

FOOD EMPIRE HOLDINGS LIMITED

(Co Registration No: 200001282G)

Second Quarter and First Half Financial Statement and Dividend Announcement for the Period ended 30 June 2017

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 17	2Q 16	Increase/ (Decrease)	1H 17	1H 16	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	62,808	53,386	17.6	125,248	103,896	20.6
Cost of sales	(39,347)	(34,780)	13.1	(76,882)	(69,062)	11.3
Gross profit	23,461	18,606	26.1	48,366	34,834	38.8
Selling and distribution expenses	(9,713)	(11,010)	(11.8)	(19,284)	(18,730)	3.0
General and administrative expenses	(9,129)	(7,305)	25.0	(17,140)	(13,895)	23.4
Results from operating expenses	4,619	291	1,487.3	11,942	2,209	440.6
Net other income (Note 1)	145	2,297	(93.7)	1,607	5,222	(69.2)
Net finance costs (Note 2)	(264)	(227)	16.3	(505)	(450)	12.2
Share of (loss)/profit of associates	(108)	(164)	(34.1)	(842)	28	NM
Profit before taxation (Note 3)	4,392	2,197	99.9	12,202	7,009	74.1
Taxation (Note 4)	(1,189)	(543)	119.0	(2,889)	(1,469)	96.7
Profit for the period	3,203	1,654	93.7	9,313	5,540	68.1
Profit attributable to:						
Equity shareholders of the Company	3,228	1,835	75.9	9,536	5,808	64.2
Non-controlling interest	(25)	(181)	(86.2)	(223)	(268)	(16.8)
	3,203	1,654	93.7	9,313	5,540	68.1

NM denotes not meaningful.

Notes:
1. Net other income comprises:

	Group			Group		
	2Q 17 US\$'000	2Q 16 US\$'000	Increase/ (Decrease) %	1H 17 US\$'000	1H 16 US\$'000	Increase/ (Decrease) %
<u>Other income</u>						
Gain on disposal of property, plant and equipment	14	3	366.7	12	7	71.4
Sales of scrapped items	43	33	30.3	78	43	81.4
Other income	436	71	514.1	535	223	139.9
Insurance claim	6	-	NM	18	13	38.5
Foreign exchange gain	-	2,190	NM	964	4,936	(80.5)
	<u>499</u>	<u>2,297</u>	<u>(78.3)</u>	<u>1,607</u>	<u>5,222</u>	<u>(69.2)</u>
<u>Other expenses</u>						
Foreign exchange loss	(354)	-	NM	-	-	NM
	<u>(354)</u>	<u>-</u>	<u>NM</u>	<u>-</u>	<u>-</u>	<u>NM</u>
Net other income	145	2,297	(93.7)	1,607	5,222	(69.2)

2. Net finance costs comprises:

	Group			Group		
	2Q 17 US\$'000	2Q 16 US\$'000	Increase/ (Decrease) %	1H 17 US\$'000	1H 16 US\$'000	Increase/ (Decrease) %
<u>Finance income</u>						
Interest income	53	68	(22.1)	83	127	(34.6)
<u>Finance costs</u>						
Interest expenses on:						
- Bank loans	(315)	(293)	7.5	(586)	(571)	2.6
- Others	(2)	(2)	-	(2)	(6)	(66.7)
	<u>(317)</u>	<u>(295)</u>	<u>7.5</u>	<u>(588)</u>	<u>(577)</u>	<u>1.9</u>
Net finance costs	(264)	(227)	16.3	(505)	(450)	12.2

3. Included in profit before taxation are as follows:

	Group			Group		
	2Q 17 US\$'000	2Q 16 US\$'000	Increase/ (Decrease) %	1H 17 US\$'000	1H 16 US\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(1,316)	(1,276)	3.1	(2,623)	(2,508)	4.6
Depreciation of investment properties	(40)	(40)	-	(80)	(78)	2.6
Inventories (written down)/write back	(346)	15	NM	(322)	(9)	3,477.8
Allowance for doubtful receivables	(292)	(480)	(39.2)	(272)	(534)	(49.1)
Net fair value gain/(loss) on derivatives	380	147	158.5	96	(75)	NM
Impairment loss on property, plant and equipment	(102)	-	NM	(102)	-	NM

