



# WARRIORS of the EMPIRE

Russia Ukraine Kazakhstan Iran Latvia Mongolia Belgium



BEST SELLER OF THE YEAR

## WARRIORS

The cornerstone that contributes to the success of the Food Empire is its warriors. They are people who engage in warfare, fighting on behalf of their own state and offering their unwavering service related to their Empire in a matter of perspective. A warrior is the personification of unrelenting spirit, commitment, wit, strength and power.



# WARRIORS of the EMPIRE



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## Prologue

**T**he Food Empire has conquered major cities across the continents, making distinct marks locally and far beyond the shores. It has left trails that blaze with success and flags of victories even in the worst of economic terrains. The seething passion that burns in each and everyone of its warriors continually fuels the Empire to take bold yet strategic steps to achieve what seems to be impossible, and challenges it to strive towards achieving excellence wherever it treads. And that has brought it far beyond the horizon since its establishment in 1992.

The Empire's strong leadership never fails to inspire and engage its people with great virtuosity, strength and skills they need to excel. And the testimonies of its marked achievements remain a tour de force, clearly documented in its scrolls of accolades.



## 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 the enterprising spirit to make a difference.

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## Conquering The World



Belgium

In every legend, there is a legacy passed down the generations. And in every legacy, there are warriors that make it happen – a mighty horde of warriors that engages strategically at a mission and one that moves in unity towards a shared and common goal.



Latvia

Ukraine

Georgia

Kazakhstan

Turkmenistan

Iran

UAE

Russia

Mongolia

China

Vietnam

South  
Africa

Australia



## Warriors of the Centuries

### Victories/Battles/Conquests/Achievements

**Name :** Ogedei Khan  
**Country :** Mongol Empire  
**Born :** 1186  
**Died :** 1241  
**Period of Rule :** 1229-1241

- Destruction of the Jurchen Jin Empire
- Invasion of Korea
- Established permanent control of Persia
- Expanded westward into the Russian steppe
- Conquered Hungary and Poland
- Invaded Austria and Germany

**Name :** Shaka  
**Country :** Zulu Empire  
**Born :** 1787  
**Died :** 1828  
**Period of Rule :** 1818-1828

- United the Zulu sub-tribes to begin a nation between Phongolo and MzimKhulu rivers of South Africa
- Defeated African Clans in the battles of Gqokli Hill and Mhlatuze river
- Made innovations and reforms in the military including weapons change, introducing greater mobility to the armies, and the “buffalo horns” formation

**Name :** Ramses II  
**Country :** Egypt  
**Born :** 1303 BC  
**Died :** 1213 BC  
**Period of Rule :** 1279 BC-1213 BC

- Battle against Sherden sea pirates
- First Syrian Campaign, capturing Canaan, Palestine, and the state of Amurru
- Second Syrian Campaign, capturing the territories of the Hittite Empire
- Third Syrian Campaign, capturing Edom-Seir, Moab Jerusalem, Jericho and Upi
- Campaigns in Nubia and Lybia

**Name :** Alexander the Great  
**Country :** Greece  
**Born :** 365 BC  
**Died :** 323 BC  
**Period of Rule :** 336-323 BC

- Conquered the Achaemenid Persian Empire, extended the boundaries of his empire as far as India

**Name :** Peter I The Great  
**Country :** Russian Empire  
**Born :** 1672  
**Died :** 1725  
**Period of Rule :** 1682-1725

- Carried out the policy of Westernization and expansion of Russia that transformed the Tsardom of Russia into the Russian Empire



## Warriors of the Centuries

### Victories/Battles/Conquests/Achievements

**Name :** Napoleon I  
**Country :** France  
**Born :** 1769  
**Died :** 1821  
**Period of Rule :** 1804-1814

- General during the French Revolution and later the Emperor of France
- Took control of Italy and dominated continental Europe
- Seized Egypt

**Name :** Joan of Arc  
**Country :** France  
**Born :** 1412  
**Died :** 1431  
**Period of Rule :**

- A saint and a national heroine of France
- Led the French army to several victories and led King Charles VII to his coronation

**Name :** Genghis Khan  
**Country :** Mongol Empire  
**Born :** 1155-1167  
**Died :** 1227  
**Period of Rule :** 1206-1227

- Founder of the Mongol Empire
- United many of the nomadic tribes of Northeast Asia
- Occupied most of Asia as far as Eastern Europe

**Name :** William I  
**Country :** England  
**Born :** 1027  
**Died :** 1087  
**Period of Rule :** 1066-1087

- Invaded England in 1066
- Led an army of Normans to victory over the Anglo-Saxons forces of Harold Godwinson at the Battle of Hastings
- Norman Conquest
- Brought Reforms to England





## Stellar Performance

### Financial Highlights

For the year ended 31 December 2007

(S\$'000)	2007	2006	2005	2004	2003
<b>Revenue</b>	<b>276,859</b>	<b>234,124</b>	<b>184,011</b>	<b>160,389</b>	<b>139,590</b>
Profit Before Taxation and Minority Interests	<b>35,009</b>	29,982	24,416	22,206	13,443
Net Profit	<b>31,602</b>	26,859	20,602	15,693	10,163

	2007	2006	2005	2004	2003
<b>Financial Indicators</b>					
Debt to Equity Ratio	<b>8.7%</b>	5.2%	0.0%	0.0%	0.0%
Working Capital Ratio	<b>4.5</b>	4.4	3.6	3.4	4.4
Quick Ratio	<b>3.8</b>	3.2	2.2	2.1	2.6
EDITDA Margin	<b>13.8%</b>	13.8%	14.2%	14.8%	10.8%
Diluted EPS (cents)	<b>7.15</b>	6.56	5.54	4.44	2.95
NAV per share (cents)	<b>35.78</b>	32.11	25.63	19.79	16.57

<b>Revenue By Geographical Regions</b> (S\$'000)	2007	2006	2005	2004	2003
Russia	<b>151,311</b>	130,737	110,987	98,277	77,560
Eastern Europe & Central Asia	<b>105,669</b>	89,115	61,306	48,344	51,446
Others	<b>19,879</b>	14,272	11,718	13,768	10,584
	<b>276,859</b>	234,124	184,011	160,389	139,590

<b>Revenue By Product Group</b> (S\$'000)	2007	2006	2005	2004	2003
Beverages	<b>256,377</b>	217,785	170,468	143,640	127,735
Non-Beverages	<b>20,482</b>	16,339	13,543	16,749	11,855
	<b>276,859</b>	234,124	184,011	160,389	139,590

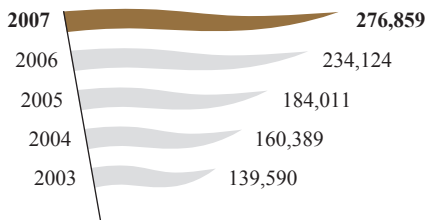


## Stellar Performance

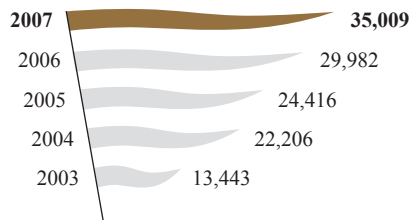
### Financial Highlights

For the year ended 31 December 2007

#### Group Revenue (S\$'000)



#### Group Profit Before Tax (S\$'000)



#### Contribution To Revenue

(by Geographical Region)

Year 2007



Year 2006



#### Contribution To Revenue

(by Product Group)

Year 2007



Year 2006



● Russia ● Eastern Europe & Central Asia ● Others

● Beverages ● Non-Beverages





## Author's Note

### Chairman's Message

Year 2007 is clearly a year of excellence for Food Empire Holdings Ltd (“Empire”). Into its seventh year of consecutive growth, FY 2007 saw the Empire scaled great heights with impressive group revenue of S\$276.9 million which is an 18.3% increase against the financial performance of the year before. This was attributable to the strong beverage sales in the Empire’s key markets. Throughout the year under review, the Empire also embarked on significant sales and marketing strategies in the hopes to expand its business network and to improve its global market share.





## Author's Note Chairman's Message

### Victorious Year under Review

The year under review saw to the fruition of the full independence of its first outside Asia factory in the Dimitrov region. The manufacturing facility spans 7,800sqm with manpower of 350. The factory is capable of producing an impressive 100 million sachets of coffee per month, supplying directly to the Russian market.

The Empire's proprietary brand, MacCoffee embarked on a revamping exercise to improve its market share and to enhance brand equity. Prior to the launching of the exercise, in order to have an assessment of our home brands, we performed a brand valuation across our various key markets, reporting the value of the MacCoffee at S\$166 million.



The Empire successfully acquired its first nationalistic Russian brand of 3-in-1 instant coffee mix, Petrovskaya Sloboda, and had it integrated into its operations. Before the acquisition, we performed a Consumer Research Audit on the brand. The results reflected the true blue tradition and spirit of Russia thus lauded the brand as nationalistic by the consumers. Petrovskaya Sloboda is the leading brand in Ukraine and Russia with a market share of 22% in the former region and 6% in the latter.



## Author's Note

### Chairman's Message

We exercised prudence in countering pressures from the global upsurge of commodity prices. There was a significant increase in the prices of raw materials namely instant coffee, creamer and sugar and operational cost across the industry in the fiscal year of 2007. The Empire managed the situation well with the support of its brand-loyal consumers through programmed price increased.



### Extending the Legacy

The Empire will be exploring growth and acquisition opportunities. We are expecting growth in terms of business volume through the expansion of our range of products to suit the varying tastes of the different targeted audience around the world. We will also be paying particular attention to our secondary range of products such as MacChocolate and MacTea.

We will continue to further enhance our brand equity by adhering to consistent, good global branding practices in our marketing initiatives while exploring new grounds to anchor our palatable range of products.



## **Author's Note**

### **Chairman's Message**

### **Heartfelt Appreciation**

On behalf of the Empire, I would like to express our appreciation to our dedicated management team, esteemed clients, shareholders and partners. Join us in saluting our frontline warriors who had been keeping a good fight for the Empire.



**Tan Wang Cheow**  
Chairman and Managing Director

# The Legend Unfurls



## Victories under Review

### Operations Review

Food Empire had a record year in 2007. Not only did the Group delivered its seven consecutive years of double digit revenue growth, its profit after tax and minority interests exceeded S\$31 million, reaching S\$31.6 million, representing a year-on-year growth of 17.7%. Revenue was up 18.3% or S\$42.7 million to a S\$276.9 million on the back of strong beverage sales in all the Group's key markets.



The strong set of results can be attributed to the success of the Group in leveraging its brand equity, such as MacCoffee, Klassno, Kracks and the recently acquired Petrovskaya Sloboda. The Group's beverage products includes 3-in-1 instant coffee mix, cappuccinos coffees, tea and chocolate drinks. Its non-beverage products include confectionery, snack foods and frozen convenience foods.

The Group's consistent performance over several years was recognised by the prestigious Forbes Magazine which named Food Empire as one of the best 200 firms in Asia with turnover under US\$1 billion in 2007.



## Victories under Review

### Operations Review

#### Financial Performance

Russia, the Group's largest key market, contributed 54.6% of revenue. This was followed by Eastern Europe and Central Asia, which include Ukraine and Kazakhstan contributing 38.2% of revenue, with the remaining 7.2% from other countries

The Group continues to leverage on its dominant position to spur double-digit revenue growth in Russia. This year, sales were up by 15.7% to S\$151.3 million as we continue to bring our products closer to more consumers by expanding our distribution network to new geographical areas in Russia. This, together with focused brand building activities, strengthen MacCoffee's market leader position in 3-in-1 instant coffee mix in Russia.

Sales to Eastern Europe and Central Asia also grew by 18.6% to S\$105.7 million. Ukraine and Kazakhstan remain as the Group's second and third largest markets. The Group experienced robust sales growth from other Commonwealth of Independent States (CIS) countries such as Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, mainly attributable to the Empire's focused brand building activities.

The Group's efforts to develop emerging markets also yield positive results as revenue from other countries increased from S\$14.3 million to \$19.9 million.

Despite rising raw material prices in 2007, Food Empire achieved a net profit margin of 11.4%, similar to the level of 2006. This demonstrated the ability of the Group to respond to these changes swiftly by effectively managing its costs through well programmed price increases. The ability to pass-on these cost increases confirmed the strength of its brand equity.

Currency fluctuations also affected the Group's results as majority of its transactions are in US dollars while its reporting currency is in Singapore dollars.

The Group's balance sheet remains strong. The Group ended the year with net assets of S\$156.8 million including cash and bank balances at S\$23.0 million.





## Victories under Review

### Operations Review



### Achievements

The Group achieved numerous milestones and secured several recognitions throughout the year.

During the year, the Group acquired the Petrovskaya Sloboda brand. Following the acquisition, the Group streamlined its operations to improve efficiency of its supply chain. The brand has been successfully integrated into its operations and is expected to contribute positively to the Group in 2008.

In June, the Group announced the results of its brand valuation exercise. The Group's flagship brand – MacCoffee – was valued at S\$166 million. Total value of MacCoffee, Kracks and Petrovskaya Sloboda brands amounted to S\$182 million. The study was conducted in three of the Group's key markets - Russia, Eastern Europe and Central Asia by an independent international brand valuer.

In July, Food Empire was awarded International 100 in recognition of its effort to build a successful global business.

In August, the Group's 2006 Annual Report won a Gold Medal in the International ARC Awards.



## Victories under Review

### Operations Review



In September, Food Empire Holdings was named by Forbes Magazine as one of the ‘Best Under a Billion’ companies in Asia. The Company was selected from 22,500 listed companies in Asia based on consistent sales and revenue growth over a three-year period. Food Empire Holdings was one of only 20 companies listed in Singapore to make the list, recording an average 3-year Return on Equity of 24% and Earnings Per Share growth of 31%.

In fourth quarter of 2007, the Group launched a new packaging design for its core products in Ukraine and Kazakhstan. The new packaging was well-received by its consumer as evidenced by its strong sales achieved during the quarter.

### Looking Ahead

Food Empire’s key markets – Russia, Eastern Europe and Central Asia are some of the most dynamic and fastest growing consumer markets, offering the Group with significant growth potential.

Food Empire believes that with its portfolio of brands, high quality and innovative products, expanded distribution network, supported by a team of passionate warriors – the Group will be able to achieve continued growth and profitability in all its key markets in 2008.



## Warriors of the Empire





## At a Glance

### Corporate Profile

Magnate of the food and beverage industry, Food Empire Holdings Ltd (“Empire”) boasts of over 400 brands under its name and a global network that spans across 65 countries.

Its flagship brand, MacCoffee remains a household favourite in many countries especially Russia showing positive and strong brand equity. The Empire has been continually building on its reputation for its impressive portfolio of quality brands that have long been established as household names if not a favourite to people of all ages, across the lands. Its current portfolio of brands includes MacCoffee, Klassno, FesAroma, OrienBites, MacCandy, Zinties, Kracks and Petrovskaya Sloboda. Through years of extensive research, we have arrived at being able to gasp the varying taste and preference of consumers around the world and offering what would appeal to their palates.

Backed by our four manufacturing facilities located in Russia, Singapore, Vietnam and Malaysia, we expanded our capabilities in ensuring that consumers get the best gastronomic treats through the delivery of our quality range of products. We have been imposing stringent quality control procedures throughout the entire manufacturing process to deliver a distinctively unique Food Empire experience to the consumers. The Empire also enjoys the exporting of its products to countries in the following regions: Eastern Europe, Central Asia, Australasia, Southeast Asia, Middle East, IndoChina and North America, anchoring on its extensive and expansive global network.

Throughout the years, the Empire has won numerous accolades and awards for its unrelenting and entrepreneurial spirit since its listing on the Singapore Exchange in year 2000. We were honoured to be lauded with the title of “The Most Valuable Brands in Singapore” for four consecutive years at the National Brand Award ceremony organised by IE Singapore. It also was selected by the acclaimed Forbes magazine as one of the “Best under a Billion” companies in Asia in 2007 besides the other many accolades that have yet to be mentioned.

Food Empire continues to reign as one of the top public listed companies in the industry.



