

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

**Second Quarter and First Half Financial Statement and Dividend Announcement for the Period ended 30 June 2016**
**PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

	Group			Group		
	2Q 16	*Restated 2Q 15	Increase/ (Decrease) %	1H 16	*Restated 1H 15	Increase/ (Decrease) %
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	53,386	56,471	(5.5)	103,896	107,897	(3.7)
Cost of sales	(34,780)	(37,934)	(8.3)	(69,062)	(71,937)	(4.0)
Gross profit	18,606	18,537	0.4	34,834	35,960	(3.1)
Selling and distribution expenses	(11,010)	(8,017)	37.3	(18,730)	(16,766)	11.7
General and administrative expenses	(7,305)	(7,207)	1.4	(13,895)	(13,377)	3.9
Results from operating activities	291	3,313	(91.2)	2,209	5,817	(62.0)
Net other income/(expenses) (Note 1)	2,297	3,797	(39.5)	5,222	(2,987)	NM
Net finance costs (Note 2)	(227)	(163)	39.3	(450)	(336)	33.9
Share of (loss)/profit of associates	(164)	488	NM	28	643	(95.6)
<b>Profit before taxation (Note 3)</b>	<b>2,197</b>	<b>7,435</b>	<b>(70.5)</b>	<b>7,009</b>	<b>3,137</b>	<b>123.4</b>
Taxation (Note 4)	(543)	(429)	26.6	(1,469)	(619)	137.3
<b>Profit for the period</b>	<b>1,654</b>	<b>7,006</b>	<b>(76.4)</b>	<b>5,540</b>	<b>2,518</b>	<b>120.0</b>
<b>Profit attributable to:</b>						
Equity shareholders of the Company	1,835	7,118	(74.2)	5,808	2,708	114.5
Non-controlling interest	(181)	(112)	61.6	(268)	(190)	41.1
	<b>1,654</b>	<b>7,006</b>	<b>(76.4)</b>	<b>5,540</b>	<b>2,518</b>	<b>120.0</b>

\* Comparatives have been restated as highlighted under paragraph 5.

NM denotes not meaningful.

**Notes:**

1. Net other income/(expenses) comprises:

	Group			Group		
	2Q 16 US\$'000	*Restated 2Q 15 US\$'000	Increase/ (Decrease) %	1H 16 US\$'000	*Restated 1H 15 US\$'000	Increase/ (Decrease) %
<u>Other income</u>						
Gain on disposal of assets held for sale	-	-	NM	-	938	NM
Gain on disposal of property, plant and equipment	3	-	NM	7	-	NM
Sales of scrapped items	33	16	106.3	43	24	79.2
Other income	71	39	82.1	223	300	(25.7)
Insurance claim	-	-	NM	13	-	NM
Foreign exchange gain	2,190	3,803	(42.4)	4,936	-	NM
	<u>2,297</u>	<u>3,858</u>	<u>(40.5)</u>	<u>5,222</u>	<u>1,262</u>	<u>313.8</u>
<u>Other expenses</u>						
Foreign exchange loss	-	-	NM	-	(4,188)	NM
Loss on disposal of property, plant and equipment	-	(8)	NM	-	(8)	NM
Loss on disposal of an associate	-	(53)	NM	-	(53)	NM
	<u>-</u>	<u>(61)</u>	<u>NM</u>	<u>-</u>	<u>(4,249)</u>	<u>NM</u>
<b>Net other income/(expenses)</b>	<b>2,297</b>	<b>3,797</b>	<b>(39.5)</b>	<b>5,222</b>	<b>(2,987)</b>	<b>NM</b>

2. Net finance costs comprises:

	Group			Group		
	2Q 16 US\$'000	*Restated 2Q 15 US\$'000	Increase/ (Decrease) %	1H 16 US\$'000	*Restated 1H 15 US\$'000	Increase/ (Decrease) %
<u>Finance income</u>						
Interest income	68	49	38.8	127	64	98.4
<u>Finance costs</u>						
Interest expenses on:						
- Bank loans	(293)	(209)	40.2	(571)	(394)	44.9
- Others	(2)	(3)	(33.3)	(6)	(6)	0.0
	<u>(295)</u>	<u>(212)</u>	<u>39.2</u>	<u>(577)</u>	<u>(400)</u>	<u>44.3</u>
<b>Net finance costs</b>	<b>(227)</b>	<b>(163)</b>	<b>39.3</b>	<b>(450)</b>	<b>(336)</b>	<b>33.9</b>

