsidiary companies as at 31 December 2001 are as follows:

	NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST 2001 $	COST 2000 $	PERCENTAGE OF EQUITY HELD BY THE GROUP 2001 %	PERCENTAGE OF EQUITY HELD BY THE GROUP 2000 %
	Held by the Company					
	Future Enterprises Pte Ltd (Singapore)	Sales and marketing of instant food and beverages (Singapore)	12,366,514	12,366,514	100	100
*	Future Corporation Pte Ltd (Singapore)	Property investment holding (Singapore)	1	1	100	100
*	Masters Corporation Pte Ltd (Singapore)	Dealers in food products (Singapore)	380,594	380,594	100	100
*	Foodaworld Marketing Pte Ltd (Singapore)	Dealers in food products (Singapore)	152,889	152,889	100	100
*	Cafe Veneto Pte Ltd (Singapore)	Restaurant operations (Singapore)	200,000	200,000	100	100
*	Asianparenting Pte Ltd (Singapore)	Provider of internet related services (Singapore)	280,000	280,000	70	70
**	Jackley Distribution Pte Ltd (Singapore)	Distribution of general products (Singapore)	–	60,000	–	60
			13,379,998	13,439,998		

NOTES TO THE FINANCIAL STATEMENTS 31 December 2001

10. Investments in subsidiary companies (cont'd)

	NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	PERCENTAGE OF EQUITY HELD BY THE GROUP 2001 %	2000 %
	Held by Future Enterprises Pte Ltd			
	Future Enterprises (Russia) Pte Ltd (Singapore)	Sales and marketing of instant food and beverages (Singapore)	87	100
	FES Industries Pte Ltd (Singapore)	Manufacturing and processing of instant food and other beverages (Singapore)	88	88
##	FES Industries Sdn Bhd (Malaysia)	Manufacturing and processing of instant food and beverages (Malaysia)	79.9	65.1
^	FES Marketing (Proprietary) Limited (South Africa)	Dormant	100	100
@	Express Food & Beverages Limited (Hong Kong)	Dormant	100	100
@	Klassno Foods Limited (Hong Kong)	Dormant	100	100
	Held by Asianparenting Pte Ltd			
#	Sunrise Nexus (M) Sdn. Bhd. (Malaysia)	Dormant	70	70

* Audited by C.C. Yang & Co.
** Audited by K. Sreedharan & Co. Disposed during the year.
Audited by an associated firm of Ernst & Young, Singapore
^ Audited by Messrs. ABD & T, Chartered Accountants, South Africa. (No audited financial statements are prepared as the Company is currently under liquidation).
@ No audited financial statements are prepared as the Company has remained dormant since incorporation.

10. Investments in subsidiary companies (cont'd)

Acquisitions and disposal of subsidiary companies

(i) Acquisitions

Acquisitions of the following subsidiary companies are accounted for by the Company using the purchase method of accounting. The subsidiary companies are as follows :-

On 29 April 2000, the Company acquired 75% of the shares in Asianparenting Pte Ltd for a cash consideration of $300,000. The subsidiary company contributed a net loss of $269,157 from 29 April 2000 to 31 December 2000 to the consolidated results of the Group for the period ended 31 December 2000.

On 8 April 2000, the Company acquired all the shares in Future Enterprises Pte Ltd for a purchase consideration of $12,366,515, satisfied by the allotment and issue of 247,330,290 shares of $0.05 each. The subsidiary company contributed a net profit of $6,612,896 for the period from 8 April 2000 to 31 December 2000 to the consolidated results of the Group for the period ended 31 December 2000.

On the same day, the Company acquired all the shares in Foodaworld Marketing Pte Ltd, Future Corporation Pte Ltd and Masters Corporation Pte Ltd for a purchase consideration of $533,484, satisfied by the allotment and issue of 10,669,670 shares of $0.05 each. For the period from 8 April 2000 to 31 December 2000, Foodaworld Marketing Pte Ltd and Masters Corporation Pte Ltd contributed a net profit of $217,782 and $278,821 respectively, while Future Corporation Pte Ltd contributed a net loss of $112,729 to the consolidated results of the Group for the period ended 31 December 2000.

On 6 March 2000, the Company acquired 60% of the shares in Jackley Distribution Pte Ltd for a cash consideration of $60,000. The subsidiary company contributed a net loss of $259,950 from 6 March 2000 to 31 December 2000 to the consolidated results of the Group for the period ended 31 December 2000.

