

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

Second Quarter and First Half Financial Statement and Dividend Announcement for the Period ended 30 June 2014

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 14	2Q 13	Increase/ (Decrease)	1H 14	1H 13	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	59,271	64,246	(7.7)	119,359	122,674	(2.7)
Changes in inventories of finished goods	3,082	(6,209)	} (7.4)	8,306	20,061	} (1.3)
Raw materials and consumables used	(34,089)	(27,260)				
Staff costs	(9,599)	(7,972)	20.4	(19,890)	(15,876)	25.3
Depreciation of property, plant and equipment	(1,135)	(808)	40.5	(2,177)	(1,573)	38.4
Depreciation of investment properties	(11)	(11)	0.0	(22)	(21)	4.8
Foreign exchange gain/(loss)	569	(934)	NM	(6,173)	(1,388)	344.7
Other operating expenses	(15,629)	(17,032)	(8.2)	(30,736)	(32,678)	(5.9)
Finance costs	(178)	(52)	242.3	(290)	(115)	152.2
Other income	15	109	(86.2)	155	244	(36.5)
Share of profit/(loss) of associates	461	(25)	NM	365	9	3,955.6
Profit/(loss) before taxation (Note 1)	2,757	4,052	(32.0)	(538)	9,318	NM
Taxation (Note 2)	(203)	(445)	(54.4)	(10)	(194)	(94.8)
Profit/(loss) for the period	2,554	3,607	(29.2)	(548)	9,124	NM
Profit/(loss) attributable to:						
Equity shareholders of the Company	2,659	3,696	(28.1)	(339)	9,271	NM
Non-controlling interest	(105)	(89)	18.0	(209)	(147)	42.2
	2,554	3,607	(29.2)	(548)	9,124	NM

Notes:

1. Included in profit/(loss) before taxation are as follows:

	Group			Group		
	2Q 14	2Q 13	Increase/ (Decrease)	1H 14	1H 13	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest income	33	22	50.0	60	95	(36.8)
(Impairment)/write back for doubtful receivables	(537)	36	NM	(537)	36	NM
Write down of inventories	(52)	(10)	420.0	(84)	(62)	35.5
Loss on disposal of investment property	(78)	-	NM	(78)	-	NM

2. Included in the taxation is as follows:

	Group			Group		
	2Q 14 US\$'000	2Q 13 US\$'000	Increase/ (Decrease) %	1H 14 US\$'000	1H 13 US\$'000	Increase/ (Decrease) %
(Under)/over provision for prior year	-	(8)	NM	267	380	(29.7)

NM denotes not meaningful.

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

	Group			Group		
	2Q 14 US\$'000	2Q 13 US\$'000	Increase/ (Decrease) %	1H 14 US\$'000	1H 13 US\$'000	Increase/ (Decrease) %
Profit/(loss) net of tax	2,554	3,607	(29.2)	(548)	9,124	NM
Other comprehensive income/(loss) :						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation gain /(loss)	1,456	(1,030)	NM	(1,392)	(1,463)	(4.9)
Share of other comprehensive income/(loss) of associates	416	(418)	NM	(228)	(587)	(61.2)
Other comprehensive income/(loss) for the period, net of tax	1,872	(1,448)	NM	(1,620)	(2,050)	(21.0)
Total comprehensive income/(loss) for the period	4,426	2,159	105.0	(2,168)	7,074	NM
Total comprehensive income/(loss) attributable to:						
Equity shareholders of the Company	4,531	2,248	101.6	(1,959)	7,221	NM
Non-controlling interest	(105)	(89)	18.0	(209)	(147)	42.2
	4,426	2,159	105.0	(2,168)	7,074	NM

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 2014 US\$'000	31 Dec 2013 US\$'000	30 Jun 2014 US\$'000	31 Dec 2013 US\$'000
Non-Current Assets				
Property, plant and equipment	66,702	61,493	111	133
Investment properties	14,724	13,331	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	14,892	14,806	-	-
Intangible assets	13,343	13,343	-	-
Deferred tax assets	1,363	618	-	-
	111,024	103,591	44,656	44,678
Current Assets				
Cash and cash equivalents	16,356	27,664	250	37
Trade receivables	51,192	52,548	-	-
Deferred expenses	113	162	-	-
Prepaid operating expenses and other debtors	5,516	6,894	5	34
Other receivables	3,324	3,140	-	-
Amounts due from subsidiaries (non-trade)	-	-	4,491	7,542
Amounts due from associates (non-trade)	182	169	-	-
Inventories	51,294	42,988	-	-
	127,977	133,565	4,746	7,613
Current Liabilities				
Trade payables and accruals	(30,325)	(31,263)	(406)	(1,135)
Bills payable to bank	(723)	-	-	-
Finance lease creditors	(22)	(19)	-	-
Interest-bearing loans and borrowings	(4,119)	(3,885)	-	-
Other payables	(4,644)	(5,873)	-	-
Amount due to subsidiaries (non-trade)	-	-	(140)	(22)
Amounts due to associates (non-trade)	(165)	-	-	-
Amounts due to associates (trade)	(123)	(47)	-	-
Provision for taxation	(903)	(797)	(28)	(27)
	(41,024)	(41,884)	(574)	(1,184)
Net Current Assets	86,953	91,681	4,172	6,429
Non-Current Liabilities				
Finance lease creditors	(34)	(33)	-	-
Interest-bearing loans and borrowings	(35,175)	(28,343)	-	-
Deferred tax liabilities	(833)	(660)	-	-
	(36,042)	(29,036)	-	-
Net Assets	161,935	166,236	48,828	51,107
Equity				
Share capital	40,724	40,719	40,724	40,719
Treasury shares	(317)	(317)	(317)	(317)
Reserves	121,363	125,550	8,421	10,705
	161,770	165,952	48,828	51,107
Non-controlling interest	165	284	-	-
Total Equity	161,935	166,236	48,828	51,107