3. Included in profit before taxation are as follows:

	Group			Group		
	2Q 16 US\$'000	*Restated 2Q 15 US\$'000	Increase/ (Decrease) %	1H 16 US\$'000	*Restated 1H 15 US\$'000	Increase/ (Decrease) %
Inventories write back/(written down)	15	(337)	NM	(9)	(406)	(97.8)
Allowance for doubtful receivables	(480)	(35)	1,271.4	(534)	(26)	1,953.8
Net fair value gain/(loss) on derivatives	147	184	(20.1)	(75)	184	NM

4. Included in the taxation is as follows:

	2Q 16 US\$'000	Group *Restated 2Q 15 US\$'000	Increase/ (Decrease) %	1H 16 US\$'000	Group *Restated 1H 15 US\$'000	Increase/ (Decrease) %
Over/(under) provision for prior year	90	(218)	NM	151	(345)	NM

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

	2Q 16 US\$'000	Group *Restated 2Q 15 US\$'000	Increase/ (Decrease) %	1H 16 US\$'000	Group *Restated 1H 15 US\$'000	Increase/ (Decrease) %
<b>Profit net of tax</b>	1,654	7,006	(76.4)	5,540	2,518	120.0
<b><u>Other comprehensive income:</u></b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation gain	59	253	(76.7)	1,043	1,160	(10.1)
Share of other comprehensive gain of associates	142	227	(37.4)	399	3	13,200.0
<b>Other comprehensive income for the period, net of tax</b>	<b>201</b>	<b>480</b>	<b>(58.1)</b>	<b>1,442</b>	<b>1,163</b>	<b>24.0</b>
<b>Total comprehensive income for the period</b>	<b>1,855</b>	<b>7,486</b>	<b>(75.2)</b>	<b>6,982</b>	<b>3,681</b>	<b>89.7</b>
<b>Total comprehensive income attributable to:</b>						
Equity shareholders of the Company	2,036	7,598	(73.2)	7,250	3,871	87.3
Non-controlling interest	(181)	(112)	61.6	(268)	(190)	41.1
	<b>1,855</b>	<b>7,486</b>	<b>(75.2)</b>	<b>6,982</b>	<b>3,681</b>	<b>89.7</b>

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

	Group		Company	
	30 Jun 2016 US\$'000	31 Dec 2015 US\$'000	30 Jun 2016 US\$'000	31 Dec 2015 US\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	66,630	66,519	15	35
Investment properties	15,957	15,275	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	15,904	7,647	-	-
Intangible assets	10,343	10,343	-	-
Deferred tax assets	3,607	3,614	-	-
	<b>112,441</b>	<b>103,398</b>	<b>44,560</b>	<b>44,580</b>
<b>Current Assets</b>				
Cash and cash equivalents	19,873	27,524	32	92
Trade receivables	36,312	38,576	12	-
Deferred expenses	185	152	-	-
Prepaid operating expenses and other debtors	3,064	2,833	5	57
Other receivables	1,338	1,433	-	-
Amounts due from subsidiaries (non-trade)	-	-	9,823	9,839
Amounts due from associates (non-trade)	386	841	-	-
Amounts due from related parties (trade)	501	364	-	-
Inventories	47,660	40,100	-	-
	<b>109,319</b>	<b>111,823</b>	<b>9,872</b>	<b>9,988</b>
<b>Current Liabilities</b>				
Derivatives	(75)	-	-	-
Trade payables and accruals	(28,332)	(32,412)	(277)	(459)
Finance lease creditors	(15)	(15)	-	-
Interest-bearing loans and borrowings	(19,813)	(13,303)	-	-
Other payables	(4,141)	(3,754)	-	-
Amount due to subsidiaries (non-trade)	-	-	(20)	(19)
Amount due to related parties (trade)	-	(154)	-	-
Amount due to related parties (non-trade)	(267)	-	-	-
Amounts due to associates (non-trade)	(187)	(165)	-	-
Amounts due to associates (trade)	(118)	(395)	-	-
Provision for taxation	(1,526)	(960)	(2)	(14)
	<b>(54,474)</b>	<b>(51,158)</b>	<b>(299)</b>	<b>(492)</b>
<b>Net Current Assets</b>	<b>54,845</b>	<b>60,665</b>	<b>9,573</b>	<b>9,496</b>
<b>Non-Current Liabilities</b>				
Finance lease creditors	(25)	(27)	-	-
Interest-bearing loans and borrowings	(21,803)	(26,119)	-	-
Other payables	(5)	(6)	-	-
Deferred tax liabilities	(440)	(457)	-	-
	<b>(22,273)</b>	<b>(26,609)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>145,013</b>	<b>137,454</b>	<b>54,133</b>	<b>54,076</b>
<b>Equity</b>				
Share capital	40,725	40,725	40,725	40,725
Treasury shares	(317)	(317)	(317)	(317)
Reserves	104,219	96,957	13,725	13,668
	<b>144,627</b>	<b>137,365</b>	<b>54,133</b>	<b>54,076</b>
Non-controlling interest	386	89	-	-
<b>Total Equity</b>	<b>145,013</b>	<b>137,454</b>	<b>54,133</b>	<b>54,076</b>

