

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


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**Second Quarter and First Half Financial Statement And Dividend Announcement for the Period ended 30 June 2010**


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**PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) Group Income Statements and Group Comprehensive Income Statement for the second quarter ended 30 June 2010 with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	2Q 10	2Q 09	Increase/ (Decrease)	1H 10	1H 09	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	<b>43,170</b>	<b>26,940</b>	<b>60.2</b>	<b>81,863</b>	<b>55,692</b>	<b>47.0</b>
Changes in inventories of finished goods	(2,336)	(7,140)	}	(2,200)	(14,560)	}
Raw materials and consumables used	(22,648)	(8,031)	64.7	(43,699)	(15,441)	53.0
Staff costs	(4,905)	(3,109)	57.8	(9,743)	(6,818)	42.9
Depreciation of property, plant and equipment	(462)	(433)	6.7	(911)	(845)	7.8
Depreciation of investment properties	(10)	(10)	0.0	(19)	(19)	0.0
Foreign exchange (loss) / gain	(142)	2	N.M	(207)	(102)	102.9
Other operating expenses	(9,926)	(8,352)	18.8	(19,214)	(19,984)	-3.9
Finance costs	(30)	(137)	-78.1	(64)	(283)	-77.4
Other income	56	156	-64.1	262	352	-25.6
Share of profit/(loss) of associated companies	318	177	79.7	598	(15)	N.M
<b>Profit/(loss) from operations before taxation</b>	<b>3,085</b>	<b>63</b>	<b>4,796.8</b>	<b>6,666</b>	<b>(2,023)</b>	<b>N.M</b>
Taxation (Note1)	(189)	(22)	759.1	233	(163)	N.M
<b>Profit / (loss) after taxation</b>	<b>2,896</b>	<b>41</b>	<b>6,963.4</b>	<b>6,899</b>	<b>(2,186)</b>	<b>N.M</b>

**Note 1**

Included in the taxation is as follows

	Group			Group		
	2Q 10	2Q 09	Increase/ (Decrease)	1H 10	1H 09	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Over) / under provision for the prior year	46	270	-83.0	(420)	(80)	425.0

N.M denotes not meaningful.

**Group comprehensive statements**

	Group			Group		
	2Q 10 US\$'000	2Q 09 US\$'000	Increase/ (Decrease) %	1H 10 US\$'000	1H 09 US\$'000	Increase/ (Decrease) %
<b>Profit / (loss) after taxation</b>	<b>2,896</b>	<b>41</b>	<b>6,963.4</b>	<b>6,899</b>	<b>(2,186)</b>	<b>N.M</b>
<b>Other comprehensive income / (loss), net of income tax</b>						
Foreign currency translation differences of foreign operations.	(522)	701	N.M	(295)	(888)	-66.8
Share of other comprehensive income/(loss) of associates	(114)	392	N.M	(52)	169	N.M
<b>Total comprehensive income / (loss) for the period</b>	<b>2,260</b>	<b>1,134</b>	<b>99.3</b>	<b>6,552</b>	<b>(2,905)</b>	<b>N.M</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	11,342	11,328	-	-
Investment properties	1,350	1,366	-	-
Investments in subsidiary companies	-	-	44,545	44,545
Investments in associated companies	8,186	6,526	-	-
Intangible assets	13,343	13,343	-	-
Amounts due from associated companies (non-trade)	-	309	-	-
Deferred tax assets	50	69	-	-
	<b>34,271</b>	<b>32,941</b>	<b>44,545</b>	<b>44,545</b>
<b>Current Assets</b>				
Cash and bank balances	51,211	61,291	274	108
Trade receivables	42,297	36,489	-	-
Deferred expenses	443	389	-	-
Prepaid operating expenses and other debtors	3,379	1,479	7	21
Other receivables	673	719	-	-
Amounts due from associated companies	881	970	-	-
Inventories	15,755	17,955	-	-
	<b>114,639</b>	<b>119,292</b>	<b>281</b>	<b>129</b>
<b>Current Liabilities</b>				
Trade payables and accruals	(16,180)	(21,177)	(198)	(278)
Finance lease liabilities	(4)	(4)	-	-
Interest-bearing loans and borrowings	(4,996)	(3,336)	-	-
Other payables	(118)	(154)	-	-
Amount due to subsidiary companies (non-trade)	-	-	(303)	(167)
Amount due to associated company (trade)	-	-	-	-
Provision for taxation	(772)	(956)	-	-
	<b>(22,070)</b>	<b>(25,627)</b>	<b>(501)</b>	<b>(445)</b>
<b>Net Current Assets / (Liabilities)</b>	<b>92,569</b>	<b>93,665</b>	<b>(220)</b>	<b>(316)</b>
<b>Non-Current Liabilities</b>				
Finance lease liabilities	(9)	(11)	-	-
Interest-bearing loans and borrowings	-	(2,494)	-	-
Deferred tax liabilities	(350)	(400)	-	-
	<b>(359)</b>	<b>(2,905)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>126,481</b>	<b>123,701</b>	<b>44,325</b>	<b>44,229</b>
<b>Equity</b>				
Share capital	39,666	39,666	39,666	39,666
Reserves	86,815	84,035	4,659	4,563
	<b>126,481</b>	<b>123,701</b>	<b>44,325</b>	<b>44,229</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 June 2010		As at 31 Dec 2009	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease liabilities	4	-	4	-
Interest-bearing loans and borrowings	-	4,996	-	3,336
<b>Total</b>	<b>4</b>	<b>4,996</b>	<b>4</b>	<b>3,336</b>