## Shields of Achievement

### Product Structure

#### Beverages



#### Non-Beverages





## The Building Blocks

### Corporate Information

#### Board of Directors

##### Executive

Tan Wang Cheow

(Chairman and Managing Director)

Sudeep Nair

##### Non-Executive

Tan Guek Ming

(Non-Independent)

Hartono Gunawan

(Non-Independent)

Koh Yew Hiap

(Non-Independent)

Lew Syn Pau

(Independent)

Ong Kian Min

(Independent)

Boon Yoon Chiang

(Independent)

#### Audit Committee

Ong Kian Min

(Chairman)

Lew Syn Pau

Boon Yoon Chiang

Tan Guek Ming

#### Nominating Committee

Lew Syn Pau

(Chairman)

Ong Kian Min

Boon Yoon Chiang

Tan Wang Cheow

#### Remuneration Committee

Lew Syn Pau

(Chairman)

Ong Kian Min

Boon Yoon Chiang

Tan Guek Ming

#### Secretaries

Sebastian Tan Cher Liang

Tan San-Ju

#### Registered Office

3 Church Street #08-01

Samsung Hub

Singapore 049483

Telephone number: 65-65365355

Fax number: 65-65361360

#### Business Office

101 Geylang Lorong 23

#05-03/04, Prosper House,

Singapore 388399

Telephone number: 65-67448911

Fax number: 65-67442116

#### Share Registrar

Boardroom Corporate &  
Advisory Services Pte. Ltd.

3 Church Street #08-01

Samsung Hub

Singapore 049483

Telephone number: 65-65365355

Fax number: 65-65361360

#### Auditors

Ernst & Young

1 Raffles Quay

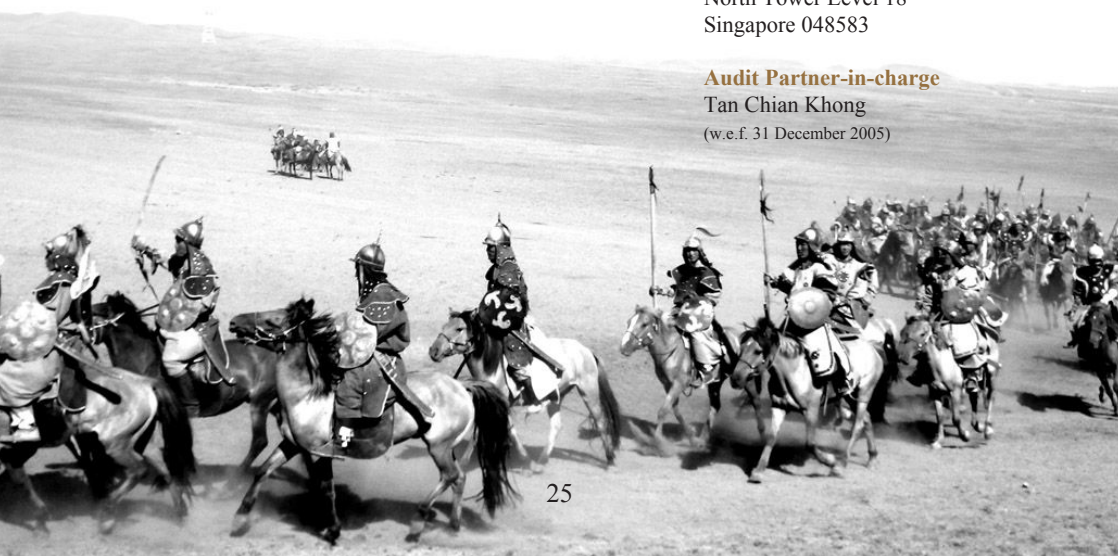
North Tower Level 18

Singapore 048583

#### Audit Partner-in-charge

Tan Chian Khong

(w.e.f. 31 December 2005)





## At the Helm

### Directors' Profile

#### **Mr Tan Wang Cheow** Chairman and Managing Director

Mr Tan has been providing leadership to the Company since its listing in April 2000. He is responsible for formulating strategies with regards to brand championship, new business opportunities, market development and product innovation. He holds a Bachelor of Accountancy Degree from the National University of Singapore. He was the Vice-Chairman of the Micro-computer Trade Association of Singapore and a council member of the Singapore Information Technology Federation for numerous years.

#### **Mr Sudeep Nair** Executive Director

Mr Nair was appointed as Executive Director with the Company from 1st July 2005. He is primarily responsible for strategic management and growth of existing business in Russia and other countries in the Commonwealth of Independent States. Other responsibilities include identifying and developing new business opportunities in existing markets and new markets worldwide. He had been working as a Country Manager (Russia) for Future Enterprises Pte Ltd Singapore from 1995 before assuming responsibilities of an Executive Director in Future Enterprises (Russia) Pte Ltd, Singapore in 2001.

#### **Mr Hartono Gunawan** Non-Executive Director

Mr Gunawan was appointed as a Non-Executive Director of Food Empire from 15th September 2006. He was appointed an Executive Director of the Salim Group in 1990. Since then, he has served and continues to sit on the Board of Commissioners and the Board of Directors of various Indonesian companies with the Salim Group. In his capacity, he is responsible for the overall corporate governance of the Salim Group including setting its direction, establishing goals for management and monitoring the achievement of those goals. Over the years as an Executive Director in the Salim Group, he has spearheaded numerous investment projects in Indonesia, Russia, China, Europe, Thailand, Vietnam, Malaysia, Philippines, Thailand, Australasia, and holds principal directorship in the corporate and other business entities overseeing such investments.



## At the Helm

### Directors' Profile

#### **Mdm Tan Guek Ming** Non-Executive Director

Mdm Tan was appointed as a Non-Executive Director of Food Empire in April 2000. She has held executive and non-executive directorships in listed companies, which have interests in properties, hotels, food as well as waste management businesses. She holds a Bachelor of Accountancy Degree from the National University of Singapore and has many years of experience in the field of accounting and auditing.

#### **Mr Koh Yew Hiap** Non-Executive Director

Mr Koh was appointed as a Non-Executive Director of Food Empire Holdings Limited on 1st March 2007. He is the Managing Director of Universal Integrated Corporation Consumer Products Pte Ltd and United Detergent Industries Sdn Bhd. He was the Group General Manager and Executive Director of Universal Integrated Corporation Consumer Products Pte Ltd from 2002. He was a Director of Networld Pte Ltd, UIC Printing & Packaging Pte Ltd, Active Building & Civil Construction (1985) Pte Ltd and CITIC-UIC Investment Pte Ltd.

#### **Mr Lew Syn Pau** Independent Director

Mr Lew was appointed as Independent Director of the Company in April 2000. He is a member of the Audit Committee. He is the Chairman of Stanbridge International Pte Ltd and also a Director of many listed companies with businesses ranging from food, logistics, property to engineering in Singapore. He was previously Managing Director of NTUC Comfort and General Manager and Senior Country Officer of Credit Agricole Indosuez. He was the President of SMA from 2002-2006 and has retired as President of Singapore Manufacturers' Federation in 2006. Currently, he is the Honorary President of SMA from 2006-2008. He has been a Member of the Singapore Parliament from 1988 to 2001 and was Chairman of the Government Parliamentary Committee for National Development. A Singapore Government scholar, he has a Masters Degree in Engineering from the University of Cambridge, UK and a Masters Degree in Business Administration from Stanford University, USA.



## At the Helm

### Directors' Profile

#### **Mr Ong Kian Min** Independent Director

Mr Ong was appointed as an Independent Director of Food Empire in April 2000. He is currently a consultant with Drew & Napier LLC, a Singapore law firm. He was admitted to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his 18 years' of legal practice, he focused on corporate and commercial law such as mergers and acquisitions, divestments, restructuring and corporate finance. Mr Ong also serves as an independent director and chairs most of the audit committees on the boards of several SGX-ST listed companies. He was awarded the President Scholarship and Police Force Scholarship in 1979. He holds a Bachelor of Laws (Honours) external degree from the University of London and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology in England. Mr Ong has also been a Member of Parliament since January 1997 and serves as Deputy Chairman of the Government Parliamentary Committee (GPC) for Transport, Chairman of Tampines Town Council and Vice Chairman of North-East CDC.

#### **Mr Boon Yoon Chiang** Independent Director

Mr Boon was appointed as Independent Director of the Company in December 2005. He is the Chairman/Managing Director of Jardine Matheson (Singapore) Ltd and Deputy Chairman of Cycle & Carriage Limited. In addition to the directorships of the various Jardine Group companies, he also serves on the Boards of other listed and public companies, including MNCs. He is the Honorary Secretary of the Singapore National Employers' Federation, and a board member of the Singapore International Chamber of Commerce. He represents the Singapore Business Federation on the Council of ASEAN Chambers of Commerce and Industry (ASEAN-CCI). He also serves on the Governing Council of the Singapore Institute of Directors and the Competition Appeal Board.



**The Legacy Continues**

## Epilogue

With a string of impressive and laudable achievements, the Empire will continue to steer towards products and service quality; bearing in mind its mission in scoring as the trend setter in the global food and beverage industry. Bringing with it 15 years of experience, the Empire is confident that their mission will be accomplished in no time with its unrelenting troops of dedicated warriors.

The Empire will continue to gear itself with passion, entrepreneurial spirit, prudence and wit to conquer new lands beyond the horizon. Victory is within sight and growth is simply an inevitable gain. Let the legend continues to be unfurled.



## Corporate Governance

### Board of Directors

Presently, the Board comprises: -

Mr. Tan Wang Cheow	Managing Director / Chairman	
Mr. Sudeep Nair	Executive Director	
Mdm. Tan Guek Ming	Non-executive Director	
Mr. Hartono Gunawan	Non-executive Director	
Mr Koh Yew Hiap	Non-executive Director	Appointed on: 1 March 2007
Mr. Lew Syn Pau	Independent Director	
Mr. Ong Kian Min	Independent Director	
Mr Boon Yoon Chiang	Independent Director	

### A) BOARD MATTERS

- ***Principle 1: Effective Board to lead and control the Company***

The principal functions of the Board are:

- 1) Supervising the management of the business and affairs of the Company and the Group;
- 2) Approving Board policies, overall strategic plans, key operational initiatives, financial objectives of the Group;
- 3) Reviewing and monitoring the performance and rewards of key management;
- 4) Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- 5) Approving the nomination of the Board of Directors and appointment of key personnel;
- 6) Approving annual budgets, major funding, investment and divestment proposals; and
- 7) Assuming responsibility for corporate governance.

To facilitate effective management, the Board has delegated certain functions to various Board Committees. The Board Committees operate under clearly defined terms of reference.

The Chairmen of the respective Committees will report to the Board the outcomes of the Committee meetings.

There are four Board Committees:-

- Audit Committee
- Remuneration Committee
- Nominating Committee
- Share Option Committee



## Corporate Governance

(cont'd)

### A) Board Matters (cont'd)

Other matters which specifically require the full Board's decisions are those involving conflicts of interests for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders.

The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings are convened as and when circumstances require.

The attendance of the Directors at meetings of the Board and Board Committees in FY2007 as well as the frequency of these meetings, are disclosed as follow:

Meeting	Board	Audit Committee	Nominating Committee	Remuneration Committee	Share Option Committee Note A
Tan Wang Cheow	4/4	N/A	1/1	N/A	0/0
Oon Peng Lim*	1/1	N/A	N/A	N/A	0/0
Oon Peng Heng*	1/2	N/A	N/A	N/A	0/0
Ong Kian Min	3/4	4/4	1/1	3/3	0/0
Lew Syn Pau	4/4	4/4	1/1	3/3	0/0
Tan Guek Ming	4/4	4/4	N/A	3/3	0/0
Sudeep Nair	4/4	N/A	N/A	N/A	N/A
Boon Yoon Chiang	3/4	4/4	1/1	3/3	N/A
Hartono Gunawan	4/4	N/A	N/A	N/A	N/A
Koh Yew Hiap **	2/3	N/A	N/A	N/A	N/A

Note A: There is no Share Option Committee Meeting held in 2007 and with effect from 28 February 2008, the Remuneration Committee had replaced the Share Option Committee to administer the share option scheme.

\* Mr Oon Peng Lim and Mr Oon Peng Heng resigned as Directors on 19 April 2007 and 18 July 2007 respectively.

\*\* Mr Koh Yew Hiap was appointed as a Non-executive Director of the Company on 1 March 2007.

The Directors are appointed on the strength of their experience and potential to contribute to the Company. Currently, the Board comprises business leaders and professionals. Profiles of the Directors are set out on pages 26 to 28 of this annual report. Changes to regulations and accounting standards are monitored by management. The Directors are updated on changes to the listing rules of the SGX-ST, Companies Act or other regulations/statutory requirements. If required, the Directors will receive further training.

The Company has adopted a policy that Directors are welcome to request for further explanations, briefings or informal discussions on any aspects of the Group's operations or business issues from management. The Non-Executive Directors are briefed and updated on major developments and the progress of the Group at the Board meetings.



## Corporate Governance

(cont'd)

### B) BOARD COMPOSITION AND BALANCE

#### *- Principle 2: Strong and independent element of the Board*

The Directors of the Board review the size and composition of the Board on an annual basis. Presently, the Board of Directors comprises eight Directors, three of whom are independent. The Board continues to have a strong and independent element.

The core competencies of the Board members are:

	Accounting/ Finance/ Business/ Management experience	Industry knowledge	Strategic Planning	Human Resource	Law
Tan Wang Cheow	√	√	√		
Oon Peng Lim	√	√	√		
Oon Peng Heng	√	√	√		
Sudeep Nair	√	√	√		
Tan Guek Ming	√	√	√		
Lew Syn Pau	√		√	√	
Ong Kian Min	√		√		√
Boon Yoon Chiang	√	√	√	√	√
Hartono Gunawan	√	√	√		
Koh Yew Hiap	√	√	√		

The Directors are professionals in their own fields with industrial, financial, legal and human resource backgrounds. Together they provide the Group with a wealth of knowledge, expertise and experience to ensure the Group remains competitive and competent. The Non-executive and Independent Directors contribute their independent views and objective judgments on issues of strategy, business performance, resources and standards of conduct.

The Nominating Committee has assumed the function of reviewing the independence of each Director annually. The Nominating Committee is of the view that the current Board provides the core competencies necessary to meet the Company's targets and whose diverse skills, experience and attributes match the demands facing the Group.

The Nominating Committee is also of the view that the current Board size of eight directors is appropriate, taking into account the nature and scope of the Company's operations.



## Corporate Governance

(cont'd)

### C) CHAIRMAN AND EXECUTIVE OFFICER

#### *- Principle 3: Clear division of responsibilities at the top of the Company*

At present, the Chairman and the Managing Director (“MD”) of the Company is Mr. Tan Wang Cheow. The Board views that it is not necessary under current circumstances to separate the roles of the Chairman and Managing Director, taking into account the corporate structure and scope of the Company’s operations.

The MD has executive responsibilities for the Group’s business and day to day operations.

The Chairman has responsibility for the workings of the Board and ensuring the integrity and effectiveness of its governance processes. The Chairman is also responsible for ensuring that Board meetings are held when necessary, and setting the Board meeting’s agenda. Regular meetings are scheduled to enable the Board to perform its duties. Agendas are prepared in consultation with management as well as the Company Secretaries. The Chairman ensures that the Board members are provided with adequate and timely information.

### D) BOARD MEMBERSHIP

#### *- Principle 4: Formal and transparent process of appointment of new Directors*

The Nominating Committee was established on 22 August 2001 with written terms of reference on its responsibilities. At the date of this report, the Nominating Committee comprises:

Mr. Lew Syn Pau (Chairman)	Independent Director
Mr. Ong Kian Min	Independent Director
Mr. Tan Wang Cheow	Executive Chairman
Mr Boon Yoon Chiang	Independent Director

The scope and responsibilities of the Nominating Committee include:

- 1) identifying candidates and reviewing all nominations for all appointments and reappointments to the Board of Directors, including making recommendations on the composition of the Board and balance between Executive and Non-executive Directors;
- 2) reviewing the Board structure, size and composition;
- 3) reviewing the strength and attributes of the existing Directors including assessing the effectiveness of the Board as a whole and the contribution by individual Directors;
- 4) reviewing the independence of Directors annually;
- 5) considering and making recommendations on nominations of Directors retiring by rotation;
- 6) making recommendations to the Board for the re-appointment of any Director who has reached the age of seventy; and
- 7) deciding whether or not a director is able to, and has adequately carried out their duties as a Director of the Company, particularly when they have multiple Board representations.



## Corporate Governance

(cont'd)

### D) BOARD MEMBERSHIP (cont'd)

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#### Last re-election date

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Directors	Date of last re-election
Oon Peng Lim	Retired on 19 April 2007
Lew Syn Pau	20 April 2005
Oon Peng Heng	Resigned on 18 July 2007
Ong Kian Min	20 April 2006
Sudeep Nair	20 April 2006
Boon Yoon Chiang	19 April 2007
Hartono Gunawan	19 April 2007
Koh Yew Hiap*	19 April 2007
Tan Guek Ming	19 April 2007
Tan Wang Cheow	Not subject to re-election under existing
- <i>Chairman &amp; Managing Director</i>	Articles of Association

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\* *Mr Koh Yew Hiap was appointed as a Non-executive Director of the Company on 1 March 2007*

---

The Managing Director is not subject to retirement by rotation as the Group's success is dependent on his experience and skills.