4. Included in the taxation is as follows:

	Group			Group		
	2Q 17 US\$'000	2Q 16 US\$'000	Increase/ (Decrease) %	1H 17 US\$'000	1H 16 US\$'000	Increase/ (Decrease) %
Current income tax						
- Current income taxation	(1,158)	(478)	142.3	(2,521)	(1,376)	83.2
- Over/(under) provision for prior year	79	90	(12.2)	(5)	151	NM
Deferred income tax	(110)	(155)	(29.0)	(363)	(244)	48.8
	(1,189)	(543)	119.0	(2,889)	(1,469)	96.7

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

	Group			Group		
	2Q 17 US\$'000	2Q 16 US\$'000	Increase/ (Decrease) %	1H 17 US\$'000	1H 16 US\$'000	Increase/ (Decrease) %
Profit net of tax	3,203	1,654	93.7	9,313	5,540	68.1
<u>Other comprehensive (loss)/income:</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation (loss)/gain	(594)	59	NM	1,189	1,043	14.0
Share of other comprehensive gain of associates	332	142	133.8	297	399	(25.6)
Other comprehensive (loss)/income for the period, net of tax	(262)	201	NM	1,486	1,442	3.1
Total comprehensive income for the period	2,941	1,855	58.5	10,799	6,982	54.7
Total comprehensive income attributable to:						
Equity shareholders of the Company	2,966	2,036	45.7	11,022	7,250	52.0
Non-controlling interest	(25)	(181)	(86.2)	(223)	(268)	(16.8)
	2,941	1,855	58.5	10,799	6,982	54.7

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 2017 US\$'000	31 Dec 2016 US\$'000	30 Jun 2017 US\$'000	31 Dec 2016 US\$'000
Non-Current Assets				
Property, plant and equipment	64,241	64,389	-	-
Investment properties	16,141	15,436	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	17,245	15,298	-	-
Intangible assets	10,343	10,343	-	-
Amount due from an associate	153	208	-	-
Deferred tax assets	3,032	3,274	-	-
	111,155	108,948	44,545	44,545
Current Assets				
Cash and cash equivalents	38,231	28,574	106	131
Trade receivables	36,802	38,107	18	-
Deferred expenses	111	185	-	-
Prepaid operating expenses and other debtors	3,068	2,480	3	7
Derivatives	96	-	-	-
Other receivables	1,427	1,601	-	-
Amounts due from subsidiaries (non-trade)	-	-	11,698	9,933
Amounts due from associates (non-trade)	2,468	4,801	-	-
Amounts due from related parties (trade)	390	396	-	-
Inventories	48,756	43,560	-	-
	131,349	119,704	11,825	10,071
Current Liabilities				
Trade payables and accruals	(31,373)	(30,103)	(276)	(1,403)
Finance lease creditors	(35)	(34)	-	-
Interest-bearing loans and borrowings	(22,334)	(21,987)	-	-
Other payables	(2,922)	(2,217)	-	-
Amount due to subsidiaries (non-trade)	-	-	(21)	(19)
Amount due to related parties (non-trade)	(397)	(301)	-	-
Amounts due to associates (non-trade)	(94)	(49)	-	-
Amounts due to associates (trade)	(436)	(233)	-	-
Provision for taxation	(1,420)	(1,043)	(2)	(4)
	(59,011)	(55,967)	(299)	(1,426)
Net Current Assets	72,338	63,737	11,526	8,645
Non-Current Liabilities				
Finance lease creditors	(32)	(48)	-	-
Interest-bearing loans and borrowings	(18,956)	(16,833)	-	-
Other payables	(5)	(5)	-	-
Deferred tax liabilities	(2,020)	(1,943)	-	-
	(21,013)	(18,829)	-	-
Net Assets	162,480	153,856	56,071	53,190
Equity				
Share capital	41,034	40,846	41,034	40,846
Treasury shares	(317)	(317)	(317)	(317)
Reserves	121,734	113,208	15,354	12,661
	162,451	153,737	56,071	53,190
Non-controlling interest	29	119	-	-
Total Equity	162,480	153,856	56,071	53,190

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 2017		As at 31 Dec 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(35)	-	(34)	-
Interest-bearing loans and borrowings	(7,306)	(15,028)	(8,239)	(13,748)
Total	(7,341)	(15,028)	(8,273)	(13,748)

Amount repayable after one year

	As at 30 Jun 2017		As at 31 Dec 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(32)	-	(48)	-
Interest-bearing loans and borrowings	(9,100)	(9,856)	(12,273)	(4,560)
Total	(9,132)	(9,856)	(12,321)	(4,560)