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

	As at 30 Jun 2016		As at 31 Dec 2015	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(15)	-	(15)	-
Interest-bearing loans and borrowings	(9,414)	(10,399)	(8,455)	(4,848)
Total	<u>(9,429)</u>	<u>(10,399)</u>	<u>(8,470)</u>	<u>(4,848)</u>

**Amount repayable after one year**

	As at 30 Jun 2016		As at 31 Dec 2015	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(25)	-	(27)	-
Interest-bearing loans and borrowings	(16,083)	(5,720)	(19,239)	(6,880)
Total	<u>(16,108)</u>	<u>(5,720)</u>	<u>(19,266)</u>	<u>(6,880)</u>

**Details of any collateral**

As at 31 December 2015 and 30 June 2016, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2015 and 30 June 2016, the secured interest bearing loans and borrowings were secured by mortgages over the related freehold & leasehold properties and fixed charges over plant & machinery owned by subsidiaries of the Group.

As at 31 December 2015 and 30 June 2016, the unsecured interest bearing loan and borrowing of subsidiaries were covered by corporate guarantees given by the Company.

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

	Group		Group	
	2Q 16	2Q 15	1H 16	1H 15
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Profit from operations before taxation	2,197	7,435	7,009	3,137
Adjustment for :				
Depreciation of property, plant and equipment	1,276	1,042	2,508	2,109
Depreciation of investment properties	40	19	78	27
Gain on disposal of assets held for sale	-	-	-	(938)
(Gain)/loss on disposal of property, plant and equipment	(3)	8	(7)	8
Interest income	(68)	(49)	(127)	(64)
Interest expenses	295	212	577	400
Exchange realignment	(370)	(1,036)	(769)	2,675
Share of loss/(profit) of associates	164	(488)	(28)	(643)
Allowance for doubtful receivables	480	35	534	26
Inventories (write back)/written down	(15)	337	9	406
Value of employee services received for issue of share options	-	16	11	49
Net fair value (gain)/loss on derivatives	(147)	(184)	75	(184)
Loss on disposal of an associate	-	53	-	53
<b>Operating profit before working capital changes</b>	<b>3,849</b>	<b>7,400</b>	<b>9,870</b>	<b>7,061</b>
Decrease in trade and other receivables	2,642	2,605	2,022	3,714
(Increase)/decrease in inventories	(2,246)	119	(7,569)	(139)
(Decrease)/increase in trade and other payables	(4,423)	6	(3,970)	(4,408)
<b>Cash flows (used in)/generated from operations</b>	<b>(178)</b>	<b>10,130</b>	<b>353</b>	<b>6,228</b>
Income taxes (paid)/refund	(639)	18	(619)	14
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(817)</b>	<b>10,148</b>	<b>(266)</b>	<b>6,242</b>
<b>Cash flows from investing activities</b>				
Interest income received	68	49	127	64
Purchase of property, plant and equipment	(925)	(2,357)	(2,035)	(4,386)
Subsequent expenditure on investment property	(31)	(449)	(33)	(766)
Proceeds from disposal of property, plant and equipment	4	13	12	33
Proceeds from disposal of assets held for sale	-	-	-	1,481
Capital injection in an associate	-	-	(7,831)	-
Proceeds from disposal of an associate	-	900	-	900
<b>Net cash flows used in investing activities</b>	<b>(884)</b>	<b>(1,844)</b>	<b>(9,760)</b>	<b>(2,674)</b>
<b>Cash flows from financing activities</b>				
Interest expenses paid	(295)	(280)	(577)	(538)
Capital injection from non-controlling interest of subsidiaries	27	64	556	64
Dividends refunded from shareholders of the Company	1	-	1	-
Repayment of interest-bearing loans and borrowings	(14,028)	(5,623)	(21,117)	(10,203)
Proceeds from interest-bearing loans and borrowings	11,592	5,502	22,932	12,604
Repayment of obligation under finance leases	(3)	(9)	(7)	(13)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(2,706)</b>	<b>(346)</b>	<b>1,788</b>	<b>1,914</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,407)</b>	<b>7,958</b>	<b>(8,238)</b>	<b>5,482</b>
Effect of exchange rate changes on cash and cash equivalents	152	277	587	(669)
Cash and cash equivalents at beginning of the period	24,128	16,356	27,524	19,778
<b>Cash and cash equivalents at end of the period</b>	<b>19,873</b>	<b>24,591</b>	<b>19,873</b>	<b>24,591</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**The Group – 2Q 16**