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 2014		As at 31 Dec 2013	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(22)	-	(19)	-
Interest-bearing loans and borrowings	(3,657)	(462)	(3,666)	(219)
Total	<u>(3,679)</u>	<u>(462)</u>	<u>(3,685)</u>	<u>(219)</u>

Amount repayable after one year

	As at 30 Jun 2014		As at 31 Dec 2013	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditors	(34)	-	(33)	-
Interest-bearing loans and borrowings	(26,867)	(8,308)	(24,393)	(3,950)
Total	<u>(26,901)</u>	<u>(8,308)</u>	<u>(24,426)</u>	<u>(3,950)</u>

Details of any collateral

As at 31 December 2013 and 30 June 2014, the finance lease liabilities were secured by charges over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2013 and 30 June 2014, 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 2013 and 30 June 2014, the unsecured interest bearing loan and borrowing of a subsidiary was covered by corporate guarantee 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			
	2Q 14 US\$'000	2Q 13 US\$'000	1H 14 US\$'000	1H 13 US\$'000
Cash flows from operating activities:				
Profit/(loss) from operations before taxation	2,757	4,052	(538)	9,318
Adjustment for :				
Depreciation of property, plant and equipment	1,135	808	2,177	1,573
Depreciation of investment properties	11	11	22	21
Loss/(gain) on disposal of property, plant and equipment	67	(5)	60	(16)
Loss on disposal of investment property	78	-	78	-
Interest income	(33)	(22)	(60)	(95)
Interest expenses	178	52	290	115
Exchange realignment	1,457	(734)	624	(850)
Share of (profit)/loss of associates	(461)	25	(365)	(9)
Impairment/(write back) for doubtful receivables	537	(36)	537	(36)
Inventories written down	52	10	84	62
Value of employee services received for issue of share options	53	144	160	215
Provision for restructuring costs	-	-	600	-
Operating profit before working capital changes	5,831	4,305	3,669	10,298
(Increase)/decrease in trade and other receivables	(1,604)	6,441	2,214	(3,230)
(Increase)/decrease in inventories	(3,134)	6,199	(8,390)	(20,123)
(Decrease)/increase in trade and other payables	(4,223)	(17,094)	(2,691)	12,964
Cash flows used in operations	(3,130)	(149)	(5,198)	(91)
Income taxes paid	(203)	(563)	(467)	(407)
Net cash flows used in operating activities	(3,333)	(712)	(5,665)	(498)
Cash flows from investing activities				
Interest income received	33	22	60	95
Purchase of property, plant and equipment	(7,439)	(8,217)	(9,549)	(14,142)
Purchase of investment property	-	(530)	-	(530)
Subsequent expenditure on investment property	(1,325)	-	(2,260)	-
Proceeds from disposal of property, plant and equipment	-	20	40	61
Proceeds from disposal of investment property	952	-	952	-
Dividends income from an associate	-	-	50	-
Capital injection in an associate	-	(1)	-	(1)
Net cash flows used in investing activities	(7,779)	(8,706)	(10,707)	(14,517)
Cash flows from financing activities				
Interest expenses paid	(178)	(52)	(290)	(115)
Proceeds from issuance of shares	-	78	5	201
Dividends paid to shareholders of the Company	(2,388)	(5,316)	(2,388)	(5,316)
Capital injection from non-controlling interest of a subsidiary	-	-	90	-
Increase in bills payable to bank	723	-	723	-
Repayment of interest-bearing loans and borrowings	(276)	(276)	(549)	(554)
Proceeds from interest-bearing loans and borrowings	2,323	4,473	7,487	4,473
Repayment of obligation under financial leases	(6)	(5)	(11)	(21)
Proceeds from obligation under financial lease	15	-	15	-
Net cash flows generated from/(used in) financing activities	213	(1,098)	5,082	(1,332)
Net decrease in cash and cash equivalents	(10,899)	(10,516)	(11,290)	(16,347)
Effect of exchange rate changes on cash and cash equivalents	(71)	144	(18)	250
Cash and cash equivalents at beginning of the period	27,326	40,871	27,664	46,596
Cash and cash equivalents at end of the period	16,356	30,499	16,356	30,499