**Amount repayable after one year**

	As at 30 June 2010		As at 31 Dec 2009	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease liabilities	9	-	11	-
Interest-bearing loans and borrowings	-	-	-	2,494
<b>Total</b>	<b>9</b>	<b>-</b>	<b>11</b>	<b>2,494</b>

On 1 July 2010, the Group had voluntarily settled the full amount of the outstanding interest-bearing loans before its contractual due date. Hence, as at 30 June 2010, all outstanding interest-bearing loans were classified as current liabilities.

**Details of any collateral**

As at 31 Dec 2009 and 30 June 2010, the finance lease liabilities are secured by a charge over the related leased motor vehicles held by one of the subsidiaries.

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

	2Q 10 US\$'000	2Q 09 US\$'000	1H 10 US\$'000	1H 09 US\$'000
<b>Cash flows from operating activities:</b>				
Profit / (loss) from operations before taxation	3,085	63	6,666	(2,023)
Adjustment for :				
Depreciation of property, plant and equipment	462	433	911	845
Depreciation of investment properties	10	10	19	19
Gain on disposal of property, plant and equipment	(5)	(9)	(10)	(10)
Interest income	(46)	(31)	(84)	(60)
Interest expenses	30	137	64	283
Exchange realignment	(330)	226	(332)	(600)
Share of (profit) / loss of associated companies	(318)	(177)	(598)	15
(Write back)/allowance for doubtful debts	(16)	69	(9)	157
(Write back)/allowance for stock obsolescence	(48)	(131)	37	212
Value of employee services received for issue of share option	50	-	98	-
<b>Operating profit/(loss) before working capital changes</b>	<b>2,874</b>	<b>590</b>	<b>6,762</b>	<b>(1,162)</b>
Decrease / (increase) in receivables	(6,520)	7,395	(7,709)	26,249
Decrease / (increase) in inventories	2,384	7,271	2,163	14,348
(Decrease) / increase in payables	(1,580)	(2,179)	(5,034)	(6,097)
<b>Cash flows (used)/generated</b>	<b>(2,842)</b>	<b>13,077</b>	<b>(3,818)</b>	<b>33,338</b>
Income taxes paid	(281)	(714)	18	(1,412)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(3,123)</b>	<b>12,363</b>	<b>(3,800)</b>	<b>31,926</b>
<b>Cash flow from investing activities:</b>				
Interest income received	46	31	84	60
Purchase of property, plant and equipment	(566)	(423)	(982)	(862)
Proceeds from sales of property, plant and equipment	13	58	32	58
Investment in associated companies	(1,114)	(15)	(1,114)	(15)
Repayment of loans provided to associate companies	150	100	400	295
<b>Net cash flows generated used in investing activities</b>	<b>(1,471)</b>	<b>(249)</b>	<b>(1,580)</b>	<b>(464)</b>
<b>Cash flow from financing activities</b>				
Interest paid	(30)	(137)	(64)	(283)
Dividends paid	(3,870)	(1,280)	(3,870)	(1,280)
(Repayment of) / increase in interest-bearing loans & borrowings and bills payable	-	(1,335)	(836)	(2,669)
<b>Net cash flow used in financing activities</b>	<b>(3,900)</b>	<b>(2,752)</b>	<b>(4,770)</b>	<b>(4,232)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,494)</b>	<b>9,362</b>	<b>(10,150)</b>	<b>27,230</b>
Effect of exchange rate changes on cash and cash equivalents	47	(46)	70	2
Cash and cash equivalents at beginning of the period	59,658	33,453	61,291	15,537
<b>Cash and cash equivalents at end of the period</b>	<b>51,211</b>	<b>42,769</b>	<b>51,211</b>	<b>42,769</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 period.