(ii) Disposals

On 21 April 2001, the Company fully disposed its interest in a subsidiary company, Jackley Distribution Pte Ltd. The subsidiary company contributed a net loss of $259,950 from 6 March 2000 to 31 December 2000 to the consolidated results of the Group for the period ended 31 December 2000. The Company has made no contribution to the results of the Group during the year.

(iii) Effect of acquisitions and disposal on the cashflows of the Group

The effect of acquisitions and disposal of subsidiary companies on the cashflows of the Group are included in the schedule following the Consolidated Statement of Cash Flows.

11. Investment in associated company

	GROUP		COMPANY	
	2001	2000	2001	2000
	$	$	$	$
Unquoted shares, at cost	833,553	–	833,553	–
Share of net post-acquisition reserves	(154,258)	–	–	–
	679,295	–	833,553	–

Details of the associated company as at 31 December are as follows :-

NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001	2000	2001	2000
		$	$	%	%
+ Ernsts Food Ingredients Sdn Bhd (Malaysia)	Manufacturing and processing of spray-dried non-dairy creamer (Malaysia)	833,553	–	35	–

\+ Audited by an associated firm of Ernst & Young, Singapore.

12. Preliminary and pre-operating expenditure

	GROUP	
	2001	2000
	$	$
Balance at beginning of year/period	19,369	–
Due to acquisition of subsidiary companies	–	10,580
Additions during the year/period	–	8,419
Amount written off	(19,369)	–
Translation differences	–	370
Balance at end of the year/period	–	19,369
Preliminary expenses written off directly to profit and loss account	–	22,210

13. Intangible assets

	GROUP	
	2001	2000
	$	$
Goodwill on acquisition of additional interest in a subsidiary company :		
At cost	99,063	–
Amortisation	(19,813)	–
Net book value	79,250	–

14. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts :-

	GROUP	
	2001	2000
	$	$
Cash and bank balances	8,535,755	6,207,624
Fixed deposits	292,731	4,896,756
	8,828,486	11,104,380

15. Other financial asset

	COMPANY & GROUP	
	2001	2000
	$	$
Short-term investment, unquoted :		
Floating rate note	500,000	–

Interest on the floating rate note is at a rate of 1.8% per annum, which matures on 20 March 2002. The issuer of the floating rate note has agreed to purchase the note at a full price of $500,000 on 20 March 2002.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2001

16. Trade receivables

	GROUP	
	2001	2000
	$	$
Trade receivables are stated after deducting provision for doubtful receivables of	1,370,220	1,323,542
Analysis of provision for doubtful receivables :-		
Balance at beginning of the year/period	1,323,542	–
Due to (disposal)/acquisition of subsidiary companies	(15,000)	2,150,065
Charge to profit and loss account	824,295	300,096
Bad debts written off	(812,931)	(1,153,506)
Translation differences	50,314	26,887
Balance at end of the year/period	1,370,220	1,323,542
Bad debts written-off directly to profit and loss account	63,821	69,306

17. Other receivables

	GROUP		COMPANY	
	2001	2000	2001	2000
	$	$	$	$
Prepayments	1,744,447	862,291	8,250	–
Deposits	823,413	510,865	–	–
Staff advances	21,130	79,325	–	–
Amount due from a Director of a subsidiary company	684,500	–	–	–
Sundry receivables	35,987	70,316	–	–
Tax recoverable	103,000	18,990	103,000	18,990
	3,412,477	1,541,787	111,250	18,990

The amount due from a Director of a subsidiary company refers to a housing loan made to the Director, and it is in compliance with Section 162 of the Companies Act, Chapter 50. The amount is unsecured, interest-free and is repayable on demand.

18. Amounts due from subsidiary companies

	COMPANY	
	2001	2000
	$	$
Amounts due from subsidiary companies	12,508,620	8,286,192
Provision for doubtful receivables	(2,038,986)	(120,000)
	10,469,634	8,166,192
Analysis of provision for doubtful receivables :-		
Balance at beginning of the year/period	120,000	–
Provision made during the year/period	2,038,986	120,000
Amount utilised	(120,000)	–
Balance at end of the year/period	2,038,986	120,000

The amounts due from subsidiary companies are non-trade, unsecured, bears interest at 3% (2000 : 3% to 10%) per annum and are expected to be repayable on demand.