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 April 2016	40,725	(317)	(13,816)	1,899	114,099	142,590	531	143,121
<b>Profit/(loss) for the period</b>	-	-	-	-	1,835	1,835	(181)	1,654
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	59	-	-	59	-	59
Share of other comprehensive gain of associates	-	-	142	-	-	142	-	142
<b>Total comprehensive income/(loss) for the period</b>	-	-	201	-	1,835	2,036	(181)	1,855
<u>Contributions by and distributions to owners</u>								
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1	-	1
<b>Total contributions by and distributions to owners</b>	-	-	-	-	1	1	-	1
<u>Changes in ownership interests in subsidiaries</u>								
Capital injection from non-controlling interest of a subsidiary	-	-	-	-	-	-	27	27
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	9	9
<b>Total changes in ownership interest in subsidiaries</b>	-	-	-	-	-	-	36	36
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	1	1	36	37
<b>Balance as at 30 June 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>(13,615)</b>	<b>1,899</b>	<b>115,935</b>	<b>144,627</b>	<b>386</b>	<b>145,013</b>

**The Group – 2Q 15**

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 April 2015	40,725	(317)	(13,279)	1,841	105,506	134,476	185	134,661
<b>Profit/(loss) for the period</b>	-	-	-	-	7,118	7,118	(112)	7,006
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	253	-	-	253	-	253
Share of other comprehensive gain of associates	-	-	227	-	-	227	-	227
<b>Total comprehensive income/(loss) for the period</b>	-	-	480	-	7,118	7,598	(112)	7,486
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	16	-	16	-	16
<b>Total contributions by and distributions to owners</b>	-	-	-	16	-	16	-	16
<u>Changes in ownership interests in subsidiaries</u>								
Capital injection from non-controlling interest of a subsidiary representing total changes in ownership interests in subsidiaries	-	-	-	-	-	-	64	64
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	16	-	16	64	80
<b>Balance as at 30 June 2015</b>	<b>40,725</b>	<b>(317)</b>	<b>(12,799)</b>	<b>1,857</b>	<b>112,624</b>	<b>142,090</b>	<b>137</b>	<b>142,227</b>



**The Group – 1H 16**

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 January 2016	40,725	(317)	(15,057)	1,888	110,126	137,365	89	137,454
<b>Profit/(loss) for the period</b>	-	-	-	-	5,808	5,808	(268)	5,540
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	1,043	-	-	1,043	-	1,043
Share of other comprehensive gain of associates	-	-	399	-	-	399	-	399
<b>Total comprehensive income/(loss) for the period</b>	-	-	1,442	-	5,808	7,250	(268)	6,982
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	11	-	11	-	11
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1	-	1
<b>Total contributions by and distributions to owners</b>	-	-	-	11	1	12	-	12
<u>Changes in ownership interests in subsidiaries</u>								
Capital injection from non-controlling interest of subsidiaries	-	-	-	-	-	-	556	556
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	9	9
<b>Total changes in ownership interest in subsidiaries</b>	-	-	-	-	-	-	565	565
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	11	1	12	565	577
<b>Balance as at 30 June 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>(13,615)</b>	<b>1,899</b>	<b>115,935</b>	<b>144,627</b>	<b>386</b>	<b>145,013</b>