Details of any collateral

As at 31 December 2016 and 30 June 2017, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2016 and 30 June 2017, 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 2016 and 30 June 2017, 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 17	2Q 16	1H 17	1H 16
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit from operations before taxation	4,392	2,197	12,202	7,009
Adjustment for :				
Depreciation of property, plant and equipment	1,316	1,276	2,623	2,508
Depreciation of investment properties	40	40	80	78
Gain on disposal of property, plant and equipment	(14)	(3)	(12)	(7)
Interest income	(53)	(68)	(83)	(127)
Interest expenses	317	295	588	577
Exchange realignment	(851)	(370)	(140)	(769)
Share of loss/(profit) of associates	108	164	842	(28)
Allowance for doubtful receivables	292	480	272	534
Inventories written down/(write back)	346	(15)	322	9
Impairment loss on property, plant and equipment	102	-	102	-
Value of employee services received for issue of share options	66	-	129	11
Net fair value (gain)/loss on derivatives	(380)	(147)	(96)	75
Operating profit before working capital changes	5,681	3,849	16,829	9,870
Decrease in trade and other receivables	3,893	2,642	236	2,022
Decrease/(increase) in inventories	733	(2,246)	(5,518)	(7,569)
(Decrease)/increase in trade and other payables	(2,965)	(4,423)	2,178	(3,970)
Cash flows generated from/(used in) operations	7,342	(178)	13,725	353
Income taxes paid	(913)	(639)	(1,631)	(619)
Net cash flows generated from/(used in) operating activities	6,429	(817)	12,094	(266)
Cash flows from investing activities				
Interest income received	53	68	83	127
Purchase of property, plant and equipment	(1,214)	(925)	(2,156)	(2,035)
Subsequent expenditure on investment property	(4)	(31)	(4)	(33)
Proceeds from disposal of property, plant and equipment	22	4	26	12
Capital injection in an associate	-	-	-	(7,831)
Net cash flows used in investing activities	(1,143)	(884)	(2,051)	(9,760)
Cash flows from financing activities				
Interest expenses paid	(317)	(295)	(588)	(577)
Capital injection from non-controlling interest of subsidiaries	-	27	-	556
Dividends (paid to)/refunded from equity shareholders of the Company	(2,312)	1	(2,312)	1
Repayment of interest-bearing loans and borrowings	(18,792)	(14,028)	(31,601)	(21,117)
Proceeds from interest-bearing loans and borrowings	21,462	11,592	33,729	22,932
Repayment of obligation under finance leases	(10)	(3)	(19)	(7)
Proceeds from issuance of shares	78	-	147	-
Acquisition of non-controlling interests in a subsidiary	(139)	-	(139)	-
Net cash flows (used in)/generated from financing activities	(30)	(2,706)	(783)	1,788
Net increase/(decrease) in cash and cash equivalents	5,256	(4,407)	9,260	(8,238)
Effect of exchange rate changes on cash and cash equivalents	147	152	397	587
Cash and cash equivalents at beginning of the period	32,828	24,128	28,574	27,524
Cash and cash equivalents at end of the period	38,231	19,873	38,231	19,873

- 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 17

	Attributable to equity shareholders of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 April 2017	40,915	(317)	(11,688)	2,060	130,955	161,925	(79)	161,846
Profit/(loss) for the period	-	-	-	-	3,228	3,228	(25)	3,203
<u>Other comprehensive (loss)/income</u>								
Foreign currency translation loss	-	-	(594)	-	-	(594)	-	(594)
Share of other comprehensive gain of associates	-	-	332	-	-	332	-	332
Total comprehensive (loss)/income for the period	-	-	(262)	-	3,228	2,966	(25)	2,941
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	66	-	66	-	66
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)	-	(2,312)
Issuance of new shares	78	-	-	-	-	78	-	78
Exercise of share options	41	-	-	(41)	-	-	-	-
Total contributions by and distributions to owners	119	-	-	25	(2,312)	(2,168)	-	(2,168)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(272)	(272)	133	(139)
Total changes in ownership interest in subsidiaries	-	-	-	-	(272)	(272)	133	(139)
Total transactions with owners in their capacity as owners	119	-	-	25	(2,584)	(2,440)	133	(2,307)
Balance as at 30 June 2017	41,034	(317)	(11,950)	2,085	131,599	162,451	29	162,480

The Group – 2Q 16

	Attributable to equity shareholders of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 April 2016	40,725	(317)	(13,816)	1,899	114,099	142,590	531	143,121
Profit/(loss) for the period	-	-	-	-	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
Total comprehensive income/(loss) for the period	-	-	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
Total contributions by and distributions to owners	-	-	-	-	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
Total changes in ownership interest in subsidiaries	-	-	-	-	-	-	36	36
Total transactions with owners in their capacity as owners	-	-	-	-	1	1	36	37
Balance as at 30 June 2016	40,725	(317)	(13,615)	1,899	115,935	144,627	386	145,013