**The Group – 2Q**

	Attributable to equity holders of the Company					
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Asset Revaluation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Balance as at 1 Apr 09</b>	<b>39,666</b>	<b>(753)</b>	<b>60</b>	<b>324</b>	<b>79,283</b>	<b>118,580</b>
Total comprehensive income	-	1,094	-	-	41	1,135
Dividends paid to shareholders of the company	-	-	-	-	(1,280)	(1,280)
<b>Balance as at 30 Jun 09</b>	<b>39,666</b>	<b>341</b>	<b>60</b>	<b>324</b>	<b>78,044</b>	<b>118,435</b>
<b>Balance as at 1 Apr 10</b>	<b>39,666</b>	<b>1,045</b>	<b>60</b>	<b>372</b>	<b>86,898</b>	<b>128,041</b>
Total comprehensive income	-	(636)	-	-	2,896	2,260
Dividends paid to shareholders of the company	-	-	-	-	(3,870)	(3,870)
Value of employee services received for issue of share options	-	-	-	50	-	50
<b>Balance as at 30 Jun 10</b>	<b>39,666</b>	<b>409</b>	<b>60</b>	<b>422</b>	<b>85,924</b>	<b>126,481</b>

**The Group – 1H**

	Attributable to equity holders of the Company					
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Asset Revaluation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Balance as at 1 Jan 09</b>	<b>39,666</b>	<b>1,060</b>	<b>60</b>	<b>324</b>	<b>81,510</b>	<b>122,620</b>
Total comprehensive loss	-	(719)	-	-	(2,186)	(2,905)
Dividends paid to shareholders of the company	-	-	-	-	(1,280)	(1,280)
<b>Balance as at 30 Jun 09</b>	<b>39,666</b>	<b>341</b>	<b>60</b>	<b>324</b>	<b>78,044</b>	<b>118,435</b>
<b>Balance as at 1 Jan 10</b>	<b>39,666</b>	<b>756</b>	<b>60</b>	<b>324</b>	<b>82,895</b>	<b>123,701</b>
Total comprehensive income	-	(347)	-	-	6,899	6,552
Dividends paid to shareholders of the company	-	-	-	-	(3,870)	(3,870)
Value of employee services received for issue of share options	-	-	-	98	-	98
<b>Balance as at 30 Jun 10</b>	<b>39,666</b>	<b>409</b>	<b>60</b>	<b>422</b>	<b>85,924</b>	<b>126,481</b>

**The Company – 2Q**

	Attributable to equity holders of the Company				
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Balance as at 1 Apr 09</b>	<b>39,666</b>	<b>4,025</b>	<b>324</b>	<b>187</b>	<b>44,202</b>
Total comprehensive income	-	30	-	1,515	1,545
Dividend paid to shareholders of the company	-	-	-	(1,280)	(1,280)
<b>Balance as at 30 Jun 09</b>	<b>39,666</b>	<b>4,055</b>	<b>324</b>	<b>422</b>	<b>44,467</b>
<b>Balance as at 1 Apr 10</b>	<b>39,666</b>	<b>4,007</b>	<b>372</b>	<b>327</b>	<b>44,372</b>
Total comprehensive income	-	80	-	3,693	3,773
Dividends paid to shareholders of the company	-	-	-	(3,870)	(3,870)
Value of employee services received for issue of share options	-	-	50	-	50
<b>Balance as at 30 Jun 10</b>	<b>39,666</b>	<b>4,087</b>	<b>422</b>	<b>150</b>	<b>44,325</b>