The Nominating Committee is responsible for identifying and recommending to the Board new Board members, after considering the necessary and desirable competencies. In selecting potential new directors, the Nominating Committee will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The Nominating Committee may engage consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

### E) BOARD PERFORMANCE

#### *- Principle 5: Formal assessment of the effectiveness of the Board and contributions of each Director*

The Nominating Committee has formulated an evaluation process for assessing the effectiveness of the Board and the contributions of each Director. The assessment parameters include:

- attendance at Board and Committee meetings,
- participation in meetings and special contributions including management's access to the Director for guidance or exchange of views outside the formal environment of Board meetings; and
- introducing contacts strategic to the Group's interests.

The Board's evaluation process is performed annually.

The Board is of the view that the financial parameters recommended by the Code as performance criteria for the evaluation of Directors do not fully measure the contribution of Directors to the long-term success of the Company.



## Corporate Governance

(cont'd)

### F) ACCESS TO INFORMATION

*- Principle 6: Board members to have complete, adequate and timely information*

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with periodic updates of the latest developments in the Group, accounts, reports and other financial information. The Directors have been provided with the contact particulars of the Company's senior management staff and Company Secretaries to facilitate access. The Directors are informed and are aware that they may take independent professional advice at the Company's expense in furtherance of their duties.

At least one of the Company Secretaries will attend all Board meetings. They are responsible for ensuring that Board procedures are followed and that the Company has complied with the requirements of the Companies Act and the SGX-ST Listing Manual.

### G) REMUNERATION MATTERS

*- Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors*

*- Principle 8: Remuneration of Directors should be adequate but not excessive*

*- Principle 9: Remuneration policy, level and mix of remuneration and procedure for setting remuneration*

The Remuneration Committee was established on 22 August 2001 with written terms of reference on its responsibilities. At the date of this report, the Remuneration Committee comprises:

Mr. Lew Syn Pau (Chairman)	Independent Director
Mr. Ong Kian Min	Independent Director
Mr. Boon Yoon Chiang	Independent Director
Mdm Tan Guek Ming	Non – Executive Director

The Remuneration Committee's main responsibility is to review and recommend a framework of remuneration for the Board members and key executives of the Group. The objective is to motivate and retain executives and ensure that the Group is able to attract the best talent in order to maximise shareholder value.

The remuneration of the Executive Directors is based on service agreements signed upon their appointments. The service agreements will continue unless otherwise terminated by either party giving not less than three month's notice in writing. Under the service agreements, the current Executive Directors are entitled to an aggregate of 6% share of profit on the Group's profit before tax, on top of the monthly salary and three months bonus. The executive directors who resigned during the year, Mr Oon Peng Heng and Mr Oon Peng Lim, were entitled to, on a pro-rate basis, an aggregate of 2.1% share of profit of the Group's profit before tax for the financial year ended 31 December 2007.

The Non-executive Directors are paid a fee based on their efforts and responsibilities. The Directors' fees are subject to final approval by the shareholders at the Annual General Meeting.



## Corporate Governance

(cont'd)

### G) REMUNERATION MATTERS (cont'd)

There is no change to the existing remuneration package for the Executive and Non- executive Directors compared to the previous year. All Directors, including Non-executive Directors, who are not the controlling shareholders of the Company are eligible for share options under the current Share Option Scheme.

Details of the Directors' remuneration is disclosed below as well as in Note 30 and 34 of the financial statements in accordance with Rule 1207(11) to (14) of the Listing Manual.

#### 2007

Directors' Remuneration	Salary/CPF/ Allowances	Bonus	Share of Profit	Director fee	Total
<b>\$S1,000,000 &amp; above</b>					
Tan Wang Cheow	14%	3%	83%	—	100%
Sudeep Nair	27%	5%	68%	—	100%
<b>\$S250,000 to \$S700,00</b>					
Oon Peng Lim (Resigned on 19 April 2007)	25%	6%	69%	—	100%
Oon Peng Heng (Resigned on 18 July 2007)	21%	5%	74%	—	100%
<b>Below \$S250,000</b>					
Boon Yoon Chiang	—	—	—	100%	100%
Hartono Gunawan	—	—	—	100%	100%
Lew Syn Pau	—	—	—	100%	100%
Ong Kian Min	—	—	—	100%	100%
Tan Guek Ming	—	—	—	100%	100%
Koh Yew Hiap	—	—	—	100%	100%
<b>Remuneration of Top 5 Key executives</b>					
\$250,000 to \$499,999	2				
Below \$S250,000	3				

#### 2006

Directors' Remuneration	Salary/CPF/ Allowances	Bonus	Share of Profit	Director fee	Total
<b>\$S1,000,000 &amp; above</b>					
Tan Wang Cheow	16%	4%	80%	—	100%
Sudeep Nair	33%	5%	62%	—	100%
<b>\$S750,00 to \$S999,999</b>					
Oon Peng Lim	27%	7%	66%	—	100%
Oon Peng Heng	25%	6%	69%	—	100%
<b>Below \$S250,000</b>					
Boon Yoon Chiang	—	—	—	100%	100%
Hartono Gunawan	—	—	—	100%	100%
Lew Syn Pau	—	—	—	100%	100%
Ong Kian Min	—	—	—	100%	100%
Tan Guek Ming	—	—	—	100%	100%
<b>Remuneration of Top 5 Key executives</b>					
\$250,000 to \$499,999	3				
Below \$S250,000	2				



## Corporate Governance

(cont'd)

To maintain confidentiality of staff remuneration, the names of the 5 top executives (who are not Directors) are not stated. There are no employees who are immediate family members of a director or the CEO.

### H) ACCOUNTABILITY AND AUDIT

#### *- Principle 10: Accountability of the Board and management*

Currently the management updates the Executive Directors with appropriately detailed reports on the Group's performance on a regular basis. On a quarterly basis, a performance review is submitted to the Board for review.

The Board is committed to providing timely information to the shareholders and the public on a quarterly basis.

### I) AUDIT COMMITTEE

#### *- Principle 11: Establishment of Audit Committee with written terms of reference*

The Audit Committee comprises:

Mr. Ong Kian Min (Chairman)	Independent Director
Mr. Lew Syn Pau	Independent Director
Mr. Boon Yoon Chiang	Independent Director
Mdm. Tan Guek Ming	Non-executive Director

All four members of the Audit Committee are Non-executive Directors and the majority, including the Chairman, are independent. The Chairman of the Audit Committee, Mr Ong Kian Min, is a lawyer and director of several public and private companies. The other three members of the Audit Committee have many years of management and financial experience. The Directors are of the view that the members of the Audit Committee have sufficient financial management expertise and experience to discharge the Audit Committee's duties and responsibilities.

The Audit Committee carried out its function in accordance with its written terms of reference.

The Audit Committee meets with management and/or the auditors of the Group on a regular basis to discuss and review:

- (a) the audit plans of the external auditors of the Group, the results of their examination and evaluation of the Group's systems of internal accounting controls, their independence and the non-audit services provided by them;
- (b) risk or exposure that exists and the steps management has taken to minimise these risks to the Group;
- (c) the Group's quarterly financial results for submission to the Board;



## Corporate Governance

(cont'd)

### I) AUDIT COMMITTEE (cont'd)

- (d) the assistance given by the Group's officers to the external auditors;
- (e) the Group's interested persons' transactions;
- (f) 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;
- (g) the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors
- (h) the audit plans of the internal auditors; and
- (i) the results of their internal audit.

Apart from the duties listed above, the Audit Committee has the authority to commission and review the findings of internal investigations into any matter where there is 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 or financial position.

In performing its functions, the Audit Committee has:

- (a) full access to and cooperation from the management and has full discretion to invite any Director and executive officer to attend its meetings;
- (b) been given reasonable resources to enable it to discharge its duties and responsibilities properly; and
- (c) the expressed authority to conduct investigation into any matters within its terms of reference.

During the year the Audit Committee held four meetings.

The Audit Committee has reviewed the internal procedures set up by the Company to identify and report, and where necessary, seek approval for interested person transactions, and with the assistance of the management, reviewed interested person transactions. The Audit Committee is of the opinion that the internal procedures have been complied with.



## Corporate Governance

(cont'd)

### I) AUDIT COMMITTEE (cont'd)

It is noted that different auditors have been appointed for some of the Singapore incorporated subsidiary companies. The names of the audit firms are disclosed in Note 12 to the financial statements. This matter has been reviewed by the Audit Committee and the Board and both are satisfied that the appointments do not compromise the standard and effectiveness of the audit of the Company.

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

The Committee has established the whistle-blowing policy where staff of the Group may, in confidence, raise concerns about possible improprieties in matters that might have a significant impact on the Company, such as actions that may lead to incorrect financial reporting, unlawful and/or otherwise amount to serious improper conduct according to company policy.

### J) INTERNAL CONTROLS AND INTERNAL AUDIT

*- Principle 12: Sound systems of internal audit*

*- Principle 13: Setting up independent internal audit function*

The Board is responsible for the Group's internal controls and risk management and for reviewing the adequacy and integrity of these systems. However such systems are designed to manage rather than eliminate the risk of failure to business objectives. It should also be noted that any system can provide only reasonable and not absolute assurance against material misstatement or loss.

C.C. Yang & Associates has been appointed as internal auditors to assess the adequacy of internal controls. They conduct reviews on the effectiveness of the Group's internal control systems covering the financial, operational, compliance controls and risk management annually.

The Audit Committee reviews and approves internal audit scope and plan. The internal auditors report directly to the Audit Committee. Internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the Audit Committee periodically.

The internal auditors completed a review during the financial year ended 31 December 2007. The findings and recommendations of the internal auditors and Management's responses and implementation of the recommendations, have been reviewed and discussed by the Audit Committee.



## Corporate Governance

(cont'd)

### J) INTERNAL CONTROLS AND INTERNAL AUDIT (cont'd)

The Company's external auditors also report to the Audit Committee on any material internal control weaknesses noted during the course of their audit.

The Audit Committee has reviewed the effectiveness of the Group's internal control system based on the internal and external auditors' report and management controls which are in place. The Board is of the view that there are adequate controls within the Group taking into account the nature and size of the Group's business and operations.

### K) COMMUNICATION WITH SHAREHOLDERS

*- Principle 14: Regular, effective and fair communication with shareholders*

All price sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts. Results are announced within the mandatory period on a quarterly basis to SGX.

### L) GREATER SHAREHOLDER PARTICIPATION

*- Principle 15: Shareholders' participation at AGMs*

All shareholders (except those who own the shares through Nominees) of the Company will receive the Annual Report of the Company and Notice of the Annual General Meeting ("AGM") within the mandatory period. The Articles allow a member of the Company to appoint one or two proxies to attend and vote on their behalf.

At General Meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its business.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion. Shareholders can also exercise their right to vote in absentia by the use of proxies.

The Chairperson of the Audit, Nominating and Remuneration Committees are present and available to address questions at the AGMs. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders.



# Corporate Governance

(cont'd)

## SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007 (SGX-ST LISTING MANUAL REQUIREMENTS)

### (i) **Dealing in Securities**

The Company has adopted a Code of Best Practices on Securities Transactions. This code sets out the implication of insider dealings of the shares and guidance to officers on dealings in the Company's shares. All Directors and officers of the Company who have access to "price sensitive" information are required to observe this code and are required to confirm their compliance annually.

The Company has complied with its Best Practices Guide on Securities Transactions.

### (ii) **Material Contracts**

Other than those disclosed in the financial statements, the Company and its subsidiary companies did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders.

### (iii) **Risk Management Policies and Processes**

#### **Dependence on the Russian Market**

The Group is dependent on the Russian market which accounted for 54.6% of turnover in 2007. Any significant decline in demand for the Group's products in this market due to political, social and/ or economic changes will adversely affect turnover and profitability.

The Group aims to increase its sales in its other markets to reduce its dependence on the Russian market.

#### **Foreign Exchange Exposure**

The foreign exchange risk of the Group arises mainly from sales or purchases or operating costs by operating units in currencies other than the operating units' functional currencies. Approximately 3.8% of the Group's sales are denominated in currencies other than the function currency of the operating units making the sales. The Group adopts natural hedging to protect itself against the volatility associated with foreign currency exposure. The Group has a natural hedge of 88.8% as 88.8% of the purchases and major operating expenses are denominated in the functional currency of the operating units.



## Corporate Governance

(cont'd)

### (iii) Risk Management Policies and Processes (cont'd)

#### **Political and Regulatory Considerations**

Sales are generated mainly from developing markets such as Russia, Eastern Europe and Central Asia, where political, social, economic and regulatory uncertainties may have a direct impact on sales. For example, changes in policies by the respective government authorities of these regions may have an impact through (i) changes in laws and regulations; (ii) change in custom and import tariff; (iii) restrictions on currency conversions and remittances; and (iv) stability of the banking system.

The Group has representative offices in its major markets and are therefore constantly updated with the developments of the government policies and regulations. This allows prompt responses to any policy changes that might affect sales in these markets.

#### **Credit Risk of Customers**

In the normal course of business, the Group extend credit terms to customers, mainly located in developing countries. In the event of any significant devaluation of the currencies of these markets or if any a major customers encounters financial difficulties, the Group would be exposed to the risk of non-collectability of some trade receivables.

The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The concentration of credit risk is limited due to ongoing evaluation of all customers.

#### **Fluctuation in Raw Material Prices**

Instant coffee powder, creamer, sugar and packaging materials are the main raw materials used in manufacturing the Group's products and account for an aggregate of approximately 90% of the total cost of manufacturing. Due to the competitive nature of the instant beverage industry, the Group may not be able to pass on the increase in raw material prices to its customers. Therefore any major increase in raw material prices may adversely affect profitability. There is no regulated commodity market for trading of instant coffee and other raw materials. Management monitors closely the movements of raw materials prices and keeps close contact with major suppliers. The group's policy is to source from multiple suppliers where possible, so as to reduce the dependence on any single source of supply.

#### **Intellectual Property Risks**

It may be possible for a third party to unlawfully copy and use the Group's intellectual property. Policing such unauthorized use is difficult and the law on intellectual property rights and protection in some countries may not be as developed as others. Unauthorised use of trademarks, service marks, copyrights, trade secrets and other intellectual property may damage the brand and the name recognition of the Group. The Group relies on trademark laws to protect its marks in countries that it operates in. The Group has filed for registration of trademarks in countries where its products are marketed and distributed and will take a strong stand on infringement and will take legal actions to protect its intellectual property against counterfeit products and those who have unlawfully made use of its registered trademarks.



## Corporate Governance

(cont'd)

### (iii) Risk Management Policies and Processes (cont'd)

#### Dependence on Key Personnel

The Executive Directors and the general managers in key markets have contributed significantly to the success of the Group. The loss of the services of any one of these key personnel without adequate replacement will adversely affect operations and financial performance.

The Group has implemented remuneration packages aimed at retaining existing personnel and reward for key management personnel who contribute to the success of the Group.

#### Interested Person Transactions

Interested person transactions ("IPT") carried out during the financial year which fall under Chapter 9 of the SGX-ST Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
-----				
Simenelo Limited				
Group of Companies				
- Factory Rental expenses	1,574	845	-	-
- Office Rental expenses	102	-	-	-
- Loan provided	236	-	-	-
- Interest Income	-	(24)	-	-
-----				
Triple Ace Limited				
Group of Companies				
- Loan provided	263	-	4,503	-
- Interest Income	-	-	232	-

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## Directors' Report

The Directors have pleasure in presenting their report to the members together with the audited consolidated financial statements of Food Empire Holdings Limited (the “Company”) and its subsidiary companies (the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2007.

### Directors

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

Tan Wang Cheow

Sudeep Nair

Tan Guek Ming

Lew Syn Pau

Ong Kian Min

Boon Yoon Chiang

Hartono Gunawan

Koh Yew Hiap

(Appointed on 1 March 2007)

### Arrangement to enable Directors to acquire shares and debentures

Except for the Food Empire Holdings Limited Share Option Scheme (the “Option Scheme”), neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose object 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 Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company, as stated below:



## Directors' Report

(cont'd)

### Directors' interests in shares and debentures (cont'd)

Name of Director	Shares held in the name of the Directors		Shareholdings in which Directors are deemed to have an interest		Shares held in name of the Directors	Shareholdings in which Directors are deemed to have an interest
	At the beginning of the year	At the end of the year	At the beginning of the year	At the end of the year	As at 21 January 2008	As at 21 January 2008
<b>The Company</b>						
<b>Ordinary shares</b>						
Tan Wang Cheow	43,700,000	43,700,000	56,062,000	56,062,000	43,700,000	56,062,000
Sudeep Nair	3,298,429	1,748,429	*25,028,571	*27,928,571	1,748,429	*27,928,571
Tan Guek Ming	56,062,000	44,062,000	43,700,000	55,700,000	44,062,000	55,700,000
Lew Syn Pau	680,000	60,000	-	80,000	60,000	80,000
Ong Kian Min	480,000	60,000	-	480,000	60,000	480,000

\* Include shares held in the name of Bestgate Investments Ltd, which Sudeep Nair has an interest.