**The Group – 1H 15**

	Attributable to equity shareholders of the Company								
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Asset revaluation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 January 2015	40,725	(317)	(13,962)	60	1,808	109,856	138,170	263	138,433
<b>Profit/(loss) for the period</b>	-	-	-	-	-	2,708	2,708	(190)	2,518
<u>Other comprehensive income/(loss)</u>									
Foreign currency translation gain	-	-	1,160	-	-	-	1,160	-	1,160
Share of other comprehensive gain of associates	-	-	3	-	-	-	3	-	3
Reversal of asset revaluation reserve from disposal of assets held for sale	-	-	-	(60)	-	60	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	-	-	1,163	(60)	-	2,768	3,871	(190)	3,681
<u>Contributions by and distributions to owners</u>									
Value of employee services received for issue of share options	-	-	-	-	49	-	49	-	49
<b>Total contributions by and distributions to owners</b>	-	-	-	-	49	-	49	-	49
<u>Changes in ownership interests in subsidiaries</u>									
Capital injection from non-controlling interest of a subsidiary representing total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	64	64
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	49	-	49	64	113
<b>Balance as at 30 June 2015</b>	<b>40,725</b>	<b>(317)</b>	<b>(12,799)</b>	<b>-</b>	<b>1,857</b>	<b>112,624</b>	<b>142,090</b>	<b>137</b>	<b>142,227</b>

**The Company – 2Q**

	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total Equity US\$'000
Balance as at 1 April 2016	40,725	(317)	3,436	1,899	8,412	54,155
<b>Loss for the period</b>	-	-	-	-	(28)	(28)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	5	-	-	5
<b>Total comprehensive income/(loss) for the period</b>	-	-	5	-	(28)	(23)
<u>Contributions by and distributions to owners</u>						
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	-	-	-	-	1	1
<b>Balance as at 30 June 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>3,441</b>	<b>1,899</b>	<b>8,385</b>	<b>54,133</b>
Balance as at 1 April 2015	40,725	(317)	3,268	1,841	8,698	54,215
<b>Loss for the period</b>	-	-	-	-	(380)	(380)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	220	-	-	220
<b>Total comprehensive income/(loss) for the period</b>	-	-	220	-	(380)	(160)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	16	-	16
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	-	-	-	16	-	16
<b>Balance as at 30 June 2015</b>	<b>40,725</b>	<b>(317)</b>	<b>3,488</b>	<b>1,857</b>	<b>8,318</b>	<b>54,071</b>

**The Company – 1H**

	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total Equity US\$'000
Balance as at 1 January 2016	40,725	(317)	2,999	1,888	8,781	54,076
<b>Loss for the period</b>	-	-	-	-	(397)	(397)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	442	-	-	442
<b>Total comprehensive income/(loss) for the period</b>	-	-	442	-	(397)	45
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	11	-	11
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	-	-	-	11	1	12
<b>Balance as at 30 June 2016</b>	<b>40,725</b>	<b>(317)</b>	<b>3,441</b>	<b>1,899</b>	<b>8,385</b>	<b>54,133</b>
Balance as at 1 January 2015	40,725	(317)	3,669	1,808	8,997	54,882
<b>Loss for the period</b>	-	-	-	-	(679)	(679)
<u>Other comprehensive loss</u>						
Foreign currency translation loss	-	-	(181)	-	-	(181)
<b>Total comprehensive loss for the period</b>	-	-	(181)	-	(679)	(860)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	49	-	49
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>	-	-	-	49	-	49
<b>Balance as at 30 June 2015</b>	<b>40,725</b>	<b>(317)</b>	<b>3,488</b>	<b>1,857</b>	<b>8,318</b>	<b>54,071</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Details of movement in the number of issued ordinary shares (excluding treasury shares), treasury shares and share options are as follows: -

	<u>FY 2016</u>	<u>FY2015</u>
<b><u>Share Capital</u></b>		
Number of issued ordinary shares as at 1 Jan (excluding treasury shares)	533,741,999	533,741,999
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Balance of issued ordinary shares as at 31 Mar and 30 Jun (excluding treasury shares)	<u>532,740,999</u>	<u>532,740,999</u>
<b><u>Share Option - exercise price of S\$0.335</u></b>		
Balance as at 1 Jan and 31 Mar and 30 Jun	<u>2,840,000</u>	<u>2,840,000</u>
<b><u>Share Option - exercise price of S\$0.505</u></b>		
Balance as at 1 Jan and 31 Mar and 30 Jun	<u>3,630,000</u>	<u>3,630,000</u>
<b><u>Share Option - exercise price of S\$0.315</u></b>		
Balance as at 1 Jan and 31 Mar and 30 Jun	<u>3,672,000</u>	<u>3,672,000</u>
<b><u>Share Option - exercise price of S\$0.669</u></b>		
Balance as at 1 Jan and 31 Mar and 30 Jun	<u>4,630,000</u>	<u>4,630,000</u>