**The Company – 1H**

	Attributable to equity holders of the Company				
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Balance as at 1 Jan 09</b>	<b>39,666</b>	<b>4,027</b>	<b>324</b>	<b>314</b>	<b>44,331</b>
Total comprehensive income	-	28	-	1,388	1,416
Dividend paid to shareholders of the company	-	-	-	(1,280)	(1,280)
<b>Balance as at 30 Jun 09</b>	<b>39,666</b>	<b>4,055</b>	<b>324</b>	<b>422</b>	<b>44,467</b>
<b>Balance as at 1 Jan 10</b>	<b>39,666</b>	<b>4,007</b>	<b>324</b>	<b>232</b>	<b>44,229</b>
Total comprehensive income	-	80	-	3,788	3,868
Dividend paid to shareholders of the company	-	-	-	(3,870)	(3,870)
Value of employee services received for issue of share options	-	-	98	-	98
<b>Balance as at 30 Jun 10</b>	<b>39,666</b>	<b>4,087</b>	<b>422</b>	<b>150</b>	<b>44,325</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.**

	<b>FY 2010</b>	<b>FY 2009</b>
<b><u>Share Capital</u></b>		
Balance of ordinary shares as at 1 Jan and 30 June	529,043,999	529,043,999
<b><u>Share Option - exercise price of S\$0.142</u></b>		
Balance of unexercise share options as at 1 Jan and 30 Jun	240,000	240,000
<b><u>Share Option - exercise price of S\$0.229</u></b>		
Balance of unexercise share options as at 1 Jan and 30 Jun	3,650,000	3,650,000
<b><u>Share Option - exercise price of S\$0.335</u></b>		
Balance as at 1 Jan	-	-
Issued on 4 Jan 2010	4,750,000	-
Balance as at 30 Jun	4,750,000	-

As at 30 June 2010, there were unexercised options of 8,640,000 (30 June 2009: 3,890,000) of unissued ordinary shares of the Company under the Option Scheme.

**Treasury Shares**

As at 30 June 2010 and 30 June 2009, there were no treasury shares held by the company.

**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.**

Please refer to 1d(ii).

**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.**

Not applicable.

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

The figures were unaudited and were not reviewed by the auditors.

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

Not applicable.



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

The 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 2009, except for the adoption of revised FRS which came into effect on 1 January 2010.

**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 revised FRS as highlighted in paragraph 4 does not have a material impact on the financial statements for the period under review except for the Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements.

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests.

**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 10	2Q 09	1H 10	1H 09
<b>Earnings per share</b>				
Based on existing issued share capital (USD cents)	0.55	0.01	1.30	(0.41)
On a fully diluted basis (USD cents)	0.55	0.01	1.30	(0.41)

	Group		Group	
	2Q 10	2Q 09	1H 10	1H 09
<b>Weighted average number of shares table</b>				
Weighted average number of shares for calculation of basic EPS	529,043,999	529,043,999	529,043,999	529,043,999
Weighted average number of shares for calculation of diluted EPS	529,844,166	529,923,768	529,527,575	529,887,395

**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-10	31-Dec-09	30-Jun-10	31-Dec-09
Net asset value per ordinary share (USD cents)	23.91	23.38	8.38	8.36

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Financial Review**

The Group's financial performance during the first half year of 2010 showed major improvement compared to the same period last year. Demand for the Group's products continued to increase on the back of improving economic and trading conditions in the Group's key markets.

Revenue in 1HFY10 was US\$81.9 million, an increase of 47.0% compared to 1HFY09. The stronger demand for the Group's products resulted in a major turnaround in the Group's profitability from a loss of US\$2.2 million in 1HFY09 to a profit after tax of US\$6.9 million in 1HFY10.

For Q2FY10, revenue increased 60.2% to US\$43.2 million, with profit after tax of US\$2.9 million, up from US\$41,000 in Q2FY09.