### **The Company**

#### **Options to subscribe for ordinary shares exercisable between 14 March 2004 to 13 March 2012 at \$0.17 per share**

Sudeep Nair #	1,350,000	-	-	-	-	-
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#### **Options to subscribe for ordinary shares exercisable between 25 May 2006 to 24 May 2014 at \$0.275 per share**

Sudeep Nair #	3,300,000	3,300,000	-	-	3,300,000	-
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#### **Options to subscribe for ordinary shares exercisable between 25 May 2006 to 24 May 2009 at \$0.275 per share**

Lew Syn Pau	120,000	60,000	-	-	60,000	-
Ong Kian Min	120,000	60,000	-	-	60,000	-

# The share options were granted before his appointment as an Executive Director of the Company.



## Directors' Report

(cont'd)

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

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment if later, or at the end of the financial year.

5,850,000 ordinary shares were issued at an average price of \$0.236 each, upon the exercise of options granted to the Food Empire Share Option Scheme.

Except as disclosed in this report, there was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2008.

### **Directors' contractual benefits**

Except as disclosed in the financial statements, 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.

### **Share options**

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

The Option Scheme is administered by the Remuneration Committee ("RC") which comprises Mr. Lew Syn Pau (Chairman), Mr. Ong Kian Min, Mr Boon Yoon Chiang and Mdm. Tan Guek Ming.

Under the Option Scheme, the Company can grant up to a maximum of 15% of the issued share capital of the Company.



## Directors' Report

(cont'd)

### Share options (cont'd)

#### *Unissued shares under Option*

Unissued shares of the Company under the Option Scheme at the end of the financial year were as follows:

	No. of holders	Number of options outstanding at 1.1.2007	Number of options granted during the financial year	Number of options lapsed during the financial year	Number of options exercises during the financial year	Number of options outstanding at 31.12.2007	Exercise price per share \$	Exercise period
2002 Options	5	2,920,000	-	(495,000)	(2,130,000)	295,000	0.17	14 March 2004 to 13 March 2012
2003 Options	1	500,000	-	-	(400,000)	100,000	0.27	4 June 2005 to 13 March 2012
2004 Options	2	240,000	-	-	(120,000)	120,000	0.275	25 May 2006 to 24 May 2009
2004 Options	36	9,895,000	-	(570,000)	(3,200,000)	6,125,000	0.275	25 May 2006 to 24 May 2014
	44	13,555,000	-	(1,065,000)	(5,850,000)	6,640,000		



## Directors' Report

(cont'd)

### Share options (cont'd)

#### *Unissued shares under Option (cont'd)*

The options granted to Directors of the Company and participants who received 5% or more of the total number of options available under the Option Scheme are as follows:

Name of participants	Aggregate options granted	Aggregate options exercised	Aggregate options lapsed/cancelled	Aggregate options outstanding
	[1]	[2]	[3]	[4]
<b>Directors of the Company</b>				
- Lew Syn Pau	600,000	(540,000)	-	60,000
- Ong Kian Min	600,000	(540,000)	-	60,000
<b><i>Participant who received more than 5% of total options available</i></b>				
- Sudeep Nair #	4,650,000	(1,350,000)	-	3,300,000

# The share options were granted before his appointment as an Executive Director of the Company.

- [1] Aggregate options granted since commencement of the Option Scheme to the end of the financial year under review.
- [2] Aggregate options exercised since commencement of the Option Scheme to the end of the financial year under review.
- [3] Aggregate options lapsed/cancelled since commencement of the Option Scheme to the end of the financial year under review.
- [4] Aggregate options outstanding as at end of the financial year under review.

No participant under the Option Scheme has been granted 5% or more of the total options available under the Option Scheme, except as disclosed above.

The controlling shareholders of the Company or their associates are not eligible to participate in the Option Scheme. The options granted by the Company do not entitle the holders of the Options, by virtue of such holdings, to any rights to participate in any share issue of any other company.

During the financial year, no options were granted by the Company to any person under the Option Scheme. Except as disclosed above, there were no unissued shares of the Company or its subsidiary companies under options as at the end of the financial year.



## Directors' Report

(cont'd)

### **Audit Committee**

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50. The functions performed by the Audit Committee are detailed in the Report on Corporate Governance.

### **Auditors**

Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors,

Tan Wang Cheow  
Director

Sudeep Nair  
Director

Singapore  
20 March 2008



## Statement by Directors

We, Tan Wang Cheow and Sudeep Nair, 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, consolidated profit and loss statement, statements of changes in equity and consolidated statement of cash flow together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company 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.

On behalf of the Board of Directors,

Tan Wang Cheow  
Director

Sudeep Nair  
Director

Singapore  
20 March 2008



## Independent Auditors' Report

to the members of Food Empire Holdings Limited

We have audited the accompanying financial statements of Food Empire Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 56 to 139, which comprise the balance sheets of the Group and the Company as at 31 December 2007, statements of changes in equity of the Group and the Company, the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Independent Auditors' Report

to the members of Food Empire Holdings Limited (cont'd)

### *Opinion*

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statements of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG  
Public Accountants and  
Certified Public Accountants Singapore

Singapore  
20 March 2008



## Consolidated Profit and Loss Account

for the year ended 31 December 2007

	Notes	2007 \$'000	2006 \$'000
<b>Revenue</b>	3	276,859	234,124
Other income		724	1,301
Changes in inventories of finished goods		(1,622)	(3,576)
Raw materials and consumables used		(145,275)	(117,509)
Staff costs	4	(29,091)	(23,904)
Impairment loss on property, plant and equipment		(20)	(2)
Depreciation of property, plant and equipment		(2,170)	(1,821)
Depreciation of freehold investment properties		(44)	(45)
Net loss from fair value adjustment in leasehold investment properties		(11)	(11)
Write off of goodwill		(138)	-
Foreign exchange loss		(1,518)	(2,725)
Other operating expenses		(62,477)	(56,746)
Finance costs	5	(853)	(437)
Share of profit of associated companies		645	1,243
<b>Profit from operations before taxation</b>		35,009	29,892
Taxation	6	(3,399)	(3,303)
<b>Profit for the year</b>	7	31,610	26,589
<b>Attributable to:</b>			
Shareholders of the Company		31,602	26,859
Minority interests, net of taxation		8	(270)
		31,610	26,589
<b>Earnings per share</b>			
Basic earnings per share (in cents)	9	7.26	6.66
Diluted earnings per share (in cents)	9	7.15	6.56

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## Balance Sheets

as at 31 December 2007

	Note	Group		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Non-Current Assets</b>					
Property, plant and equipment	10	15,705	15,416	-	-
Investment properties	11	2,047	2,166	-	-
Investments in subsidiary companies	12	-	-	12,519	12,519
Investments in associated companies	13	8,296	11,330	-	1,647
Amounts due from associated companies	14	2,310	-	-	-
Intangible assets	15	22,644	10,244	-	-
Deferred tax assets	16	1,130	1,245	-	-
		52,132	40,401	12,519	14,166
<b>Current Assets</b>					
Inventories	17	39,938	36,433	-	-
Prepaid operating expenses and other debtors		3,367	3,730	30	63
Deferred expenses		1,270	587	-	-
Amounts due from subsidiary companies (non-trade)	18	-	-	53,014	56,117
Amounts due from associated companies (trade)	19	370	474	-	-
Amounts due from associated companies (non-trade)	19	1,233	483	-	-
Trade receivables	20	80,187	59,356	-	-
Other receivables	21	1,226	1,919	4	92
Cash and cash equivalents	22	22,965	36,305	54	105
		150,556	139,287	53,102	56,377
<b>Current Liabilities</b>					
Trade payables and accruals	23	(26,541)	(27,851)	(525)	(402)
Other payables	23	(350)	(94)	-	-
Interest-bearing loans and borrowings	24	(2,875)	(1,532)	-	(1,532)
Provision for taxation		(3,513)	(2,335)	(302)	(102)
		(33,279)	(31,812)	(827)	(2,036)
<b>Net Current Assets</b>		117,277	107,475	52,275	54,341
<b>Non-Current Liabilities</b>					
Interest-bearing loans and borrowings	24	(10,782)	(5,620)	-	(5,620)
Deferred tax liabilities	16	(1,861)	(1,577)	-	-
		(12,643)	(7,197)	-	(5,620)
<b>Net Assets</b>		156,766	140,679	64,794	62,887
<b>Equity</b>					
Share capital	25	62,453	60,622	62,453	60,622
Reserves	26	94,313	78,180	2,341	2,265
		156,766	138,802	64,794	62,887
<b>Minority interest</b>		-	1,877	-	-
<b>Total equity</b>		156,766	140,679	64,794	62,887

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## Consolidated Statement of Changes in Equity

for the year ended 31 December 2007

Attributable to equity holders of the Company

Group	Share capital	Share premium	Foreign currency translation reserve	Asset revaluation reserve	Share-based payment reserve	Accumulated profits	Total	Minority interests	Total equity
2006	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at									
1 January 2006	19,454	17,843	(979)	-	902	62,507	99,727	2,171	101,898
Foreign currency translation differences	-	-	(5,537)	-	-	-	(5,537)	(24)	(5,561)
Net surplus on revaluation of property	-	-	-	91	-	-	91	-	91
Net income recognised directly in equity	-	-	(5,537)	91	-	-	(5,446)	(24)	(5,470)
Net profit for the year	-	-	-	-	-	26,859	26,859	(270)	26,589
Total recognised income and expenses for the year	-	-	(5,537)	91	-	26,859	21,413	(294)	21,119
Transfer of share premium reserve to share capital	17,843	(17,843)	-	-	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	-	348	-	348	-	348
Dividends paid to shareholders of the Company (Note 8)	-	-	-	-	-	(5,856)	(5,856)	-	(5,856)
Exercise of share options	155	-	-	-	(155)	-	-	-	-
Issuance of ordinary shares	23,170	-	-	-	-	-	23,170	-	23,170
Balance as at									
31 December 2006	60,622	-	(6,516)	91	1,095	83,510	138,802	1,877	140,679

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## Consolidated Statement of Changes in Equity

for the year ended 31 December 2007 (cont'd)

Attributable to equity holders of the Company

Group	Share capital	Foreign currency translation reserve	Asset revaluation reserve	Share-based payment reserve	Accumulated profits	Total	Minority interests	Total equity
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2007	60,622	(6,516)	91	1,095	83,510	138,802	1,877	140,679
Foreign currency translation differences	-	(7,230)	-	-	-	(7,230)	35	(7,195)
Net income recognised directly in equity	-	(7,230)	-	-	-	(7,230)	35	(7,195)
Net profit for the year	-	-	-	-	31,602	31,602	8	31,610
Total recognised income and expenses for the year	-	(7,230)	-	-	31,602	24,372	43	24,415
Value of employee services received for issue of share options	-	-	-	119	-	119	-	119
Dividends paid to shareholders of the Company (Note 8)	-	-	-	-	(7,911)	(7,911)	-	(7,911)
Acquisition of minority interest	-	-	-	-	-	-	(1,920)	(1,920)
Exercise of share options	447	-	-	(447)	-	-	-	-
Issuance of ordinary shares	1,384	-	-	-	-	1,384	-	1,384
Balance as at 31 December 2007	62,453	(13,746)	91	767	107,201	156,766	-	156,766

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## Statement of Changes in Equity

for the year ended 31 December 2007

Company	Share capital \$'000	Share premium \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<b>2006</b>					
Balance as at 1 January 2006	19,454	17,843	902	3,998	42,197
Net profit for the year	-	-	-	3,028	3,028
Total recognised income for the year	-	-	-	3,028	3,028
Transfer of share premium reserve to share capital	17,843	(17,843)	-	-	-
Value of employee services received for issue of share options	-	-	348	-	348
Issuance of ordinary shares	23,170	-	-	-	23,170
Dividends paid to shareholders of the Company (Note 8)	-	-	-	(5,856)	(5,856)
Exercise of share options	155	-	(155)	-	-
<b>Balance as at 31 December 2006</b>	<b>60,622</b>	<b>-</b>	<b>1,095</b>	<b>1,170</b>	<b>62,887</b>
<b>2007</b>					
Balance as at 1 January 2007	60,622	-	1,095	1,170	62,887
Net profit for the year	-	-	-	8,315	8,315
Total recognised income for the year	-	-	-	8,315	8,315
Value of employee services received for issue of share options	-	-	119	-	119
Issuance of ordinary shares	1,384	-	-	-	1,384
Dividends paid to shareholders of the Company (Note 8)	-	-	-	(7,911)	(7,911)
Exercise of share options	447	-	(447)	-	-
<b>Balance as at 31 December 2007</b>	<b>62,453</b>	<b>-</b>	<b>767</b>	<b>1,574</b>	<b>64,794</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## Consolidated Cash Flow Statement

for the year ended 31 December 2007

	2007 \$'000	2006 \$'000
<b>Cash flows from operating activities</b>		
Profit from operations before taxation	35,009	29,892
Adjustments for:		
Depreciation of property, plant and equipment	2,170	1,821
Depreciation of freehold investment properties	44	45
Net loss from fair value adjustment in leasehold investment properties	11	11
Gain on disposal on property, plant and equipment	(2)	(51)
Interest income	(673)	(304)
Interest expenses	853	437
Exchange realignment	(5,106)	(3,747)
Loss on disposal of associates	89	-
Write off of goodwill	138	-
Impairment loss on property, plant and equipment	20	2
Share of profit of associated companies	(645)	(1,243)
Value of employee services received for issue of share options	119	348
<b>Operating profit before working capital changes</b>	32,027	27,211
Increase in receivables	(20,667)	(24,156)
(Increase)/decrease in inventories	(3,264)	626
(Decrease)/increase in payables	(1,068)	2,576
<b>Cash flows generated from operations</b>	7,028	6,257
Income taxes paid	(1,603)	(1,391)
<b>Net cash flows from operating activities</b>	5,425	4,866
<b>Cash flows generated from investing activities</b>		
Interest income received	673	304
Purchase of property, plant and equipment	(3,069)	(4,656)
Proceeds from sale of property, plant and equipment	77	226
Proceeds from sale of investment held for sale	536	-
Net cash paid for acquisition of subsidiaries	(14,255)	-
Acquisition of additional shares in subsidiaries	(1,973)	-
Proceeds from the disposal of interest in associates	4,376	-
Investments in associated companies	(1,195)	(5,517)
Increase in amounts due from associated companies	(3,060)	(145)
<b>Net cash flows used in investing activities</b>	(17,890)	(9,788)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## Consolidated Cash Flow Statement

for the year ended 31 December 2007 (cont'd)

	2007 \$'000	2006 \$'000
<b>Cash flows from financing activities</b>		
Interest expenses paid	(853)	(437)
Dividends paid to shareholders of the Company	(7,911)	(5,856)
Proceeds from issuance of shares	1,384	23,170
Increase in interest-bearing loans and borrowings	6,505	7,152
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(875)</b>	<b>24,029</b>
Net (decrease)/increase in cash and cash equivalents	(13,340)	19,107
Cash and cash equivalents at beginning of year (Note 22)	36,305	17,198
<b>Cash and cash equivalents at end of year (Note 22)</b>	<b>22,965</b>	<b>36,305</b>

### Major non-cash transactions

- (i) During the year, the Group disposed of property, plant and equipment with aggregate net book values of \$75,000 (2006: \$175,000) for a sale consideration of \$77,000 (2006: \$226,000), of which \$77,000 (2006: \$226,000) has been received at the end of the year.



# Notes to the Financial Statements

31 December 2007

## 1. Corporate information

The financial statements of Food Empire Holdings Limited (the “Company”) for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the Directors on 20 March 2008.

The Company is a limited liability company, which is domiciled and incorporated in Singapore.

The registered office of the Company is located at 3 Church Street, #08-01, Samsung Hub, Singapore 049483. The principal place of business of the Company is located at 101 Geylang Lorong 23, #05-03/04 Prosper House, Singapore 388399.

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 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year under review.

Related parties refer to companies in which certain Directors or minority shareholders have substantial beneficial interests, and/or in a position to exercise significant influence over the Group’s financial and operating policy decisions.

## 2. Summary of significant accounting policies

### 2.1 *Basis of preparation of financial statements*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“\$”) and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for changes in accounting policies discussed in Note 2.2.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.2 *Changes in accounting policies*

On 1 January 2007, the Group adopted FRS 40, Investment Property, which is effective for annual periods beginning on or after 1 January 2007.