The Group – 1H 17

	Attributable to equity shareholders of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 January 2017	40,846	(317)	(13,436)	1,997	124,647	153,737	119	153,856
Profit/(loss) for the year	-	-	-	-	9,536	9,536	(223)	9,313
<u>Other comprehensive income/(loss)</u>								
Foreign currency translation gain	-	-	1,189	-	-	1,189	-	1,189
Share of other comprehensive gain of associates	-	-	297	-	-	297	-	297
Total comprehensive income/(loss) for the year	-	-	1,486	-	9,536	11,022	(223)	10,799
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	129	-	129	-	129
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)	-	(2,312)
Issuance of new shares	147	-	-	-	-	147	-	147
Exercise of share options	41	-	-	(41)	-	-	-	-
Total contributions by and distributions to owners	188	-	-	88	(2,312)	(2,036)	-	(2,036)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(272)	(272)	133	(139)
Total changes in ownership interest in subsidiaries	-	-	-	-	(272)	(272)	133	(139)
Total transactions with owners in their capacity as owners	188	-	-	88	(2,584)	(2,308)	133	(2,175)
Balance as at 30 June 2017	41,034	(317)	(11,950)	2,085	131,599	162,451	29	162,480

The Group – 1H 16

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign	Share-based	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
			currency translation reserve US\$'000	payment reserve US\$'000				
Balance as at 1 January 2016	40,725	(317)	(15,057)	1,888	110,126	137,365	89	137,454
Profit/(loss) for the period	-	-	-	-	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
Total comprehensive income/(loss) for the period	-	-	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
Total contributions by and distributions to owners	-	-	-	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
Total changes in ownership interest in subsidiaries	-	-	-	-	-	-	565	565
Total transactions with owners in their capacity as owners	-	-	-	11	1	12	565	577
Balance as at 30 June 2016	40,725	(317)	(13,615)	1,899	115,935	144,627	386	145,013

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 2017	40,915	(317)	3,122	2,060	7,561	53,341
Profit for the period	-	-	-	-	4,714	4,714
<u>Other comprehensive income</u>						
Foreign currency translation gain	-	-	184	-	-	184
Total comprehensive income for the period	-	-	184	-	4,714	4,898
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	66	-	66
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)
Issuance of new shares	78	-	-	-	-	78
Exercise of share options	41	-	-	(41)	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	119	-	-	25	(2,312)	(2,168)
Balance as at 30 June 2017	41,034	(317)	3,306	2,085	9,963	56,071
Balance as at 1 April 2016	40,725	(317)	3,436	1,899	8,412	54,155
Loss for the period	-	-	-	-	(28)	(28)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	5	-	-	5
Total comprehensive income/(loss) for the period	-	-	5	-	(28)	(23)
<u>Contributions by and distributions to owners</u>						
Dividends refunded from equity shareholders of the Company	-	-	-	-	1	1
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	-	1	1
Balance as at 30 June 2016	40,725	(317)	3,441	1,899	8,385	54,133

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 2017	40,846	(317)	2,820	1,997	7,844	53,190
Profit for the period	-	-	-	-	4,431	4,431
<u>Other comprehensive income</u>						
Foreign currency translation gain	-	-	486	-	-	486
Total comprehensive income for the period	-	-	486	-	4,431	4,917
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	129	-	129
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,312)	(2,312)
Issuance of new shares	147	-	-	-	-	147
Exercise of share options	41	-	-	(41)	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	188	-	-	88	(2,312)	(2,036)
Balance as at 30 June 2017	41,034	(317)	3,306	2,085	9,963	56,071
Balance as at 1 January 2016	40,725	(317)	2,999	1,888	8,781	54,076
Loss for the period	-	-	-	-	(397)	(397)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation gain	-	-	442	-	-	442
Total comprehensive income/(loss) for the period	-	-	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
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	11	1	12
Balance as at 30 June 2016	40,725	(317)	3,441	1,899	8,385	54,133