### **Revenue by Region (US\$'000)**

	<b>Group</b>			<b>Group</b>		
	<b>2Q 10</b>	<b>2Q 09</b>	<b>Increase/ (Decrease)</b>	<b>1H 10</b>	<b>1H 09</b>	<b>Increase/ (Decrease)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Russia	27,913	12,467	123.9	48,981	26,519	84.7
Eastern Europe and Central Asia	10,329	10,047	2.8	23,162	21,981	5.4
Other Markets	4,928	4,426	11.3	9,720	7,192	35.2
<b>Total</b>	<b>43,170</b>	<b>26,940</b>	<b>60.2</b>	<b>81,863</b>	<b>55,692</b>	<b>47.0</b>

Traditionally Q2 is one of the Group's slower quarters, as it leads into the European summer where consumption of hot beverages tends to decline. Given this seasonal factor, the Group is very encouraged by the rate at which demand for its products had returned following the global economic slowdown.

Demand in Russia was particularly strong with revenue increasing by 84.7% in 1HFY10 to US\$49.0 million. First half year revenue from Russia had bounced back to exceed sales for the same period in 2007, though it was still short of the 2008 highs. The economic recovery and the strengthening Russian Roubles helped increase the spending power of the Russian consumers.

In Eastern Europe and Central Asia, sales for 1HFY10 increased by 5.4%, from US\$22.0 million to US\$23.2 million with Ukraine leading the pack as distributors commenced stocking up in preparation for the Group's annual consumer promotional campaign which has been brought forward to begin in July 2010.

Sales to the Group's Other Markets rose by 35.2% from US\$7.2 million in 1HFY09 to US\$9.7 million in 1HFY10. The increase was primarily due to the Group's successful efforts to grow the popularity of its brands in the Middle East.

### **Profitability**

For 1HFY09 the Group recorded a profit after tax of US\$6.9 million, compared to a loss of US\$2.2 million in 1HFY09. For Q2FY10 the Group's profit after tax was US\$2.9 million.

Raw materials costs in 1HFY10 increased by 53% compared to 1HFY09, reflecting the higher volume of sales, as well as rising global prices for the major commodities used by the Group – sugar, creamer and coffee.

Staff costs were 42.9% higher compared to the preceding half year, as the Group increased headcount in its factories to allow for increased manufacturing output to meet the rising demand for its goods.

Other operating expenses for the first half year of 2010 were 3.9% lower than the corresponding period in 2009. Prior year number included rebate paid to distributors to support the retail selling price of the Group's products during the height of the global downturn last year which was no longer required in 1HFY10

### **Balance Sheet & Cash Flow**

The strategy of controlling debt, credit and inventory in order to successfully ride out the economic downturn had resulted in the Group having a strong balance sheet with net assets of US\$126.5 million as at 30 June 2010. This included a healthy US\$51.2 million in cash and bank balances.

Cash and bank balances were lower than the preceding period due to the payment of dividends, down payments on the purchase of the Group's new corporate head office building, investment in PT MMU and the paying down of bank loan.

Trade receivables increased in line with the higher volume traded. The Group continued to be vigorous in the management of the credit terms it extends to its distributors.

Increased working capital was required as the Group increased its manufacturing output to meet the higher level of demand for its products.

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

Not applicable.

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

The Group expects to see stable demand across its key markets.

The Group will continue to try to secure raw materials at a favourable price, which is expected to rise as the level of global economic activity increases.

The Group is looking for opportunities to further grow the business, including possible upstream acquisitions to secure greater control over raw materials as well as downstream to expand the Group's distribution network into new markets. The Group is also looking at other opportunistic investments to enhance shareholders' value.

The Group's performance may also be affected by the following factors:

- fluctuations in the cost of raw materials and oil;
- any tightening of the credit environment;
- competitive market conditions; and
- the possibility of changes in regulatory policies in the Group's operating markets.

Allowing for the risks articulated above, and barring any unforeseen circumstances, the Group expects to remain profitable in 2010.

**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.**

Not applicable.

**13. Confirmation by the Board Pursuant to Rule 705(4)**

We, Tan Wang Cheow and Sudeep Nair, being 2 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 quarter ended on 30 June 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Wang Cheow  
Director

Sudeep Nair  
Director

**BY ORDER OF THE BOARD**

**Tan Cher Liang**  
**Company Secretary**  
**13 August 2010**