As a result of adopting FRS 40, investment properties are measured at cost less accumulated depreciation and impairment losses. Under the provision of FRS 40, the change in accounting policy has resulted in the reclassification of the following accounts in the financial statements as at 31 December 2006 with no impact to the profit and loss statement.

*Balance sheet* *\$ '000*

Property, plant and equipment	(2,166)
Investment properties	2,166

#### 2.3 *Future changes in accounting policies*

The Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

<i>Reference</i>	<i>Description</i>	<i>Effective date (Annual periods beginning on or after)</i>
FRS 23	: Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	: Operating Segments	1 January 2009
INT FRS 111	: Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.4 *Significant accounting estimates and judgements*

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### (a) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (i) **Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2007 was \$10,624,000 (2006: \$10,244,000). More details are provided in Note 15.

##### (ii) **Depreciation of property, plant and equipment**

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2007 was \$15,705,000 (2006: \$15,416,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.4 *Significant accounting estimates and judgements (cont'd)*

##### (iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables as at 31 December 2007 was \$3,513,000 (2006: \$2,335,000).

##### (b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

- Impairment of investments and financial assets

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporarily impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.5 *Foreign currency*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss statement on disposal of the subsidiary company.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit and loss statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

### 2.6 *Subsidiary companies and principles of consolidation*

#### (a) **Subsidiary companies**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.6 *Subsidiary companies and principles of consolidation (cont'd)*

#### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements used in the preparation of the consolidated financial statements are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiary companies are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held investments are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill.

The accounting policy for goodwill is set out in Note 2.10 below. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit and loss statement on the date of acquisition.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented in the consolidated profit and loss statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.7 *Associated companies*

An associated company is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated company in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The financial statements of the associated company are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

#### 2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.8 *Property, plant and equipment (cont'd)*

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the balance sheet date.

Any revaluation surplus is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit and loss statement, in which case the increase is recognised in the profit and loss statement. A revaluation deficit is recognised in profit and loss statement, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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:

Leasehold factory buildings	-	Over the remaining term of lease
Plant and machinery	-	5 – 10 years
Furniture and fittings and other equipment	-	3 – 15 years
Factory and office equipment	-	5 – 10 years
Computers	-	3 – 5 years
Motor vehicles	-	3 – 5 years
Forklifts	-	10 years
Renovation, air-conditioners, electrical installation and leasehold improvements	-	5 – 10 years

Capital work-in-progress is not depreciated as these assets are not available for use.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.8 *Property, plant and equipment (cont'd)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

#### 2.9 *Investment properties*

Freehold investment properties are measured at cost less accumulated impairment losses. Depreciation is computed on a straight-line basis so as to write-off the freehold investment property over its estimated useful lives as follows:

Freehold properties      -              50 years

Leasehold investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains and losses arising from arising from changes in fair value of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.10 *Intangible assets*

#### (a) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.10 *Intangible assets (cont'd)*

##### **(b) Other intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

##### **Brand**

The brand was acquired in a business combination. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.11 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### **(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit and loss statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.11 *Financial assets (cont'd)*

#### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### (c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

#### (d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the profit and loss statement. The cumulative gain or loss previously recognised in equity is recognised in the profit and loss statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit and loss statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment loss is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the profit and loss statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and cash with banks or financial institutions, including fixed deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purposes of the consolidated statement of cash flow, cash and cash equivalents are shown net of outstanding bank overdrafts.

#### 2.14 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

##### **(a) Assets carried at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit and loss statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.14 *Impairment of financial assets (cont'd)*

##### (a) Assets carried at amortised cost (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss statement.

##### (b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss statement, is transferred from equity to the profit and loss statement. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss statement. Reversals of impairment losses on debt instruments are recognised in the profit and loss statement. If the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss statement.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.15 *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 are 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.

#### 2.16 *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.17 *Financial liabilities*

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit and loss statement. Net gains or losses on derivatives include exchange differences.

#### 2.18 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the profit and loss statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.19 *Borrowing costs*

Borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

#### 2.20 *Leases*

##### (a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. 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 to the profit and loss statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.21 *Revenue*

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

**(a) Sale of goods**

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

**(b) Rental income**

Rental income is recognised on the time apportionment basis.

**(c) Dividend income**

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

**(d) Interest income**

Interest income is recognised using the effective interest method.

**(e) Royalty income**

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

**(f) Marketing service income**

Marketing service fee is recognised when services are rendered.

**(g) Packaging service income**

Packaging service fee is recognised when the services are rendered

#### 2.22 *Finance costs*

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



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.23 *Employee benefits*

##### (a) **Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

##### (b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

##### (c) **Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

##### (d) **Employee equity compensation benefits**

###### (i) *Employee share option plans*

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share options ('equity-settled transactions').



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.23 *Employee benefits (cont'd)*

##### (d) Employee equity compensation benefits (cont'd)

###### *(ii) Equity settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the profit and loss statement, with a corresponding increase in the share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the profit and loss statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share-based payment reserve is transferred to retained earnings upon expiry of the awards. When the awards are exercised, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the awards are satisfied by the reissuance of treasury shares.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised over the remaining vesting period as if the terms had not been modified. Additional expense is recognised for any increase in the total fair value of the awards due to the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.24 *Income taxes*

#### (a) **Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

#### (b) **Deferred tax**

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.24 *Income taxes (cont'd)*

##### (b) **Deferred tax (cont'd)**

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

##### (c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 2.25 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.



# Notes to the Financial Statements

31 December 2007 (cont'd)

## 2. Summary of significant accounting policies (cont'd)

### 2.25 *Segment reporting (cont'd)*

#### (a) **Business segments**

The main business segments of the Group comprise:

Beverages : The manufacture and sale of beverages.

Others : The manufacture and sale of other products, such as confectionery, snack and frozen convenience food and coffee machines and rental income.

#### (b) **Geographical segments**

The beverage 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. Sales to other markets include countries like the Middle East, Europe and Asia.

Segment assets are based on the geographical location of the assets. Other countries classified under segment assets include Russia, Eastern Europe and Central Asia.

### 2.26 *Derecognition of financial assets*

A financial asset is derecognised when:

- the Group transfers the contractual rights to receive cash flows of the financial asset;
- the Group retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 2. Summary of significant accounting policies (cont'd)

#### 2.26 *Derecognition of financial assets (cont'd)*

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Where an entity has transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition, the entity shall disclose for each class of such financial assets: a) the nature of the assets; b) the nature of the risks and rewards of ownership to which the entity remains exposed; c) when the entity continues to recognise all of the assets, the carrying amounts of the assets and of the associated liabilities; and d) when the entity continues to recognise the assets to the extent of its continuing involvement, the total carrying amount of the original assets, the amount of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities.

#### 2.27 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### 2.28 *Contingencies*

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 3. Revenue

Revenue is analysed as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods	223,831	209,604
Rental income	489	58
Royalty income	1,362	613
Marketing service fee	43,023	18,802
Packaging service fee	8,154	5,047
	276,859	234,124

### 4. Staff costs

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries, wages and other staff benefits	27,375	22,970
Employer's contribution to defined contribution plans including Central Provident Fund	1,435	582
Retrenchment benefits	162	4
Value of employee services received for issue of share options	119	348
	29,091	23,904



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 4. Staff costs (cont'd)

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' remuneration included in staff costs are as follows:		
Directors' remuneration		
- Directors of the Company		
- Salaries and other remuneration	3,914	4,467
- Employer's contribution to defined contribution plans including Central Provident Fund	26	37
- Value of employee services received for issue of share options	51	108
- Other Directors of subsidiary companies		
- Salaries and other remuneration	784	409
- Employer's contribution to defined contribution plans including Central Provident Fund	25	5
- Value of employee services received for issue of share options	9	10
	4,809	5,036

### 5. Finance costs

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expenses on:		
Term loan	825	159
Bank trust receipts	28	278
	853	437



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 6. Taxation

#### *Major components of income tax expenses*

The major components of income tax expenses for the years ended 31 December 2007 and 2006 are:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income statement</b>		
Current income tax – continuing operations		
- Current income taxation	3,561	1,675
- (Over)/under provision in respect of prior years	(190)	569
	3,371	2,244
Deferred income tax – continuing operations		
- Origination and reversal of temporary differences	495	1,108
- Benefits from previously unrecognised tax losses	(405)	(49)
- Effect of reduction in tax rate	(52)	-
	38	1,059
Income tax expenses recognised in the income statement	3,399	3,303

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2007 and 2006 is as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounting profit before tax	35,009	29,892



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 6. Taxation (cont'd)

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Tax at statutory tax rate of 18% (2006: 20%)	6,302	5,978
Adjustments:		
Effect of change in tax rate	(52)	-
Tax effect of double taxation relief	-	(49)
Expenses not deductible for tax purposes	2,504	863
Tax effect of income not subject to tax	(241)	(547)
Tax effect of capital gain not subject to tax	(491)	-
Tax effect of partial tax exemption	(144)	(45)
Deferred tax assets not recognised	65	325
Effect of different tax rates in other countries	(3,794)	(3,962)
Benefits from previously unrecognised tax losses	(405)	(49)
(Over)/under provision in respect of prior year taxation	(190)	569
Others	(155)	220
	3,399	3,303
Tax expense	3,399	3,303

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 18% for the year of assessment 2008 onwards from 20% for year of assessment 2007.

### 7. Profit for the year

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year is stated after charging/(crediting):		
Non-audit fees paid to		
- auditors of the Company	-	2
- other auditors of subsidiary companies	-	19
Net loss from fair value adjustment in leasehold investment properties	11	11
Directors' fee		
- Directors of the Company	249	195
- other Directors of the subsidiary companies	2	2



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 7. Profit for the year (cont'd)

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange loss	1,518	2,725
Gain on disposal of property, plant and equipment	(2)	(51)
Write off of goodwill	138	-
Loss on disposal of associated company	89	-
(Write back of allowance)/allowance for doubtful debts	(77)	257
Allowance for stock obsolescence	613	751
Interest income on		
- bank deposits	(417)	(282)
- others	-	(22)
- associated companies	(256)	(69)

### 8. Dividends

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
First and final dividend paid in respect of the previous financial year of:		
- \$0.00275 (2006: \$0.005) per ordinary share less tax at 18% (2006: 20%)	977	1,562
- One-tier exempted dividend of \$0.016 (2006: Nil)	6,934	-
Special dividend paid in respect of the previous financial year of \$Nil (2006: \$0.01375) per ordinary share less tax at 18% (2006: 20%)	-	4,294
	7,911	5,856

After the balance sheet date, the Directors proposed the following dividends. These dividends have not been provided for as at year end, as they are subject to approval at the Annual General Meeting of the Company.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 8. Dividends (cont'd)

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Proposed first and final dividend of		
- \$Nil (2006: \$0.00275) per ordinary share		
less tax at 18% (2006: 18%)	-	975
- one-tier tax exempted dividend of \$0.019 (2006: \$0.016)	8,325	6,917
	8,325	7,892

### 9. Earnings per share

#### *(a) Basic earnings per share*

Basic earnings per share amounts are calculated by dividing profit for the year from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit attributable to ordinary shareholders of the Company used in computation of basic earnings per share	31,602	26,859
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	435,155	403,208

#### *(b) Diluted earnings per share*

Diluted earnings per share amounts are calculated by dividing profit for the year from continuing operations attributable to ordinary equity holders of the Company (after deducting dividends) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 9. Earnings per share

#### *(b) Diluted earnings per share (cont'd)*

The following reflects the net profit and share data used in the computation of dilutive earnings per share for the years ended 31 December:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit attributable to ordinary shareholders of the Company used in computation of diluted earnings per share	31,602	26,859
	'000	'000
Weighted average number of shares issued, used in the calculation of basic earnings per share	435,155	403,208
Effect of dilution:		
Weighted average number of unissued ordinary shares under option	10,441	15,515
Number of shares that would have been issued at fair value	(3,408)	(8,985)
Weighted average number of ordinary shares adjusted for the effect of dilution which is used for diluted earnings per share computation	442,188	409,738

Since the end of the year, employees (including senior executives and Directors) have exercised the options to acquire 170,000 (2006: 580,000) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 10. Property, plant and equipment

Group	Leasehold factory buildings \$'000	Plant and machinery, furniture and other equipment \$'000	Factory and office equipment and computers \$'000	Forklifts and motor vehicles \$'000	Renovation, airconditioners, electrical installation and leasehold improvements \$'000	Capital work-in progress \$'000	Total \$'000
<b>Cost</b>							
At 1 January 2006	6,664	10,094	2,118	1,025	1,308	-	21,209
Additions	12	3,088	445	585	69	457	4,656
Disposals	-	(502)	(5)	(77)	(148)	-	(732)
Exchange realignment	(442)	(584)	(174)	(74)	(92)	(17)	(1,383)
At 31 December 2006 and 1 January 2007	6,234	12,096	2,384	1,459	1,137	440	23,750
Additions	114	2,031	360	301	106	157	3,069
Disposals	-	(221)	-	(225)	-	-	(446)
Acquisitions of a subsidiary	-	10	7	-	-	-	17
Reclassifications	26	117	88	-	184	(415)	-
Exchange realignment	(303)	(411)	(140)	(53)	(73)	(16)	(996)
At 31 December 2007	6,071	13,622	2,699	1,482	1,354	166	25,394
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2006	1,816	3,249	1,236	488	901	-	7,690
Charge for the year	245	875	403	175	123	-	1,821
Disposals	-	(329)	(2)	(77)	(149)	-	(557)
Impairment losses	(62)	-	-	-	-	-	(62)
Exchange realignment	(137)	(206)	(111)	(39)	(65)	-	(558)
At 31 December 2006 and 1 January 2007	1,862	3,589	1,526	547	810	-	8,334
Charge for the year	277	1,170	412	206	105	-	2,170
Disposals	-	(170)	(18)	(183)	-	-	(371)
Acquisition of a subsidiary	-	10	3	-	-	-	13
Impairment losses	20	-	-	-	-	-	20
Reclassifications	-	(144)	49	-	95	-	-
Exchange realignment	(108)	(177)	(109)	(28)	(55)	-	(477)
At 31 December 2007	2,051	4,278	1,863	542	955	-	9,689
<b>Net carrying amount</b>							
At 31 December 2007	4,020	9,344	836	940	399	166	15,705
At 31 December 2006	4,372	8,507	858	912	327	440	15,416

Based on valuation performed by independent appraiser, Allied Appraisal Consultants Pte Ltd for properties in Singapore and Henry Butcher Malaysia (Johor) Sdn Bhd for the property in Malaysia on 11 December 2007 and 13 November 2007 (2006: 1 December 2006 and 26 July 2006) respectively, the carrying amount of these properties were written down by \$20,000 (2006: written back of \$61,000). Nothing (2006: \$63,000) was recognised directly back into equity as asset revaluation reserve, while \$20,000 (2006: \$2,000) was charged to profit and loss statement as impairment loss.

The valuations are estimates of the amounts for which these assets could be exchange between a knowledgeable willing buyer and seller on an arm's length transaction at the valuation date.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 11. Investment properties

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount of freehold investment properties	1,658	1,766
Fair value of leasehold investment properties	389	400
	2,047	2,166
<b>Freehold investment properties</b>		
<b>Cost</b>		
At 1 January	3,123	3,239
Exchange realignment	(84)	(116)
At 31 December	3,039	3,123
<b>Accumulated amortisation</b>		
At 1 January	1,357	1,353
Depreciation	44	45
Write back of impairment loss	-	(17)
Exchange realignment	(20)	(24)
	1,381	1,357
<b>Carrying amount</b>		
At 31 December	1,658	1,766
<b>Leasehold investment properties</b>		
As at 1 January	400	400
Net gain/(loss) through fair value adjustments recognised in		
- Income statement	(11)	(11)
- Asset revaluation reserve	-	11
At 31 December	389	400
<b>Profit and loss statement:</b>		
Rental income from investment properties:		
- Minimum lease payments	101	89
Direct operating expenses (including repairs and maintenance)		
arising from:		
- Rental generating properties	33	39



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 11. Investment properties (cont'd)

#### *Valuation of investment properties*

Based on a valuation performed by an independent appraiser, Allied Appraisal Consultants Pte Ltd (2006: Allied Appraisal Consultants Pte Ltd for the properties in Singapore) on 11 December 2007 (2006: 1 December 2006), the carrying amount of these properties were not written down (2006: write back of \$28,000). Nothing (2006: \$28,000) was recognised directly back into equity as asset revaluation reserve, while Nil (2006: Nil) was charged to the profit and loss statement as impairment loss.

The valuation 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. The fair value of the investment properties are determined at \$2,450,000 (2006: \$2,200,000).