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

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

	FY 2017	FY 2016
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan (including treasury shares)	534,171,999	533,741,999
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Issued for cash under employee share option scheme:		
- at the exercise price of S\$0.315 each	100,000	-
- at the exercise price of S\$0.505 each	130,000	-
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	533,400,999	-
- at the exercise price of S\$0.315 each	78,000	-
- at the exercise price of S\$0.505 each	100,000	-
- at the exercise price of S\$0.669 each	50,000	-
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	533,628,999	532,740,999
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan and 30 Jun	2,810,000	2,840,000
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,630,000	3,630,000
Options exercised during the period	(130,000)	-
Balance as at 31 Mar	3,500,000	3,630,000
Options exercised during the period	(100,000)	-
Balance as at 30 Jun	3,400,000	3,630,000
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	3,272,000	3,672,000
Options exercised during the period	(100,000)	-
Balance as at 31 Mar	3,172,000	3,672,000
Options exercised during the period	(78,000)	-
Balance as at 30 Jun	3,094,000	3,672,000
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan and 31 Mar	4,630,000	4,630,000
Options exercised during the period	(50,000)	-
Balance as at 30 Jun	4,580,000	4,630,000
<u>Share Option - exercise price of S\$0.308</u>		
Balance as at 1 Jan and 30 Jun	5,170,000	-

Share Option - exercise price of S\$0.693

Balance as at 1 Jan and 31 Mar

Granted to eligible participants on 23 May 2017

Balance as at 30 Jun

	FY 2017	FY 2016
Balance as at 1 Jan and 31 Mar	-	-
Granted to eligible participants on 23 May 2017	650,000	-
Balance as at 30 Jun	<u>650,000</u>	<u>-</u>

Out of the 19,704,000 outstanding share options on 30 June 2017 (30 June 2016: 14,772,000), 13,884,000 (30 June 2016: 14,772,000) share options are exercisable.

Treasury Shares

As at 30 June 2017, the total number of treasury shares held was 1,001,000 (30 June 2016: 1,001,000).

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

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

	Group	
	<u>As at 30 Jun 2017</u>	<u>As at 31 Dec 2016</u>
Issued ordinary shares	533,628,999	533,170,999

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

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

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2016, except for the adoption of new/revised FRS which came into effect on 1 January 2017.

- 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.

- 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 17	2Q 16	1H 17	1H 16
Profit per share				
Based on existing issued share capital (USD cents)	0.61	0.34	1.79	1.09
On a fully diluted basis (USD cents)	0.60	0.34	1.77	1.09
	Group		Group	
	2Q 17	2Q 16	1H 17	1H 16
Weighted average number of shares table				
Weighted average number of shares for calculation of basic EPS	533,481,416	532,740,999	533,382,700	532,740,999
Weighted average number of shares for calculation of diluted EPS	539,722,913	532,740,999	539,657,968	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 2017	31 Dec 2016	30 Jun 2016	31 Dec 2016
Net asset value per ordinary share (USD cents)	30.44	28.83	10.51	9.98

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 2017 ("1H2017") was US\$125.2 million, a year-on-year ("yoy") increase of 20.6% compared with the US\$103.9 million revenue recorded in 1H2016. The Group's net profit after tax increased from US\$5.5 million in 1H2016 to US\$9.3 million in 1H2017.

On a quarterly basis, revenue for the second quarter ended 30 June 2017 ("2Q2017") increased 17.6% from US\$53.4 million to US\$62.8 million. Profit after tax for the quarter increased by 93.7% to US\$3.2 million.

Revenue by Markets (US\$'000)

	Group			Group		
	2Q 17 US\$'000	2Q 16 US\$'000	Increase/ (Decrease) %	1H 17 US\$'000	1H 16 US\$'000	Increase/ (Decrease) %
Russia	26,635	23,803	11.9	56,581	48,147	17.5
Ukraine	5,363	5,101	5.1	9,778	10,292	(5.0)
Kazakhstan and CIS markets	7,658	6,899	11.0	16,878	10,715	57.5
Indochina	9,462	9,111	3.9	16,505	17,702	(6.8)
Other Markets	13,690	8,472	61.6	25,506	17,040	49.7
Total	62,808	53,386	17.6	125,248	103,896	20.6

In 1H2017, sales in the Group's largest market, Russia, increased by 17.5% to US\$56.6 million compared to US\$48.1 million mainly due to appreciation of the Russian Ruble against the US dollar.

In the Group's Ukraine market, sales declined by 5.0% from US\$10.3 million in 1H2016 to US\$9.8 million in 1H2017 due to weakening of the Ukrainian Hryvnia against the US dollar.

In the Group's Kazakhstan and CIS markets, sales increased by 57.5% from US\$10.7 million in 1H2016 to US\$16.9 million in 1H2017 mainly due to change in business model and reduction of price compensation to distributor in Kazakhstan coupled with aggressive promotion.