19. Amount due from associated company

The amount due from associated company is non-trade, unsecured, interest-free and is expected to be repayable on demand.

20. Inventories

	GROUP	
	2001	2000
	$	$
At cost :		
Raw materials	5,550,582	3,516,875
Finished products/trading goods	14,381,641	6,963,083
	19,932,223	10,479,958

20. Inventories (cont'd)

	GROUP	
	2001	2000
	$	$
At realisable value :		
Packaging materials, at cost	1,514,107	2,125,097
Provision for inventory obsolescence	(300,000)	–
	1,214,107	2,125,097
	21,146,330	12,605,055

The movements in provision for inventory obsolescence are as follows :-

	GROUP	
	2001	2000
	$	$
Provision made in the year/period and balance at end of the year/period	300,000	–

21. Other payables

	GROUP		COMPANY	
	2001	2000	2001	2000
	$	$	$	$
Accruals	3,583,140	2,737,090	127,728	102,630
Rental deposits	27,696	70,143	–	–
Other deposits	9,000	–	–	–
Loans due to shareholders of subsidiary companies	–	210,000	–	–
Sundry payables	156,409	8,357	26,560	42,506
	3,776,245	3,025,590	154,288	145,136

The loans due to shareholders of subsidiary companies are unsecured, interest-free and are repayable on demand, except for an amount of nil (2000 : $80,000) which bears interest at nil (2000 : 10%) per annum.

22. Interest-bearing loans and borrowings

At 31 December, short-term and long-term interest-bearing loans and borrowings are as follows :-

	GROUP 2001	GROUP 2000
	$	$
Non-current liabilities		
Term loan, secured	436,833	–
Finance lease liabilities	–	102,915
	436,833	102,915
Current liabilities		
Bills payable	689,730	628,989
Current portion of :		
Term loan, secured	39,752	–
Finance lease liabilities	–	19,225
	729,482	648,214

The term loan from a bank is secured by a charge on the land and building of an overseas subsidiary company (Note 9). It is repayable over a period of 10 years and bears interest at 6.8% per annum for the first 2 years, and 7.8% for the remaining 8 years.

The Group's obligations under finance leases as at 31 December are repayable as follows :-

GROUP	MINIMUM PAYMENTS 2001	PRESENT VALUE OF PAYMENTS 2001	MINIMUM PAYMENTS 2000	PRESENT VALUE OF PAYMENTS 2000
	$	$	$	$
Within one year	–	–	23,844	19,225
After one year but not more than five years	–	–	127,622	102,915
Total minimum lease payments	–	–	151,466	122,140
Less : Amounts representing finance charges	–	–	(29,326)	–
Present value of minimum lease payments	–	–	122,140	122,140

NOTES TO THE FINANCIAL STATEMENTS 31 December 2001

23. Deferred taxation

	GROUP	
	2001	2000
	$	$
Balance at beginning of the year/period	212,521	–
Due to acquisition of subsidiary companies	–	142,521
Provision made during the year/period	150,066	70,000
Translation difference	3,461	–
Balance at end of the year/period	366,048	212,521

The deferred taxation for the Group arises as a result of excess of net book value over the written down value of fixed assets.

24. Share capital

	GROUP & COMPANY		GROUP & COMPANY	
	2001	2000	2001	2000
	No. of shares		$	$
Authorised :-				
Balance at beginning of the year/period	1,000,000,000	–	50,000,000	–
At the date of incorporation, the authorised share capital was 100,000 ordinary shares of $1.00 each	–	100,000	–	100,000
Increase in authorised share capital from $100,000 to $50,000,000 comprising of 50,000,000 ordinary shares of $1.00 each	–	49,900,000	–	49,900,000
	1,000,000,000	50,000,000	50,000,000	50,000,000
Increase in number of ordinary shares by sub-division of each share of $1.00 each into ordinary shares of $0.05 each	–	950,000,000	–	–
Balance at end of the year/period	1,000,000,000	1,000,000,000	50,000,000	50,000,000