The investment properties held by the Group as at 31 December are as follows:

Location	Description	Existing use	Tenure of land
1. No. 30 Mandai Estate Mandai Industrial Building #05-09 Singapore 729918	1 unit of a 6-Storey Building	Warehouse/ Office	Freehold
2. No. 9 Kaki Bukit Road 2, Gordon Warehouse Building #03-22 Singapore 417842	1 unit of a 4-Storey Building	Warehouse/ Office	66 years, with effect from 25 July 1981 Leasehold
3. No. 3 Upper Aljunied Link Block B, Joo Seng Warehouse, #07-04 Singapore 367902	1 unit of a 8-Storey Building	Warehouse/ Office	Freehold
4. No. 3 Upper Aljunied Link Block B, Joo Seng Warehouse, #07-05 Singapore 367902	1 unit of a 8-Storey Building	Warehouse/ Office	Freehold



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 12. Investments in subsidiary companies

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>S'000</b>	<b>S'000</b>
Unquoted shares, at cost	13,100	13,100
Impairment losses	(581)	(581)
Carrying amount of investments	12,519	12,519

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

<b>Name of company (Country of incorporation)</b>	<b>Principal activities</b>	<b>Percentage of equity held by the Group</b>	
		<b>2007</b>	<b>2006</b>
		<b>%</b>	<b>%</b>
<b><i>Held by the Company</i></b>			
Future Enterprises Pte Ltd <sup>(1)</sup> (Singapore)	Sales and marketing of instant food and beverages	100	100
Future Corporation Pte Ltd <sup>(4)</sup> (Singapore)	Property investment holding	100	100
Masters Corporation Pte Ltd <sup>(4)</sup> (Singapore)	Dealers in food products	100	100
Foodaworld Marketing Pte Ltd <sup>(4)</sup> (Singapore)	Dealers in food products	100	100
Epiq Food Services Pte Ltd <sup>(4)</sup> (Singapore)	Dealers in beverages to be used in coffee machines	100	100
<b><i>Held by Future Enterprises Pte Ltd</i></b>			
Future Enterprises (Russia) Pte Ltd <sup>(6)</sup> (Singapore)	Dormant	100	100
FES Industries Pte Ltd <sup>(1)</sup> (Singapore)	Manufacturing and processing of instant food and beverages	100	100
FES Industries Sdn Bhd <sup>(3)</sup> (Malaysia)	Manufacturing and processing of instant food and beverages	100	79.9



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 12. Investments in subsidiary companies (cont'd)

		Percentage of equity held by the Group	
Name of company (Country of incorporation)	Principal activities	2007 %	2006 %
<i>Held by Future Enterprises Pte Ltd (cont'd)</i>			
Express Food & Beverages Limited <sup>(5)</sup> (Hong Kong)	Dormant	100	100
Klassno Foods Limited <sup>(5)</sup> (Hong Kong)	Dormant	100	100
FES (Mauritius) Ltd <sup>(3)</sup> (Mauritius)	Investment holding	100	100
<i>Held by FES (Mauritius) Ltd</i>			
FER (HK) Limited <sup>(2)</sup> (Hong Kong)	Sales and marketing of instant food and beverages	100	100
Lovena Limited <sup>(7)</sup> (Cyprus)	Investment holding	100	100
Pavo Holding Limited <sup>(7)</sup> (Cyprus)	Investment holding	100	100
<i>Held by Lovena Limited</i>			
FES Distribution Limited <sup>(8)</sup> (Ukraine)	Sales and marketing of food products	100	-
Naturant System Inc. <sup>(8)</sup> (British Virgin Islands)	Investment holding	100	-
<i>Held by FES Industries Pte Ltd</i>			
FES (Vietnam) Co., Ltd <sup>(3)</sup> (Vietnam)	Manufacturing and distribution of instant pre-mix coffee	100	100



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 12. Investments in subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2007 %	2006 %
<i>Held by FER (HK) Limited</i>			
FES International FZE <sup>(8)</sup> (United Arab Emirates)	Import, export, trading of food and beverages, management and finance support	100	100
Navas Services Limited <sup>(9)</sup> (Cyprus)	Investment holding	100	100
Bexar Limited <sup>(9)</sup> (Cyprus)	Licensing, management and finance support	100	100
<i>Held by Navas Services Limietd</i>			
FES Products LLC <sup>(10)</sup> (Russia)	Manufacturing of instant beverages	100	100
<i>Held by Pavo Holding Limietd</i>			
Delta Future <sup>(8)</sup> (Ukraine)	Manufacturing of food products	100	100
FE Production Ltd <sup>(8)</sup> (Ukraine)	Manufacturing of food products	100	100

(1) Audited by Ernst & Young, Singapore.

(2) Audited by S.B. Chow & Co., Certified Public Accountants (Practising), Hong Kong.

(3) Audited by associated firms of Ernst & Young, Singapore.

(4) Audited by IKA International Certified Public Accountants, Singapore.

(5) No audited financial statements are prepared as those companies have remained dormant since incorporation.

(6) No audited financial statements are prepared as the company is currently in the process of filing for liquidation.

(7) Audited by P. Kalopetrides & Co, Cyprus.

(8) Not required to be audited by the law of its country of incorporation.

(9) Audited by KPMG Cyprus.

(10) Audited by FBK LLC (Moscow).



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 12. Investments in subsidiary companies (cont'd)

#### *Acquisition of subsidiary companies*

During the financial year, the Group's subsidiary company, Lovena Limited, acquired 100% equity interest in two new subsidiaries, FES Distribution Ltd ("FED") and Nurant System Inc ("Nurant"). Upon the acquisition, FED and Nurant became wholly-owned subsidiaries company of the Group.

The carrying value of the identifiable assets and liabilities of FED and Nurant at the date of acquisition is equivalent to the its fair value, as indicated below:

	<b>Recognised on the date of acquisition</b> S'000
Property, plant and equipment	5
Brand value	12,020
Investments held for sale	530
Trade and other receivables	167
Inventories	233
Cash and cash equivalents	12
	<hr/> 12,967 <hr/>
Trade and other payables	470
Provision	10
	<hr/> 480 <hr/>
Net identifiable assets	<hr/> 12,487 <hr/>



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 12. Investments in subsidiary companies (cont'd)

#### *Acquisition of subsidiary companies (cont'd)*

**Recognised  
on the date  
of acquisition  
\$'000**

#### Total cost of business combination

The total cost of the business combination is as follows:

Consideration for 100% equity interest

- Cash paid	13,911
- Directly attributable professional fees	356

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14,267

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The effect of acquisition on cash flow is as follows:

Consideration settled in cash for 100% equity interest acquired	14,267
Less: Cash and cash equivalents of subsidiary acquired	(12)

Net cash inflow on acquisition	14,255
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#### Impact of acquisition on income statement

From the date of acquisition, "Petrovskaya Sloboda" had contributed \$635,000 to the Group's profit before tax while FED reduced the Group's profit before tax by \$212,000. If the acquisition had taken place at the beginning of the year, the Group's profit for the year, net of tax would have been \$31,712,000 and revenue from continuing operations would have been \$277,090,000.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 12. Investments in subsidiary companies (cont'd)

#### *Acquisition of subsidiary companies (cont'd)*

##### Goodwill arising on acquisition

FED is in a net tangible liability position of \$67,000 as at 31 July 2007 at the date of acquisition, resulting in a goodwill of consolidation of \$67,000. The goodwill has been written off to the income statement during the year ended 31 December 2007.

The acquisition of Naturant had resulted in a goodwill of \$1,014,000 and is attributable to fair value of the significant synergies expected in Russia and Ukraine market for MacCoffee products after acquisition.

##### Provisional accounting of acquisition

A brand, Petrovskaya Sloboda, has been identified as an intangible asset arising from acquisition. The Group has engaged an independent valuer to determine fair value of the brand, which was valued as \$12,020,000 as at 24 May 2008 (Note 15).

#### *Acquisition of additional interest in subsidiary companies*

During the financial year, the Group's subsidiary company, Future Enterprises Pte Ltd ("FEPL"), acquired the remaining 20.1% equity interest in FES Industries Sdn Bhd ("FESM") for a cash consideration of \$1,948,000. As a result of this acquisition, FESM became a wholly-owned subsidiary of FEPL. On date of acquisition, the book value of the additional interest acquired was \$1,877,000.

### 13. Investments in associated companies

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Unquoted shares, at cost	6,868	7,695	-	1,647
Impairment losses	(282)	(300)	-	-
	6,586	7,395	-	1,647
Share of net post-acquisition reserves	1,710	3,935	-	-
	8,296	11,330	-	1,647



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 13. Investments in associated companies (cont'd)

During the year, the Group increased its investment in Simonelo Limited and Hyson Teas (Private) Limited by \$999,000 and \$196,000 respectively, without a change in the Group's effective interest in the associated companies.

The Company also disposed its entire investment in Custom Food Ingredients Sdn. Bhd on 24 August 2007 for a cash consideration of \$4,376,000. The disposal consideration was fully settled in cash.

For the financial year ended 31 December 2006, \$1,326,000 negative goodwill arising on the acquisition of an associated company was included in the share of profit of associated companies.

Details of the associated companies as at 31 December are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
		2007 %	2006 %
<i>Held by the Company</i>			
Custom Food Ingredients Sdn. Bhd. (formerly known as Ernsts Food Ingredients Sdn Bhd) * (Malaysia)	Manufacturing and processing of spray dried non-dairy creamer (Malaysia)	-	35
<i>Held by a subsidiary company</i>			
Hyson Teas (Private) Limited * (Sri Lanka)	Manufacturing and exporting of tea (Sri Lanka)	49	49
PT. ABC Future Indonesia <sup>@</sup> (Indonesia)	Marketing and distribution of instant beverages (Indonesia)	49	49
Simonelo Limited ** (Cyprus)	Investment holding (Cyprus)	50	50
Triple Ace Ventures Limited <sup>#</sup> (British Virgin Islands)	Investment holding (British Virgin Islands)	50	50

\* Audited by associated firms of Ernst & Young, Singapore.

\*\* Audited by BDO Philippines Chartered Accountants.

@ Audited by Kosasih & Nurdyanman, Registered Public Accountants, Indonesia.

# Not required to be audited by the law of its country of incorporation.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 13. Investments in associated companies (cont'd)

The summarised financial information of the associated companies are as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets and liabilities:</b>		
Current assets	14,198	27,934
Non-current assets	18,286	11,403
Total assets	32,484	39,337
Current liabilities	2,578	9,020
Non-current liabilities	13,627	11,327
Total liabilities	16,205	20,347
Revenue	9,605	6,177
Profit/(loss) for the year	194	(693)

### 14. Amounts due from associated companies (non-current)

This amount is the non-current portion of the remaining outstanding balance of a 5 year loan that one of the subsidiary provided to an associated company during the year. The loan bears a floating interest rate from 5.1% to 6.1% per annum during the year.

### 15. Intangible assets

	<b>Goodwill</b>	<b>Brand</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>			
At 1 January 2006	11,115	-	11,115
Exchange realignment	(871)	-	(871)
At 31 December 2006 and 1 January 2007	10,244	-	10,244
Acquisition of a subsidiary company	1,014	12,020	13,034
Exchange realignment	(634)	-	(634)
At 31 December 2007	10,624	12,020	22,644



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 15. Intangible assets (cont'd)

	Goodwill \$'000	Brand \$'000	Total \$'000
<b>Accumulated amortisation</b>			
At 1 January 2006 and 31 December 2007	-	-	-
<b>Carrying amount</b>			
At 31 December 2006	10,244	-	10,244
At 31 December 2007	10,624	12,020	22,644

#### **Brand**

During the year, the Group acquired through business combination a brand name "Petrovskaya Sloboda", as disclosed in Note 12. The brand is regarded as having indefinite useful life and is not amortised. The brand value recognised will be tested for impairment annually.

#### **Impairment testing of goodwill and brand**

Goodwill and Brand acquired through business combinations have been allocated to the Group's cash-generating units ("CGU") identified according to each individual business unit for impairment testing.

	Group 2007 \$'000	2006 \$'000
FER (HK) Limited Group	6,867	7,320
FES Industries Pte Ltd	2,743	2,924
Russia and Ukraine segment	1,014	-
Brand	12,020	-
	22,644	10,244

The recoverable amount of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering five year period (2006: five-year period). Management have considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rate. The budgeted gross margins are based on past performance and its expectation of market development.

The pre-tax discount rate applied to the cash flow projections is 6.10% - 7.58% (2006: 6.10% to 7.58%). The weighted average growth rate used to extrapolate the cash flows of each CGU is 5.00% (2006: 5.00%), which is consistent with the forecasts included in industry reports.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 16. Deferred tax assets/(liabilities)

Deferred income tax as at 31 December relates to the following:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<i><b>Deferred tax assets</b></i>		
Provisions	1,130	273
Unutilised tax losses	-	26
Gross deferred tax assets	1,130	299
<i><b>Deferred tax liabilities</b></i>		
Excess of net book value over tax written down value	(349)	(561)
Others	(1,512)	(70)
Gross deferred tax liabilities	(1,861)	(631)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets	1,130	1,245
Deferred tax liabilities	(1,861)	(1,577)
Net deferred tax liabilities	(731)	(332)



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 16. Deferred tax assets/(liabilities) (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Tax losses	377	1,684
Unabsorbed capital allowances	63	143
Other deductible temporary differences	17	-
Net deferred tax assets	457	1,827

The use of these unutilised tax losses and unabsorbed capital allowances are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

### 17. Inventories

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance sheet:</b>		
Raw materials	23,014	14,070
Packaging materials	3,871	6,734
Finished products/trading goods	13,053	15,629
Total inventories at lower of cost and net realisable value	39,938	36,433
<b>Profit and loss statement:</b>		
Inventories recognised as an expense in cost of sales		
Inclusive of the following charge:		
- Inventories written down	613	751
	613	751

Inventories are stated after allowance for stock obsolescence of \$954,000 (2006: \$355,000).



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 18. Amounts due from subsidiary companies (non-trade)

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts due from subsidiary companies	56,657	58,159
Allowance for doubtful receivables	(3,643)	(2,042)
	53,014	56,117

The amounts due from subsidiary companies are unsecured, bear a floating interest rate of 6.0% to 6.1% (2006: 3.0% to 6.1%) per annum and are expected to be repayable on demand.

### 19. Amounts due from associated companies (trade and non-trade)

*Amounts due from associated companies (trade)*

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts due from associated companies	795	496
Allowance for doubtful receivables	(425)	(22)
	370	474

For the year ended 31 December 2007, an allowance for doubtful receivables of \$425,000 (2006: Nil) was recognised in the profit and loss statement subsequent to a debt recovery assessment performed on amounts due from associated companies (trade) as at 31 December 2007. The amounts due from associated companies (trade) are unsecured, interest free and expected to be repayable on demand.

The amounts due from associated companies (non trade) are unsecured, repayable on demand and bears an fixed interest rate of 5.5% (2006: 5.5%) except for the current portion of the remaining outstanding balance of \$862,000 (2006: Nil) of the 5 year loan given to an associated company which bears a floating interest rate of 5.1% – 6.1% during the year (Note 14).



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 20. Trade receivables

	Group	
	2007	2006
	\$'000	\$'000
Trade receivables	80,248	60,091
Allowance for doubtful receivables	(61)	(735)
	<u>80,187</u>	<u>59,356</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms, except for sales of raw materials and packaging materials to 2 customers in Russia whose credit terms are 180 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### *Receivables that are past due but not impaired*

The Group has trade receivables amounting to \$21,098,000 (2006: \$38,520,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2007	2006
	\$'000	\$'000
Trade receivables past due:		
Lesser than 90 days	11,709	20,397
91 to 120 days	6,408	4,300
121 to 150 days	2,716	10,108
More than 150 days	265	3,715
	<u>21,098</u>	<u>38,520</u>



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 20. Trade receivables (cont'd)

#### *Receivables that are impaired*

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<i>Individually impaired</i>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables – nominal amounts	63	839
Less: Allowance for impairment	(61)	(735)
	2	104
	2	104
Movement in allowance accounts:		
At 1 January	735	933
Charge for the year	3	257
Bad debts written off against provision	(582)	(391)
Write back of provision	(80)	-
Exchange realignment	(15)	(64)
	61	735
At 31 December	61	735



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 20. Trade receivables (cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements

For the year ended 31 December 2007, a net write back of allowance for doubtful receivables of \$77,000 (2006: provision of \$257,000) was recognised in the profit and loss statement subsequent to a debt recovery assessment performed on trade receivables as at 31 December 2007.

Trade receivables denominated in currencies other than the functional currencies as at 31 December are as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Singapore Dollar	7,160	552
United States Dollar	70,168	54,142
Euro	1,911	918
Others	948	3,744
	<u>80,187</u>	<u>59,356</u>

### 21. Other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Staff advances	382	710	-	-
Sundry receivables	474	842	4	92
Tax recoverable	370	367	-	-
	<u>1,226</u>	<u>1,919</u>	<u>4</u>	<u>92</u>
Sundry receivables and staff advances are stated after deducting allowance for doubtful receivables of	90	216	-	-

Staff advances are unsecured, interest-free and expected to be repayable on demand.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 22. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amount:

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	22,965	36,305	54	105

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 5.0% (2006: 0.01% to 2.30%) per annum.