In the Group's Indochina market, sales decreased by 6.8% from US\$17.7 million in 1H2016 to US\$16.5 million in 1H2017 due to the difference in the timing of the festive season and stiffer competition.

Sales in the Group's Other Markets increased by 49.7% from US\$17.0 million in 1H2016 to US\$25.5 million in 1H2017 mainly due to higher sales contribution from the Group's non-dairy creamer plant in Malaysia and instant coffee plant in India.

On a quarterly basis, the Group's revenue in 2Q2017 was US\$62.8 million, an increase of 17.6% compared to 2Q2016. Sales in the Group's largest market, Russia, increased by 11.9% compared to the same quarter in 2016. Sales in the Group's Other Markets increased by 61.6% mainly due to higher sales contribution from the Group's non-dairy creamer plant in Malaysia and instant coffee plant in India.

Profitability

For 1H2017, the Group recorded a net profit after tax of US\$9.3 million as compared to US\$5.5 million in 1H2016 mainly due to better performance in key markets offset by lower exchange gain and higher share of losses from our Korean associate. For 2Q2017, the Group's net profit after tax was US\$3.2 million compared with profit after tax of US\$1.7 million in 2Q2016 due to higher sales and margin offset by unfavourable exchange differences and higher taxes.

For 1H2017, selling and distribution expenses increased by US\$0.6 million from US\$18.7 million in 1H2016 to US\$19.3 million. The increase was mainly attributed to higher manpower cost. For 2Q2017, selling and distribution expenses decreased by US\$1.3 million from US\$11.0 million in 2Q2016 to US\$9.7 million. The decrease was mainly due to lower advertising and promotion expenses.

For 1H2017, general and administrative expenses increased by US\$3.2 million from US\$13.9 million in 1H2016 to US\$17.1 million. For 2Q2017, general and administrative expenses increased by US\$1.8 million from US\$7.3 million in 2Q2016 to US\$9.1 million. The increase was mainly attributed to higher manpower cost, inventory obsolescence provision and transportation expenses.

In 1H2017, the Ukrainian Hryvnia strengthened from 27.2 Hryvnia per US dollar on 31 December 2016 to 26.1 Hryvnia per US dollar on 30 June 2017. Over the same period, the Russian Ruble strengthened to 59.1 Ruble per US dollar on 30 June 2017, compared with 60.6 Ruble per US dollar on 31 December 2016. 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\$43.6 million as at 31 December 2016 to US\$48.8 million as at 30 June 2017 due to stock-up of inventories in anticipation of higher sales.

Amounts due from associates (non-trade) decreased from US\$4.8 million as at 31 December 2016 to US\$2.5 million as at 30 June 2017 mainly due to a reclassification of loan amount from its Korean associate, following the Group's conversion of its debt into equity in relation to a loan agreement announced on 27 December 2016. As a result, the investment in associates also increased from US\$15.3 million as at 31 December 2016 to US\$17.2 million as at 30 June 2017.

The Group's borrowings were US\$41.4 million as at 30 June 2017, compared to US\$38.9 million as at 31 December 2016. The increase was largely attributed to additional loans undertaken for its Korean associate partially offset by regular scheduled repayments.

The Group's net operating cash inflow was US\$12.1 million in 1H2017 compared to a net operating cash outflow of US\$0.3 million in 1H2016. The Group's cash and cash equivalents was US\$38.2 million as at 30 June 2017, compared to US\$28.6 million as at 31 December 2016.

The Group's net assets as at 30 June 2017 were US\$162.5 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 June 2017 was 30.44 US cents as compared to 28.83 US cents as at 31 December 2016.

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.

As currencies of the Group's key markets such as Russia, Ukraine, Kazakhstan and CIS countries have improved, together with the possible recovery in oil prices, the Group expects the economies of these key markets to stabilize.

The Group continues to focus on expanding into new geographies outside its core markets to provide a more balanced portfolio. Building on the Group's successful market diversification efforts in Indochina, the Group plans to replicate its proven business model in other regions in Asia.

The Group's upstream projects (non-dairy creamer plant and the instant coffee plant in India, as well as its snacks manufacturing facility in Malaysia) continue to gain growth momentum. The Group will continue to ramp up production scale to improve its profitability.

Besides organic growth, the Group also intends to tap on strategic mergers and acquisitions to expand further upstream and downstream as well as enter new markets.

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 2017 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 2017