Out of the 14,772,000 outstanding share options on 30 June 2016 (30 June 2015: 14,772,000), 14,772,000 (30 June 2015: 13,383,000) share options are exercisable.

**Treasury Shares**

As at 30 June 2016, the total number of treasury shares held was 1,001,000 (30 June 2015: 1,001,000).

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

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

	<b>Group</b>	
	<u>As at 30 June 2016</u>	<u>As at 31 Dec 2015</u>
Issued ordinary shares	532,740,999	532,740,999

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2015, except for the adoption of new/revised FRS which came into effect on 1 January 2016.

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

The adoption of new/revised FRS as highlighted in paragraph 4 does not have a material impact on the financial statements for the period under review.

As highlighted in FY2015 full year announcement, the Group has adopted the presentation of analysis of expenses recognised in the Consolidated Income Statement from the classification based on the nature of expenses to the classification based on function. The comparatives had been restated accordingly to follow the same classification.

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

	Group		Group	
	2Q 16	2Q 15	1H 16	1H 15
<b>Profit per share</b>				
Based on existing issued share capital (USD cents)	0.34	1.34	1.09	0.51
On a fully diluted basis (USD cents)	0.34	1.34	1.09	0.51
	Group		Group	
	2Q 16	2Q 15	1H 16	1H 15
<b>Weighted average number of shares table</b>				
Weighted average number of shares for calculation of basic EPS	532,740,999	532,740,999	532,740,999	532,740,999
Weighted average number of shares for calculation of diluted EPS	532,740,999	532,740,999	532,740,999	532,740,999

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
 (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
Net asset value per ordinary share (USD cents)	27.15	25.78	10.16	10.15

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

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

Revenue for the first half ended 30 June 2016 ("1H2016") was US\$103.9 million, a year-on-year ("yoy") decline of 3.7% compared with the US\$107.9 million revenue recorded in 1H2015. The Group's net profit after tax increased from US\$2.5 million in 1H2015 to US\$5.5 million for 1H2016.

On a quarterly basis, revenue for the second quarter ended 30 June 2016 ("2Q2016") decreased 5.5% to US\$53.4 million. Profit after tax for the quarter declined by 76.4% to US\$1.7 million.

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

	Group			Group		
	2Q 16 US\$'000	2Q 15 US\$'000	Increase/ (Decrease) %	1H 16 US\$'000	1H 15 US\$'000	Increase/ (Decrease) %
Russia	23,803	27,328	(12.9)	48,147	52,784	(8.8)
Ukraine	5,101	6,342	(19.6)	10,292	10,666	(3.5)
Kazakhstan and CIS Countries	6,899	7,863	(12.3)	10,715	15,848	(32.4)
Indochina	9,111	6,502	40.1	17,702	12,491	41.7
Other Markets	8,472	8,436	0.4	17,040	16,108	5.8
Total	53,386	56,471	(5.5)	103,896	107,897	(3.7)

In 1H2016, sales of the Group's largest market, Russia, decreased by 8.8% to US\$48.1 million compared to US\$52.8 million due to weakening of the Russian Ruble against the US dollar on a yoy basis. In local currency terms, Russia recorded higher revenue due to increase in selling price.

In the Group's Ukraine market, sales declined by 3.5% from US\$10.7 million in 1H2015 to US\$10.3 million in 1H2016 due to weakening of the Ukrainian Hryvnia against the US dollar on a yoy basis. In local currency terms, Ukraine recorded higher revenue due to increase in selling price.

In the Group's Kazakhstan market and CIS countries, sales decreased by 32.4% from US\$15.8 million in 1H2015 to US\$10.7 million in 1H2016 due to soft consumer sentiment, the weakening of local currencies and the change in business processes from distributor importer to direct import model.