24. Share capital (cont'd)

	GROUP & COMPANY		GROUP & COMPANY	
	2001	2000	2001	2000
	No. of shares		$	$
Issued and fully paid :-				
Balance at beginning of the year/period	344,000,000	–	17,200,000	–
At the date of incorporation, issued ordinary shares of $1.00 each at par for cash as subscribers' shares	–	2	–	2
Increase in ordinary shares by sub-division of each share of $1.00 each into ordinary shares of $0.05 each	–	38	–	–
	344,000,000	40	17,200,000	2
Issued new ordinary shares of $0.05 each at par, pursuant to the restructuring exercise	–	257,999,960	–	12,899,998
Issued new ordinary shares of $0.05 each, pursuant to the initial public offer at premium, at $0.13 per share	–	86,000,000	–	4,300,000
Balance at end of the year/period	344,000,000	344,000,000	17,200,000	17,200,000

25. Reserves

	GROUP		COMPANY	
	2001	2000	2001	2000
	$	$	$	$
Revenue reserve	14,263,607	4,585,740	2,842,286	1,543,885
Capital reserve	15,551	15,551	–	–
Foreign currency translation reserve	354,777	67,576	–	–
Share premium (Note 26)	6,086,325	6,086,325	6,086,325	6,086,325
Total reserves	20,720,260	10,755,192	8,928,611	7,630,210
Comprising of :-				
Distributable reserves	14,263,607	4,585,740	2,842,286	1,543,885
Non-distributable reserves	6,456,653	6,169,452	6,086,325	6,086,325
	20,720,260	10,755,192	8,928,611	7,630,210

25. Reserves (cont'd)

The Group and the Company

Capital reserve

The capital reserve arose from the acquisition of additional shares in a subsidiary company at a discount.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operation of the Company.

Share premium

The application of the share premium account is governed by Sections 69 to 69F of the Companies Act, Chapter 50.

	GROUP	
	2001	2000
	$	$
Unappropriated profits are retained in :		
The Company	2,842,286	1,543,885
Subsidiary companies	11,544,491	3,165,025
Goodwill on acquisition written-off	(123,170)	(123,170)
	14,263,607	4,585,740

26. Share premium

	GROUP & COMPANY	
	2001	2000
	$	$
Balance at beginning of the year/period	6,086,325	–
86,000,000 shares of $0.05 each were issued at a premium of $0.08 per share, pursuant to the initial public offer	–	6,880,000
Expenses relating to the initial public offer	–	(793,675)
Balance at end of the year/period	6,086,325	6,086,325

27. Group segment reporting

Business segments

	COFFEE-BASED PRODUCTS		OTHERS		ELIMINATION		TOTAL	
	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $
Revenue and expenses								
Segment revenue from external customers	77,150,620	50,937,461	7,072,871	8,222,838	–	–	84,223,491	59,160,299
Inter-segment revenue	93,501,287	33,651,805	39,386,510	26,142,683	(132,887,797)	(59,794,488)	–	–
Total revenue	170,651,907	84,589,266	46,459,381	34,365,521	(132,887,797)	(59,794,488)	84,223,491	59,160,299
Segment results	16,394,429	8,535,502	6,519,807	4,561,498	(6,660,888)	(3,864,366)	16,253,348	9,232,634
Finance costs							(21,633)	(197,631)
Share of result of associated company							(154,258)	–
Profit from operating activities before taxation and minority interests							16,077,457	9,035,003
Taxation							(3,666,008)	(3,472,195)
Minority interests, net of taxes							(1,434,982)	(853,898)
Net profit for the year/period							10,976,467	4,708,910

27. Group segment reporting (cont'd)

Business segments (cont'd)

	COFFEE-BASED PRODUCTS		OTHERS		ELIMINATION		TOTAL	
	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $
Assets and liabilities								
Segment assets	32,974,516	25,147,466	13,019,309	7,843,088	(3,231,508)	(1,554,615)	42,762,317	31,435,939
Unallocated assets							10,969,192	11,178,910
Total assets							53,731,509	42,614,849
Segment liabilities	7,771,035	7,053,728	1,384,976	1,876,023	–	410,740	9,156,011	9,340,491
Unallocated liabilities							4,447,208	3,966,766
Total liabilities							13,603,219	13,307,257
Other segment information								
Capital expenditure	2,910,606	1,024,968	321,225	568,454			3,231,831	1,593,422
Impairment loss on fixed assets	–	–	1,203,891	–			1,203,891	–
Depreciation and amortisation	623,531	415,469	162,594	177,632			786,125	593,101
Non-cash expenses other than depreciation and amortisation	232,977	40,651	84,878	5,637			317,855	46,288