Cash and cash equivalents denominated in currencies other the functional currencies as at 31 December are as follows:

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	1,198	9,550	54	105
United States Dollar	20,121	24,983	-	-
Euro	260	1,292	-	-
Others	1,386	480	-	-
	22,965	36,305	54	105

### 23. Trade payables, accruals and other payables

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade payables	13,789	17,856	68	6
Accruals	12,752	9,995	457	396
Total trade payables and accruals	26,541	27,851	525	402
Sundry payables	235	57	-	-
Interest bearing loans and borrowings (current)	2,875	1,532	-	1,532
Interest bearing loans and borrowings (non-current)	10,782	5,620	-	5,620
Total financial liabilities	40,433	35,060	525	7,554



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 23. Trade payables, accruals and other payables (cont'd)

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Rental and other deposits	115	37	-	-
Sundry payables	235	57	-	-
Other payables	350	94	-	-

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms, while sundry payables have an average of 6 months.

Trade payables and accruals denominated in currencies other than the functional currencies as at 31 December are as follows:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore dollar	818	5,221	525	402
United States dollar	23,905	20,191	-	-
Euro	599	369	-	-
Others	1,219	2,070	-	-
	26,541	27,851	525	402

### 24. Interest-bearing loans and borrowings

	Effective interest rate (p.a)	Maturity	Group		Company	
			2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current	SIBOR + 0.75%	2007	2,875	1,532	-	1,532
Non-current	SIBOR + 0.75%	2008 - 2011	10,782	5,620	-	5,620
			13,657	7,152	-	7,152

These loans are unsecured.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 25. Share capital

	<b>Group and Company 2007 \$'000</b>	<b>2006 \$'000</b>
<b>Issued and fully paid:</b>		
At beginning of the year		
432,315,000 (2006: 389,085,000) ordinary shares	60,622	19,454
<u>Issued during the year</u>		
Transfer of share premium reserve to share capital	-	17,843
39,200,000 ordinary shares issued for cash at the price of \$0.57 each	-	22,344
Issued for cash under employee share option		
2,130,000 (2006: 2,690,000) ordinary shares issued at the exercise price of \$0.17 each	362	457
400,000 (2006: Nil) ordinary shares issued at the exercise price of \$0.27 each	108	-
3,320,000 (2006: 1,340,000) ordinary shares issued at the exercise price of \$0.275 each	914	369
Transfer from share-based payment reserve	447	155
At end of the year		
438,165,000 (2006: 432,315,000) ordinary shares	62,453	60,622

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

During the year the Company issued 5,850,000 (2006: 4,030,000) ordinary shares pursuant to the Food Empire Share Option Scheme at an average price of \$0.236 (2006: \$0.170) each.

During the year ended 31 December 2006, 39,200,000 new ordinary shares with an issued price of \$0.57 each were allocated and issued to Universal Integrated Corporation Consumer Products Pte Ltd on 13 September 2006.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 25. Share capital (cont'd)

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

At the end of the financial year, unissued ordinary shares of the Company under options granted to eligible employees and Directors under the Food Empire Holdings Limited Share Option Scheme amounted to a total of 6,640,000 (2006: 13,555,000) ordinary shares. Details of outstanding options are set out in Note 27.

### 26. Reserves

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Foreign currency translation reserve	(13,746)	(6,516)	-	-
Asset revaluation reserve	91	91	-	-
Share-based payment reserve	767	1,095	767	1,095
Accumulated profits	107,201	83,510	1,574	1,170
	<u>94,313</u>	<u>78,180</u>	<u>2,341</u>	<u>2,265</u>

#### *(a) Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	(6,516)	(979)
Net effect of exchange differences arising from translation of financial statements of foreign operations	(7,230)	(5,537)
At 31 December	<u>(13,746)</u>	<u>(6,516)</u>



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 26. Reserves (cont'd)

#### *(b) Asset revaluation reserve*

The asset revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

	Group	
	2007 \$'000	2006 \$'000
At 1 January	91	-
Net surplus on revaluation:		
- Leasehold land and buildings	-	91
At 31 December	91	91

#### *(c) Share-based payment reserve*

Share-based payment reserve represents the equity-settled share options granted to employees (Note 27). The reserve is made up of the cumulative value of services rendered from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At 1 January	1,095	902	1,095	902
Value of employee services received for issue of share options	119	348	119	348
Exercise of share options	(447)	(155)	(447)	(155)
At 31 December	767	1,095	767	1,095



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 26. Reserves (cont'd)

#### *(d) Accumulated profits*

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
At 1 January	83,510	62,507	1,170	3,998
Net profit for the year	31,602	26,859	8,315	3,028
Dividends paid to shareholders of the Company	(7,911)	(5,856)	(7,911)	(5,856)
At 31 December	107,201	83,510	1,574	1,170

### 27. Employee benefits

The Food Empire Holdings Limited Share Option Scheme (the "Option Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 22 January 2002. The Option Scheme applies to eligible employees and Directors of the Group, other than the controlling shareholders of the Company and their associates.

The Option Scheme is administered by the Remuneration Committee ("RC") which comprises Mr. Lew Syn Pau (Chairman), Mr. Ong Kian Min, Mr Boon Yoon Chiang and Mdm. Tan Guek Ming.

The total number of shares in respect of which options may be offered shall not exceed 15% of the Company's total issued share capital on the day immediately preceding the offer date.

The offer price of the options may be set at market price or at a discount not exceeding 20% to the market price at the time of grant, at the discretion of the RC.

The option period shall commence after 1 year from the offer date if the offer price is the prevailing market price; and 2 years from the offer date if the price is set at a discount. The options granted expire after 5 years from the date of grant for non-executives and 10 years from the date of grant for executives.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 27. Employee benefits (cont'd)

Movements in the number of ordinary shares outstanding under the Option Scheme as at 31 December 2007 and the details of the Option Scheme are as follows:

	No. of holders	Number of options outstanding at 1.1.2006	Number of options granted during the financial year	Number of options lapsed during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.1.2006	Exercise price per share \$	Exercise Period	Remaining contractual life (years)
2002 Options <sup>1</sup>	33	5,170,000	-	(360,000)	(1,890,000)	2,920,000	0.17	14 March 2004 to 13 March 2012	5.24
2002 Options <sup>1</sup>	2	800,000	-	-	(800,000)	-	0.17	14 March 2004 to 13 March 2007	0.20
2003 Options	1	500,000	-	-	-	500,000	0.27	4 June 2005 to 13 March 2012	5.20
2004 Options	2	400,000	-	-	(160,000)	240,000	0.275	25 May 2006 to 24 May 2009	2.40
2004 Options	46	11,475,000	-	(400,000)	(1,180,000)	9,895,000	0.275	25 May 2006 to 24 May 2014	7.40
	84	18,345,000	-	(760,000)	(4,030,000)	13,555,000			

	No. of holders	Number of options outstanding at 1.1.2007	Number of options granted during the financial year	Number of options lapsed during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.1.2007	Exercise price per share \$	Exercise Period	Remaining contractual life (years)
2002 Options <sup>1</sup>	5	2,920,000	-	(495,000)	(2,130,000)	295,000	0.17	14 March 2004 to 13 March 2012	4.24
2003 Options	1	500,000	-	-	(400,000)	100,000	0.27	4 June 2005 to 13 March 2012	4.20
2004 Options	2	240,000	-	-	(120,000)	120,000	0.275	25 May 2006 to 24 May 2009	1.40
2004 Options	36	9,895,000	-	(570,000)	(3,200,000)	6,125,000	0.275	25 May 2006 to 24 May 2014	6.40
	44	13,555,000	-	(1,065,000)	(5,850,000)	6,640,000			

<sup>1</sup> Included within these balances are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 27. Employee benefits (cont'd)

Out of the outstanding options on 6,640,000 shares (2006: 13,555,000), options on 3,602,500 shares (2006: 6,520,000) are exercisable.

The weighted average share price at the date of exercise for the option exercised was \$0.93 (2006: \$0.425).

The fair value of share options as at the date of grant was estimated by an external valuer using Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the options were granted. The inputs to the model used for the options granted during the year ended 31 December 2004 are shown below:

	<b>Group</b>	
	<b>Grant – 10 years</b>	<b>Grant – 5 years</b>
Dividend yield (%)	3.05	3.05
Expected volatility (%)	38.81	38.81
Historical volatility (%)	38.81	38.81
Risk-free interest rate <sup>2</sup> (%)	2.039 - 2.687	1.413 - 2.175
Expected life of option <sup>3</sup> (years)	4.000 - 5.500	2.75 - 4.250
Weighted average share price (\$)	0.35	0.35

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

No other features of the option grant were incorporated into the measurement of fair value.

	Grant – 10 years			Grant – 5 years		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
<sup>2</sup> Risk-free interest rate (%)	2.039	2.447	2.687	1.413	1.761	2.175
<sup>3</sup> Expected life of option (years)	4.000	4.750	5.500	2.750	3.500	4.250



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 28. Segment information

#### (a) Business segments

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2007 and 2006.

	Beverages		Others		Elimination		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Segment revenue from external customers	256,377	217,785	20,482	16,339	-	-	276,859	234,124
Segment results	34,869	30,794	348	(1,708)	-	-	35,217	29,086
Finance costs							(853)	(437)
Share of profit of associated companies	195	23	450	1,220	-	-	645	1,243
Profit from operations before taxation							35,009	29,892
Taxation							(3,399)	(3,303)
Profit for the year							31,610	26,589
<b>Assets and liabilities</b>								
Segment assets	130,818	101,352	62,444	65,762	-	-	193,262	167,114
Investments in associated companies	1	4,638	8,295	6,692	-	-	8,296	11,330
Unallocated assets							1,130	1,244
Total assets							202,688	179,688
Segment liabilities	27,903	25,029	2,756	5,251	-	-	30,659	30,280
Interest-bearing loan and borrowing							13,657	7,152
Unallocated liabilities							1,606	1,577
Total liabilities							45,922	39,009
<b>Other segment information</b>								
Capital expenditure								
- Property, plant and equipment	3,034	4,143	35	513	-	-	3,069	4,656
- Brand	12,020	-	-	-	-	-	12,020	-
Impairment loss on property, plant and equipment	20	30	-	(28)	-	-	20	2
Depreciation of property, plant and equipment and freehold investment properties	2,157	1,735	57	131	-	-	2,214	1,866
Net loss from fair value adjustment in leasehold properties	-	-	11	11	-	-	11	11
Write off of goodwill	71	-	67	-	-	-	138	-
Other non-cash expenses	812	834	215	111	-	-	1,027	945



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 28. Segment information (cont'd)

#### (b) Geographic segments

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2007 and 2006.

	Russia		Eastern Europe and Central Asia		Other countries		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue										
from external										
customers	151,311	130,737	105,669	89,115	19,879	14,272	-	-	276,859	234,124
	Singapore		Malaysia		Other Countries		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment										
assets	132,408	177,449	9,222	9,466	86,569	74,409	(34,938)	(94,210)	193,262	167,114
Investments in										
associated										
companies	1	4,638	-	-	8,295	6,692	-	-	8,296	11,330
Unallocated										
assets									1,130	1,244
Total assets									202,688	179,688
Capital										
expenditure										
- Property, plant										
and equipment	337	1,158	1	76	2,731	3,422	-	-	3,069	4,656
- Intangible										
assets	-	-	-	-	12,020	-	-	-	12,020	-



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 29. Commitments and contingencies

#### *Operating lease commitments*

The Group leases certain properties under lease agreements which expire at various dates till 2020. Rental expenses were \$2,379,000 and \$1,589,000 for the years ended 31 December 2007 and 2006 respectively. Future minimum lease payments payable under non-cancellable operating leases as at the balance sheet date are as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	1,357	1,493
After one year but not more than five years	545	1,165
More than five years	645	778
	2,547	3,436

#### *Capital commitments*

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements

643	668
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#### *Contingent liabilities*

The Company has given corporate guarantees amounting to \$48,504,000 (2006: \$21,073,000) to bankers to secure banking facilities granted to its subsidiary companies.

### 30. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 30. Significant related party transactions (cont'd)

#### *(a) Sales and purchase of goods and services (cont'd)*

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place during the financial year:

	2007 \$'000	2006 \$'000
Sales of goods		
- associated company	-	(246)
Interest income		
- associated company	256	69
Purchases of goods		
- associated company	-	1
Rental expense paid to an associated company	1,676	845
Security services paid to an associated company	82	-

In addition to their salaries, certain Directors also participate in the Food Empire Holdings Limited Share Option Scheme. For the exercise period, the terms and conditions of the share options granted to the Directors were the same as those granted to other employees of the Company as described in Note 27. As at 31 December 2007, 3,420,000 (2006: 4,890,000) share options were outstanding to the Directors of the Company at the end of the year.

#### *(b) Compensation of key management personnel*

During the year, apart from remuneration paid to Directors and key management, the Group did not enter into any significant transaction with related parties, who are not members of the Group, except as disclosed in Note 12.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 30. Significant related party transactions (cont'd)

#### *(b) Compensation of key management personnel (cont'd)*

	Group	
	2007	2006
	\$'000	\$'000
Salaries, wages and other staff benefits	5,575	5,905
Central Provident Fund contributions	58	62
Value of employee services received for issue of share options	60	170
Total compensation paid to key management personnel	5,693	6,137
<i>Comprise amounts paid to:</i>		
• Directors of the Company	3,991	4,612
• Other key management personnel	1,702	1,525
Total compensation paid to key management personnel	5,693	6,137

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

### 31. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

#### *Financial instruments whose carrying amount approximate fair value*

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, amounts due from subsidiary companies, amounts due from associated companies, amount due to a related party, trade and other payables and floating rate interest-bearing loans and borrowings (including non-current), reasonably approximate their fair values due to their short-term nature or repriced frequently.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 31. Fair value of financial instruments (cont'd)

Set out below is a comparison by category of carrying amounts of all the group's assets and liabilities that are carried in the financial statements:

#### *Classification of financial statements*

	Loans and receivables	Fair value through profit and loss	Derivatives used of hedging	Available- for-sale	Liabilities at amortised cost	Non- financial assets/ liabilities	Total
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Property, plant and equipment	-	-	-	-	-	15,705	15,705
Investment properties	-	-	-	-	-	2,047	2,047
Investments in associated companies	-	-	-	-	-	8,296	8,296
Amounts due from associated companies	2,310	-	-	-	-	-	2,310
Intangible assets	-	-	-	-	-	22,644	22,644
Deferred tax assets	-	-	-	-	-	1,130	1,130
Inventories	-	-	-	-	-	39,938	39,938
Prepaid operating expenses and other debtors	-	-	-	-	-	3,367	3,367
Deferred expenses	-	-	-	-	-	1,270	1,270
Amounts due from associated companies (trade)	370	-	-	-	-	-	370
Amounts due from associated companies (non-trade)	1,233	-	-	-	-	-	1,233
Trade receivables	80,187	-	-	-	-	-	80,187
Other receivables	1,226	-	-	-	-	-	1,226
Cash and cash equivalents	22,965	-	-	-	-	-	22,965
	108,291	-	-	-	-	94,397	202,688



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 31. Fair value of financial instruments (cont'd)

	Loans and receivables	Fair value through profit and loss	Derivatives used of hedging	Available- for-sale	Liabilities at amortised cost	Non- financial assets/ liabilities	Total
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>							
Trade payables and accruals	-	-	-	-	26,541	-	26,541
Other payables	-	-	-	-	350	-	350
Interest-bearing loans and borrowings (current)	-	-	-	-	2,875	-	2,875
Provision for taxation	-	-	-	-	-	3,513	3,513
Interest-bearing loans and borrowings (non-current)	-	-	-	-	10,782	-	10,782
Deferred tax liabilities	-	-	-	-	-	1,861	1,861
	-	-	-	-	40,548	5,374	45,922



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 31. Fair value of financial instruments (cont'd)

	Loans and receivables	Fair value through profit and loss	Derivatives used of hedging	Available- for-sale	Liabilities at amortised cost	Non- financial assets/ liabilities	Total
2006	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Property, plant and equipment	-	-	-	-	-	15,416	15,416
Investment properties	-	-	-	-	-	2,166	2,166
Investments in associated companies	-	-	-	-	-	11,330	11,330
Intangible assets	-	-	-	-	-	10,244	10,244
Deferred tax assets	-	-	-	-	-	1,245	1,245
Inventories	-	-	-	-	-	36,433	36,433
Prepaid operating expenses and other debtors	-	-	-	-	-	3,730	3,730
Deferred expenses	-	-	-	-	-	587	587
Amounts due from associated companies (trade)	474	-	-	-	-	-	474
Amounts due from associated companies (non-trade)	483	-	-	-	-	-	483
Trade receivables	59,356	-	-	-	-	-	59,356
Other receivables	1,919	-	-	-	-	-	1,919
Cash and cash equivalents	36,305	-	-	-	-	-	36,305
	98,537	-	-	-	-	81,151	179,688