In the Group's Indochina market, sales increased by 41.7% from US\$12.5 million in 1H2015 to US\$17.7 million in 1H2016 as a result of higher sales due to wider distribution channels, aggressive advertising and promotion activities.

Sales of the Group's Other Markets increased by 5.8% from US\$16.1 million in 1H2015 to US\$17.0 million in 1H2016 due to higher sales contribution from the non-dairy creamer plant in Malaysia and instant coffee plant in India.

On a quarterly basis, the Group's revenue in 2Q2016 was US\$53.4 million, a decrease of 5.5% compared to 2Q2015. Sales of the Group's largest market, Russia, decreased by 12.9% compared to the same quarter in 2015. Sales of Group's Ukraine market decreased by 19.6% for the quarter; while sales of the Group's Indochina market increased by 40.1% for the quarter.

### **Profitability**

For 1H2016, the Group recorded higher net profit after tax of US\$5.5 million as compared to US\$2.5 million in 1H2015 mainly due to more favourable exchange rates coupled with higher selling price. This is offset by share of losses from our associate company, Caffebene Co., Ltd, which was acquired in 1Q16. For 2Q2016, the Group's net profit after tax was US\$1.7 million compared with profit after tax of US\$7.0 million in 2Q2015.

For 1H2016, selling and distribution expenses increased by US\$1.9 million from US\$16.8 million in 1H2015 to US\$18.7 million. For 2Q2016, selling and distribution expenses increased by US\$3.0 million from US\$8.0 million in 2Q2015 to US\$11.0 million. The increase was mainly attributed to higher expenses for advertising and promotion activities.

In 1H2016, the Ukrainian Hryvnia weakened from 23.9 Hryvnia per US dollar on 31 December 2015 to 24.9 Hryvnia per US dollar on 30 June 2016. Over the same period, the Russian Ruble strengthened to 64.3 Ruble per US dollar on 30 June 2016, compared with 72.9 Ruble per US dollar on 31 December 2015. As the Group is economically exposed to both markets, it was affected by the revaluation of its outstanding trade receivables denominated in currencies other than the US dollar.

### **Balance Sheet & Cashflow**

Inventories increased from US\$40.1 million as at 31 December 2015 to US\$47.7 million as at 30 June 2016 due to translation gain of inventories held in currencies other than the US dollar, slow down of sales in the CIS countries and a change in business processes from distributor importer to direct import model for our operations in Kazakhstan.

Investments in associates increased from US\$7.6 million as at 31 December 2015 to US\$15.9 million as at 30 June 2016 due to the Group's investment in Caffebene Co., Ltd.

Trade payables and accruals decreased from US\$32.4 million as at 31 December 2015 to US\$28.3 million as at 30 June 2016 as the Group has commenced purchasing from its own non-dairy creamer plant in Malaysia and instant coffee plant in India instead of purchasing from third-party suppliers.

There was a net operating cash outflow of US\$0.3 million in 1H2016, compared to a net operating cash inflow of US\$6.2 million in 1H2015. The Group's cash and cash equivalents was US\$19.9 million as at 30 June 2016, compared to US\$27.5 million as at 31 December 2015.

The Group's net assets as at 30 June 2016 were US\$145.0 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 June 2016 was 27.15 US cents as compared to 25.78 US cents as at 31 December 2015.

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

Not applicable.



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

Currencies of the Group's key markets remain vulnerable to the volatility in global oil prices, which may affect the Group's financial performance.

The Group remains focused in its geographical diversification and will continue to build on its momentum in Indochina.

The Group will continue to bring up the utilisation levels of its upstream projects, which include the non-dairy creamer plant and the instant coffee plant in India, as well as its beverage and snack manufacturing facility in Malaysia.

Efforts are also underway to push for an expansion of its product portfolio, particularly in the coffee and beverage capsule business through the production, marketing and distribution of its proprietary "Coffee One" and Nespresso compatible systems.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared for the current financial period.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPTs.

**14. Confirmation by the Board Pursuant to Rule 705(5) of the SGX-ST Listing Manual**

We, Tan Wang Cheow and Sudeep Nair, being two Directors of Food Empire Holdings Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 30 June 2016 to be false or misleading in any material aspect.

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

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

On behalf of the Board of Directors

Tan Wang Cheow  
Director

Sudeep Nair  
Director

**BY ORDER OF THE BOARD**

**Tan Cher Liang**  
**Company Secretary**  
**12 August 2016**