27. Group segment reporting (cont'd)

Geographical segments

	RUSSIA		EASTERN EUROPE AND CENTRAL ASIA		OTHER COUNTRIES		ELIMINATION		TOTAL	
	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $
Segment revenue from external customers	48,212,358	38,638,236	28,014,628	14,034,005	7,996,505	6,488,058	–	–	84,223,491	59,160,299
Inter-segment revenue	–	–	–	–	132,887,797	59,794,488	(132,887,797)	(59,794,488)	–	–
Total revenue	48,212,358	38,638,236	28,014,628	14,034,005	140,884,302	66,282,546	(132,887,797)	(59,794,488)	84,223,491	59,160,299

	SINGAPORE		MALAYSIA		OTHER COUNTRIES		ELIMINATION		TOTAL	
	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $
Segment assets	50,926,858	40,625,736	6,035,593	3,527,612	566	16,116	(3,231,508)	(1,554,615)	53,731,509	42,614,849
Capital expenditure	2,041,758	1,443,034	1,190,073	150,388	–	–	–	–	3,231,831	1,593,422

28. New/revised accounting standards and their effect

SAS 10 (revised 2000) – Events After the Balance Sheet Date
On adoption of SAS 10, the Group and the Company have reversed the liability for proposed final dividends. The new accounting policy is to recognise proposed final dividends only after they have been formally declared payable. The change has been applied retrospectively by adjusting the opening balances of revenue reserve at 1 January 2001. Comparatives have been restated.

SAS 17 (2000) – Employee Benefits
On adoption of SAS 17, the Group has provided for the obligations in respect of short-term compensated absences. These obligations are provided when the employees render services that increase their entitlement to future compensated absences.

There is no significant financial effect in the financial statements for the financial years 2000/2001 arising from the change in policy.

SAS 22 (revised 2000) – Business Combinations
The Group has changed its accounting policy on the treatment of goodwill arising on the acquisition of businesses.

As the Group adopted the transitional provision of not restating the goodwill which was previously written off against revenue reserve, there is no effect on the comparatives or the revenue reserve as at 1 January 2001. For the year ended 31 December 2001, goodwill arose from the acquisition of additional interest in a subsidiary company was capitalised and amortised over 5 years in accordance to the new policy adopted by the Group (Note 13).

There is no other significant financial effect on the financial statements for the financial years 2000/2001 arising from the change in policy.

SAS 34 (2000) – Intangible Assets
On adoption of SAS 34, the Group has changed its accounting policy on preliminary/pre-operating expenses, in which they are recognised as expenses in the period as incurred.

There is no significant financial effect on the financial statements for the financial years 2000/2001 arising from the change in policy.

SAS 36 (2000) – Impairment of Assets
On adoption of SAS 36, the Group has reviewed its assets for impairment and recognised impairment loss arising from fixed assets amounting to $1,203,891 (Note 9).

Other standards
The adoption of the other standards have not given rise to any adjustments to the opening balances of revenue reserves of the prior and current year or to changes in comparative figures.

29. Commitments and contingencies

Operating lease commitments

The Company leases certain properties under lease agreements which expire at various dates till 2002. Rental expense was $479,938 and $483,866 for the years ended 31 December 2001 and 2000 respectively. Future minimum rentals under non-cancellable leases as of 31 December are as follows :-

	GROUP & COMPANY	
	2001	2000
	$	$
Within one year	294,261	407,425
After one year but not more than five years	370,821	185,162
	665,082	592,587

Capital expenditure commitments

	GROUP	
	2001	2000
	$	$
Amount committed for capital expenditure but not provided for in the financial statements	–	121,026

Contingent liability

The Company has given corporate guarantees amounting to $11,050,000 (2000 : $11,350,000) to bankers to secure banking facilities granted to its subsidiary companies.

A subsidiary company transferred its operating lease agreement to a new tenant and guaranteed the landlord on rental payments amounting to $162,000 (2000 : nil) for the remaining term of the lease by the new tenant.