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 31. Fair value of financial instruments (cont'd)

	Loans and receivables	Fair value through profit and loss	Derivatives used of hedging	Available- for-sale	Liabilities at amortised cost	Non- financial assets/ liabilities	Total
2006	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>							
Trade payables and accruals	-	-	-	-	27,851	-	27,851
Other payables	-	-	-	-	94	-	94
Interest-bearing loans and borrowings (current)	-	-	-	-	1,532	-	1,532
Provision for taxation	-	-	-	-	-	2,335	2,335
Interest-bearing loans and borrowings (non-current)	-	-	-	-	5,620	-	5,620
Deferred tax liabilities	-	-	-	-	-	1,577	1,577
	-	-	-	-	35,097	3,912	39,009



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 31. Fair value of financial instruments (cont'd)

Company	Loans and receivables \$'000	Liabilities at amortised cost \$'000	Non- financial assets/ liabilities \$'000	Total \$'000
<b>2007</b>				
<b>Assets</b>				
Investment in subsidiary companies	-	-	12,519	12,519
Prepaid operating expenses and other debtors	-	-	30	30
Amounts due from subsidiary companies	53,014	-	-	53,014
Other receivables	4	-	-	4
Cash and cash equivalents	54	-	-	54
	53,072	-	12,549	65,621
<b>Liabilities</b>				
Trade payables and accruals	-	525	-	525
Provision for taxation	-	-	302	302
	-	525	302	827
<b>2006</b>				
<b>Assets</b>				
Investment in subsidiary companies	-	-	12,519	12,519
Investment in associated companies	-	-	1,647	1,647
Prepaid operating expenses and other debtors	-	-	63	63
Amounts due from subsidiary companies	56,117	-	-	56,117
Other receivables	92	-	-	92
Cash and cash equivalents	105	-	-	105
	56,314	-	14,229	70,543



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 31. Fair value of financial instruments (cont'd)

Company	Loans and receivables \$'000	Liabilities at amortised cost \$'000	Non- financial assets/ liabilities \$'000	Total \$'000
<b>2006</b>				
<b>Liabilities</b>				
Interest bearing loans and borrowings (current)	-	1,532	-	1,532
Interest bearing loans and borrowings (non-current)	-	5,620	-	5,620
Trade payables and accruals	-	402	-	402
Provision for taxation	-	-	102	102
	-	7,554	102	7,656

### 32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate and foreign currency. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken. The Group and the Company does not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 32. Financial risk management objectives and policies (cont'd)

#### *(a) Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

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 receivables, 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.

#### *Exposure to credit risk*

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each financial assets in the balance sheets.

#### *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>By country:</b>				
Russia	59,834	43,190	-	-
Eastern Europe and Central Asia	13,946	12,015	-	-
Other countries	6,407	4,151	-	-
	80,187	59,356	-	-



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 32. Financial risk management objectives and policies (cont'd)

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

#### *(b) Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Group's operation and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

Group 2007		Within 1 year	Within 1 to 5 years	More than 5 years
	Total \$'000	\$'000	\$'000	\$'000
Loans and borrowings	13,657	2,875	10,782	-
Trade and other payables	26,891	26,891	-	-
	40,548	29,766	10,782	-



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 32. Financial risk management objectives and policies (cont'd)

#### (b) Liquidity risk (cont'd)

Group 2006	Total \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
Loans and borrowings	7,152	1,532	5,620	-
Trade and other payables	27,924	27,924	-	-
	35,076	29,456	5,620	-
<b>Company 2007</b>				
Loans and borrowings	-	-	-	-
Trade and other payables	525	525	-	-
	525	525	-	-
<b>2006</b>				
Loans and borrowings	7,152	1,532	5,620	-
Trade and other payables	402	402	-	-
	7,554	1,934	5,620	-



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 32. Financial risk management objectives and policies (cont'd)

#### *(c) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk mainly arising from interest-bearing loans and borrowings. The Group monitors the interest rate on loans and borrowings closely to ensure that the loans and borrowings are maintained at favourable rate.

Movements in interest rates will have an impact on the Group. At the balance sheet date, a change of 100 basis points in interest rate would increase/decrease profit or loss and equity by the amounts shown below.

	<b>Increase/ decrease in basis points</b>	<b>Effect on profit, net of tax</b>	<b>Effect on equity</b>
<b>2007</b>			
Cash and cash equivalents	+100	300	300
Amounts due from associates (non-trade)	+100	40	40
Bank loans	+100	(140)	(140)
<b>2006</b>			
Cash and cash equivalents	+100	270	270
Amounts due from associates (non-trade)	+100	40	40
Bank loans	+100	(70)	(70)



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 32. Financial risk management objectives and policies (cont'd)

#### (c) Interest rate risk (cont'd)

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

2007 Group	Within 1-2 1 year \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	More than years \$'000	5 years \$'000	Total \$'000
<i>Fixed rate</i>							
Amount due from an associated company	371	-	-	-	-	-	371
<i>Floating rate</i>							
Cash and bank balances	22,965	-	-	-	-	-	22,965
Amount due from an associated company	862	862	862	586	-	-	3,172
Interest-bearing loans and borrowings	(2,875)	(2,875)	(2,875)	(2,875)	(2,157)	-	(13,657)
<b>2007 Company</b>							
<i>Floating rate</i>							
Cash and bank balances	54	-	-	-	-	-	54
Amounts due from subsidiary companies	53,014	-	-	-	-	-	53,014
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
<b>2006 Group</b>							
<i>Fixed rate</i>							
Amount due from an associated company	483	-	-	-	-	-	483
<i>Floating rate</i>							
Cash and bank balances	36,305	-	-	-	-	-	36,305
Interest-bearing loans and borrowings	(1,532)	(1,532)	(1,532)	(1,532)	(1,024)	-	(7,152)
<b>2006 Company</b>							
<i>Floating rate</i>							
Cash and bank balances	105	-	-	-	-	-	105
Amounts due from subsidiary companies	56,117	-	-	-	-	-	56,117
Interest-bearing loans and borrowings	(1,532)	(1,532)	(1,532)	(1,532)	(1,024)	-	(7,152)



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 32. Financial risk management objectives and policies (cont'd)

#### *(d) Foreign currency risk*

The Group has transactional currency exposures arising from sales, purchases or operating costs by operating units in currencies other than the unit's functional currency. Approximately 3.8% (2006: 2.5%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst 88.8% (2006: 89.5%) of purchases and operating costs are denominated in the unit's functional currency.

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.

#### *Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, EURO and United Arab Emirates Dirham ("AED") against the respective functional currencies of the Group entities, with all variables held constant, of the Group's profit net of tax.

		<b>Group</b>	
		<b>2007</b>	<b>2006</b>
		<b>S'000</b>	<b>S'000</b>
SGD/USD	- strengthened 5% (2006: 5%)	43	202
	- weakened 5% (2006: 5%)	(43)	(202)
EURO/USD	- strengthened 5% (2006: 5%)	78	81
	- weakened 5% (2006: 5%)	(78)	(81)
AED/USD	- strengthened 5% (2006: 5%)	24	-
	- weakened 5% (2006: 5%)	(24)	-
USD/RUB	- strengthened 5% (2006: 5%)	238	-
	- weakened 5% (2006: 5%)	(238)	-

### 33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006.



## Notes to the Financial Statements

31 December 2007 (cont'd)

### 33. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group is currently in a net cash position.

	2007 \$'000	2006 \$'000
Loans and borrowings (Note 24)	13,657	7,152
Trade and other payables (Note 23)	26,891	27,945
Less: Cash and cash equivalents (Note 22)	(22,965)	(36,305)
Net debt	17,583	(1,208)
Equity attributable to the equity holders of the parent	156,766	138,802
<b>Capital and net debt</b>	<b>174,349</b>	<b>137,594</b>
<b>Gearing ratio</b>	<b>10.1%</b>	<b>0%</b>

### 34. 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:

	2007	Group 2006
\$500,000 and above	3	4
\$250,000 to \$499,999	-	-
Below \$250,000	7	5
Total	10	9

### 35. Subsequent event

On 28 January 2008, the Group announced that it had subscribed for 2,000,000 common shares with par value of VND 10,000 per share in a company to be known as Empire Food Joint Stock Corporation in the Socialist Republic of Vietnam with a charter capital of VND 80 billion respectively through its wholly-owned subsidiary. The consideration for the subscription of 25% stake is VND 20 billion and the investment will be funded through internal resources.

### 36. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



## Shareholders' Information

as at 12 March 2008

### DIRECTORS' SHAREHOLDINGS AS AT 12 MARCH 2008

(As recorded in the Register of Director's Shareholdings)

	Direct Interest	%	Deemed Interest	%
Tan Wang Cheow	43,700,000	9.97	56,062,000	12.79
Tan Guek Ming	44,062,000	10.05	55,700,000	12.71
Lew Syn Pau	60,000	0.014	80,000	0.018
Sudeep Nair	1,748,429	0.4	27,928,571	6.37
Ong Kian Min	-	-	540,000	0.12

### SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2008

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Tan Wang Cheow	43,700,000	9.97	56,062,000	12.79
Tan Guek Ming	44,062,000	10.05	55,700,000	12.71
Sudeep Nair	1,748,429	0.4	27,928,571	6.37
Irina Nair	-	-	29,677,000	6.77
Bestgate Investments Ltd	25,028,571	5.71	-	-
Universal Integrated Corporation Consumer Products Pte. Ltd.	95,236,000	21.37	-	-
Anthoni Salim	-	-	95,236,000	21.37
Deutsche Bank AG	-	-	26,113,000	5.96

#### Notes:

1. Mr Tan Wang Cheow and Mdm Tan Guek Ming are husband and wife. Mr Tan Wang Cheow is deemed to have an interest in the shares held by Mdm Tan Guek Ming and vice versa.
2. Mr Sudeep Nair and Ms Irina Nair are deemed interested in the shares held by Bestgate Investments Ltd.
3. Anthoni Salim is deemed interested in the shares held by Universal Integrated Corporation Consumer Products Pte. Ltd.

#### PUBLIC FLOAT

As at 12 March 2008, 43.1% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.



## Shareholders' Information

as at 12 March 2008

### Distribution Of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	1	0.08	600	0.00
1,000 - 10,000	834	66.51	3,453,000	0.79
10,001 - 1,000,000	390	31.10	30,866,829	7.04
1,000,001 And Above	29	2.31	404,024,571	92.17
Total :	1,254	100.00	438,345,000	100.00

### Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	DBS Nominees Pte Ltd	125,973,000	28.74
2.	Tan Guek Ming	44,062,000	10.05
3.	Tan Wang Cheow	43,700,000	9.97
4.	HSBC (Singapore) Nominees Pte Ltd	36,261,000	8.27
5.	Bestgate Investments Ltd	25,028,571	5.71
6.	Hong Leong Finance Nominees Pte Ltd	13,159,000	3.00
7.	Oon Peng Heng	11,500,000	2.62
8.	Oon Peng Lim	10,416,000	2.38
9.	United Overseas Bank Nominees Pte Ltd	10,312,000	2.35
10.	Koh Puay Ling	10,000,000	2.28
11.	Merrill Lynch (Singapore) Pte Ltd	8,037,000	1.83
12.	Chan Meng Huat	7,980,000	1.82
13.	Raffles Nominees Pte Ltd	7,815,000	1.78
14.	Citibank Nominees Singapore Pte Ltd	6,745,000	1.54
15.	DBSN Services Pte Ltd	6,055,000	1.38
16.	Tan Bian Chye	5,914,000	1.35
17.	Oon Peng Lam	4,900,000	1.12
18.	Kim Eng Securities Pte. Ltd.	4,471,000	1.02
19.	Oon Peng Wah	2,410,000	0.55
20.	Kay Hian Pte Ltd	2,280,000	0.52
Total :		387,018,571	88.28



## Notice of Annual General Meeting

(Company Registration No: 200001282G)  
Incorporate in Singapore with limited liability

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Food Empire Holdings Limited ("the Company") will be held at Raffles Town Club Singapore, Dunearn 3, 1 Plymouth Avenue, Singapore 297753 on Tuesday, 29 April 2008 at 11.00 a.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2007 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 1.9 Singapore cents per ordinary share (one-tier tax exempt) for the year ended 31 December 2007 (2006: A first and final dividend of 0.275 Singapore cents per ordinary share less income tax and a first and final dividend of 1.60 Singapore cents per ordinary share (one-tier tax exempt). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 104 of the Company's Articles of Association:

Mr Lew Syn Pau	(Retiring under Article 104)	<b>(Resolution 3)</b>
Mr Sudeep Nair	(Retiring under Article 104)	<b>(Resolution 4)</b>

Mr Lew Syn Pau will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Chairman of the Nominating and Remuneration Committees and will be considered independent.

4. To re-appoint Mr Boon Yoon Chiang, a Director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 5)**  
[See Explanatory Note (i)]

Mr Boon Yoon Chiang will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent.

5. To approve the payment of Directors' fees of S\$249,167 for the year ended 31 December 2007 (2006: S\$195,208). **(Resolution 6)**
6. To re-appoint Ernst & Young as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.



## Notice of Annual General Meeting

(cont'd0

### AS SPECIAL BUSINESS

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

8. **Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:



## Notice of Annual General Meeting

(cont'd)

- (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

**(Resolution 8)**

9. **Authority to issue shares under the Food Empire Holdings Limited Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Food Empire Holdings Limited Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

**(Resolution 9)**

By Order of the Board

Tan Cher Liang  
Tan San-Ju  
Secretaries

Singapore, 11 April 2008



## Notice of Annual General Meeting

(cont'd0

### Explanatory Notes:

- (i) The effect of the Ordinary Resolution 5 proposed in item 4 above, is to re-appoint a director of the Company who is over 70 years of age.
- (ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares in the capital of the Company from time to time.

### Notes:

- 1. A Member entitled to attend and vote at the Annual Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Church Street #08-01, Samsung Hub, Singapore 049483 not less than forty-eight (48) hours before the time appointed for holding the Meeting.



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## Food Empire Holdings Limited

Co. Registration No. 200001282G  
(Incorporated in The Republic of Singapore)

# Proxy Form

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_

of \_\_\_\_\_

### IMPORTANT

1. For investors who have used their CPF monies to buy Food Empire Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Tuesday, 29 April 2008 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your "For" or "Against" with a tick [ ☐ ] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2007		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Lew Syn Pau as a Director		
4	Re-election of Mr Sudeep Nair as a Director		
5	Re-appointment of Mr Boon Yoon Chiang as a Director		
7	Approval of Directors' fees amounting to S\$249,167		
8	Re-appointment of Ernst & Young as Auditors		
9	Authority to allot and issue new shares		
10	Authority to issue shares under the Food Empire Holdings Limited Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2008

\_\_\_\_\_  
Signature of Shareholder(s)

or, Common Seal of Corporation Shareholder

*\*Delete where inapplicable*

Total number of Shares in:	No. of Shares
(a) CDF register	
(b) Register of Members	



**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 in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Church Street, #08-01 Samsung Hub Singapore 049483 not less than 48 [hours before the time appointed for the Meeting.
6. 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. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. 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 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Established in 1992, Food Empire Holdings Limited achieved the status of one of the greatest empires in the food and beverage industry with more than 15 years of experience and over 400 types of products distributed across the continents. The huge range of palatable products includes beverages, snack foods, confectionary and frozen food with a string of its very own home brands.

Its delectable range of products is sold in more than 65 countries including Russia, and countries in the Eastern Europe, Central Asia and Indochina regions. The Empire has about 18 operating offices worldwide and four manufacturing plants each located in Russia, Singapore, Vietnam and Malaysia.



**T**he Food Empire Holdings Ltd has been offering tantalising range of products – from beverages, snack foods, confectionary and frozen foods – to the world. With strong business acumen and entrepreneurial spirit, the Empire led by a team of strong leaders and driven by an army of committed warriors continued to see consecutive improvements in its annual yielding for the seventh year. This volume is a testimony of the Empire's many battles and victories in the competitive global food and beverage arena, and a showcase of its achievements in the year 2007.

Australia   China   Georgia   Hungary   Turkmenistan   Vietnam   UAE

“An impressive epic that chronicles the  
achievements of one of the leading F&B group.”

*International F&B*

“A 5-star rating that's worth every minute of read.”

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