30. Significant related party transactions

The Company has significant transactions with its subsidiary companies on terms agreed between the parties as follows :-

	COMPANY	
	1.1.2001 TO 31.12.2001	17.2.2000 TO 31.12.2000
	$	$
With subsidiary companies		
Dividend income	6,550,000	2,300,000
Interest income	298,513	227,487

31. Financial instruments

Financial risk management objectives and policies

The Group is primarily exposed to credit and foreign currency risks in the normal course of business.

Credit risk

The management has a credit policy in place and exposure of credit risk is monitored on an ongoing basis. The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and maintaining an allowance for doubtful debts, which the management believes will adequately provide for potential credit risks.

The Group sells mainly to Russia and Eastern European countries. Hence, risk is concentrated on the trade receivables in these countries. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are dominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily United States dollars and Malaysian ringgit.

The management ensures that the net exposure is maintained at an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

31. Financial instruments (cont'd)

Fair values

The aggregate net fair value of financial liability which is not carried at fair value in the balance sheet is presented in the following table as of 31 December. The fair value is estimated using discounted cash flow analysis, based on the market rates of interest for the financial instrument.

	2001		2000	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	$	$	$	$
Group				
Financial liability				
Secured term loan	476,585	518,424	–	–

The carrying amounts of trade and other receivables, cash and bank balances, fixed deposits, short-term investment, amounts due from subsidiary companies, amount due from associated company, trade and other payables approximate their fair values due to their short-term nature. It is not practicable to estimate the fair value of the Group's finance lease liabilities for 2000 due to unavailability of information when the Group disposed the subsidiary company during the year.

32. Directors' remuneration

The number of Directors of the Company with remuneration received from the Company and all of its subsidiary companies are in the following bands :-

	GROUP	
	2001	2000
	$	$
$500,000 and above	3	1
$250,000 to $499,999	–	2
Below $250,000	3	3
Total	6	6

33. Major properties held for investment

LOCATION	DESCRIPTION	EXISTING USE	TENURE OF LAND	LEASE TERM
1. No. 30 Mandai Estate Mandai Industrial Building #05-09 Singapore 729918	6-Storey Building	Warehouse/ Office	Freehold	-
2. No. 9 Kaki Bukit Road 2, Gordon Warehouse Building #03-22 Singapore 417842	4-Storey Building	Warehouse/ Office	Leasehold	66 years
3. No. 3 Upper Aljunied Link Block B, Joo Seng Warehouse, #07-04 Singapore 367902	8-Storey Building	Warehouse/ Office	Freehold	-
4. No. 3 Upper Aljunied Link Block B, Joo Seng Warehouse, #07-05 Singapore 367902	8-Storey Building	Warehouse/ Office	Freehold	-

34. Comparative figures

Comparative figures in the financial statements have been changed from the previous year due to the adoption of the requirements of the new and revised accounting standards as stated in Note 28.

STATISTICS OF SHAREHOLDINGS as at 15 March 2002

Authorised Share Capital	:	$50,000,000
Issued and Fully Paid	:	$17,200,000
Total No. of Shares	:	344,000,000 ordinary shares of $0.05 each
Voting Rights	:	1 vote per share

Distribution of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 1,000	550	18.46	550,000	0.16
1,001 - 10,000	1,660	55.72	8,553,000	2.49
10,001 - 1,000,000	740	24.84	49,924,000	14.51
1,000,000 and above	29	0.98	284,973,000	82.84
Total	2,979	100.00	344,000,000	100.00

Twenty Largest Shareholders

NO.	NAME	NO. OF SHARES	%
1	Tan Guek Ming	55,700,000	16.19
2	Tan Wang Cheow	55,700,000	16.19
3	Oon Peng Lim	43,720,000	12.71
4	Oon Peng Heng	43,500,000	12.65
5	Koh Puay Ling	10,000,000	2.91
6	Seah Chor Nah	10,000,000	2.91
7	Oon Peng Lam	8,000,000	2.32
8	Oon Peng Wah	8,000,000	2.32
9	Kim Eng Ong Asia Securities Pte Ltd	7,143,000	2.08
10	Tan Bian Chye	5,600,000	1.63
11	Oon Poh Choo	4,000,000	1.16
12	Hong Leong Finance Nominees Pte Ltd	2,971,000	0.86
13	United Overseas Bank Nominees Pte Ltd	2,703,000	0.79
14	DBS Nominees Pte Ltd	2,673,000	0.78
15	OCBC Securities Private Ltd	2,479,000	0.72
16	Wee Tiong Kian	2,161,000	0.63
17	BankAmerica Nominees (1993) Pte Ltd	2,000,000	0.58
18	Gun Eng Thoo	2,000,000	0.58
19	Lim Siew Kheng	2,000,000	0.58
20	Tan Seok Wah	2,000,000	0.58
	Total	272,350,000	79.17

Substantial shareholders as shown in the register of substantial shareholders as at 15 March 2002

NAME	NO. OF SHARES HELD BY SUBSTANTIAL SHAREHOLDERS	%	NO. OF SHARES IN WHICH SUBSTANTIAL SHAREHOLDERS ARE DEEMED INTERESTED	%
Tan Guek Ming	55,700,000	16.19	55,700,000	16.19
Tan Wang Cheow	55,700,000	16.19	55,700,000	16.19
Oon Peng Lim	43,720,000	12.71	10,000,000	2.91
Oon Peng Heng	43,500,000	12.65	10,000,000	2.91
Koh Puay Ling	10,000,000	2.91	43,500,000	12.65
Seah Chor Nah	10,000,000	2.91	43,720,000	12.71

Notes:
1. Mr. Tan Wang Cheow and Mdm. Tan Guek Ming are husband and wife
2. Mr. Oon Peng Lim and Mr. Oon Peng Heng are brothers
3. Mr. Oon Peng Lim and Mdm. Seah Chor Nah are husband and wife
4. Mr. Oon Peng Heng and Mdm. Koh Puay Ling are husband and wife

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Food Empire Holdings Limited ("the Company") will be held at 101 Geylang Lorong 23, #07-02 Prosper House, Singapore 388399 on Tuesday, 30 April 2002 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2001 together with the Auditors' Report thereon. (Resolution 1)

2. To declare the following dividends in respect of the year ended 31 December 2001 :
   a) a first and final dividend of 0.5 cents per ordinary share less income tax (Resolution 2)
   b) a Special dividend of 0.25 cents per ordinary share less income tax (Resolution 3)

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:
   Mr. Oon Peng Lim (Retiring under Article 104) (Resolution 4)
   Mr. Lew Syn Pau (Retiring under Article 104) (Resolution 5)
   Mr. Lew Syn Pau will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$108,000/- for the year ended 31 December 2001. (2000 : S$81,000/-) (Resolution 6)

5. To re-appoint Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as an Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares up to 50 per centum (50%) of issued capital**
   That pursuant to Section 161 of the Companies Act, Cap. 50 and Clause 941(3)(b) of the Listing Manual of the Singapore Exchange

Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the existing issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting.[See Explanatory Note (i)] **(Resolution 8)**

8. **Authority to allot and issue shares under the Food Empire Holdings Limited Share Option Scheme**
That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the Food Empire Holdings Limited Share Option Scheme ("the Scheme") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company for the time being. [See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Loh Shu Chun
Secretary

Singapore, 12 April 2002

Explanatory Note:
1. The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company. The number of shares which the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the issued share capital of the Company for the time being. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the existing issued share capital of the Company.

2. The Ordinary Resolution 9 proposed under item 8 above, if passed will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.

Notes:
1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 not less than forty-eight (48) hours before the time for holding the meeting.

PROXY FORM Food Empire Holdings Limited

I/We, ______________________________

of ______________________________

being a member/members of Food Empire Holdings Limited (the "Company"), hereby appoint ______________________________

of ______________________________ or, failing him, ______________________________

of ______________________________

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30 April 2002 at 10.30 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1	Directors' Report and Accounts for the year ended 31 December 2001		
2	Payment of first and final dividend		
3	Payment of special dividend		
4	Re-election of Mr. Oon Peng Lim		
5	Re-election of Mr. Lew Syn Pau		
6	Approval of Directors' fees amounting to S$108,000/-		
7	Re-appointment of Ernst & Young as Auditors		
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the Food Empire Holdings Limited Share Option Scheme		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ______________ day of ________ 2002

Total number of Shares in:	No. of Shares
a) CDP Register	
b) Register of Members	

____

Signature of Shareholder(s)/
Common Seal of Corporate Shareholder

(please see notes oveleaf before completing this Form)

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote for on his/her behalf.

3. Where a member appoints two proxies, he/she should specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Wheresoever you go,
go with all your heart.

CONFUCIUS

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