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 14

	Attributable to equity shareholders of the Company								
	Share capital	Treasury shares	Foreign currency translation reserve	Asset revaluation reserve	Share-based payment reserve	Accumulated profits	Total	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 14	40,724	(317)	(5,070)	60	1,698	122,479	159,574	270	159,844
Profit for the period	-	-	-	-	-	2,659	2,659	(105)	2,554
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	1,456	-	-	-	1,456	-	1,456
Share of other comprehensive income of associates	-	-	416	-	-	-	416	-	416
Total comprehensive income/(loss) for the period	-	-	1,872	-	-	2,659	4,531	(105)	4,426
<u>Contributions by and distributions to owners</u>									
Value of employee services received for issue of share options	-	-	-	-	53	-	53	-	53
Dividends paid to equity shareholders of the Company	-	-	-	-	-	(2,388)	(2,388)	-	(2,388)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	-	53	(2,388)	(2,335)	-	(2,335)
Balance as at 30 June 14	40,724	(317)	(3,198)	60	1,751	122,750	161,770	165	161,935

The Group – 2Q 13

	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 April 13	40,587	(317)	372	60	1,207	124,672	166,581	(52)	166,529
Profit for the period	-	-	-	-	-	3,696	3,696	(89)	3,607
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(1,030)	-	-	-	(1,030)	-	(1,030)
Share of other comprehensive loss of associates	-	-	(418)	-	-	-	(418)	-	(418)
Total comprehensive (loss)/income for the period	-	-	(1,448)	-	-	3,696	2,248	(89)	2,159
<u>Contributions by and distributions to owners</u>									
Value of employee services received for issue of share options	-	-	-	-	144	-	144	-	144
Issuance of new shares	78	-	-	-	-	-	78	-	78
Dividends paid to equity shareholders of the Company	-	-	-	-	-	(5,316)	(5,316)	-	(5,316)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	78	-	-	-	144	(5,316)	(5,094)	-	(5,094)
Balance as at 30 June 13	40,665	(317)	(1,076)	60	1,351	123,052	163,735	(141)	163,594

The Group – 1H 14

	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 14	40,719	(317)	(1,578)	60	1,591	125,477	165,952	284	166,236
Loss for the period	-	-	-	-	-	(339)	(339)	(209)	(548)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(1,392)	-	-	-	(1,392)	-	(1,392)
Share of other comprehensive loss of associates	-	-	(228)	-	-	-	(228)	-	(228)
Total comprehensive loss for the period	-	-	(1,620)	-	-	(339)	(1,959)	(209)	(2,168)
<u>Contributions by and distributions to owners</u>									
Value of employee services received for issue of share options	-	-	-	-	160	-	160	-	160
Issuance of new shares	5	-	-	-	-	-	5	-	5
Dividends paid to equity shareholders of the Company	-	-	-	-	-	(2,388)	(2,388)	-	(2,388)
Total contributions by and distributions to owners	5	-	-	-	160	(2,388)	(2,223)	-	(2,223)
<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	-	-	-	-	-	-	-	90	90
Total transactions with owners in their capacity as owners	5	-	-	-	160	(2,388)	(2,223)	90	(2,133)
Balance as at 30 June 14	40,724	(317)	(3,198)	60	1,751	122,750	161,770	165	161,935

The Group – 1H 13

	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 13	40,464	(317)	974	60	1,136	119,097	161,414	6	161,420
Profit for the period	-	-	-	-	-	9,271	9,271	(147)	9,124
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(1,463)	-	-	-	(1,463)	-	(1,463)
Share of other comprehensive loss of associates	-	-	(587)	-	-	-	(587)	-	(587)
Total comprehensive (loss)/income for the period	-	-	(2,050)	-	-	9,271	7,221	(147)	7,074
<u>Contributions by and distributions to owners</u>									
Value of employee services received for issue of share options	-	-	-	-	215	-	215	-	215
Issuance of new shares	201	-	-	-	-	-	201	-	201
Dividends paid to equity shareholders of the Company	-	-	-	-	-	(5,316)	(5,316)	-	(5,316)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	201	-	-	-	215	(5,316)	(4,900)	-	(4,900)
Balance as at 30 June 13	40,665	(317)	(1,076)	60	1,351	123,052	163,735	(141)	163,594

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 14	40,724	(317)	4,111	1,698	4,642	50,858
Profit for the period	-	-	-	-	253	253
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	52	-	-	52
Total comprehensive income for the period	-	-	52	-	253	305
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	53	-	53
Issuance of new shares	-	-	-	-	-	-
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,388)	(2,388)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	53	(2,388)	(2,335)
Balance as at 30 June 14	40,724	(317)	4,163	1,751	2,507	48,828
Balance as at 1 April 13	40,587	(317)	4,130	1,207	5,311	50,918
Profit for the period	-	-	-	-	141	141
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	12	-	-	12
Total comprehensive income for the period	-	-	12	-	141	153
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	144	-	144
Issuance of new shares	78	-	-	-	-	78
Dividends paid to equity shareholders of the Company	-	-	-	-	(5,316)	(5,316)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	78	-	-	144	(5,316)	(5,094)
Balance as at 30 June 13	40,665	(317)	4,142	1,351	136	45,977

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 14	40,719	(317)	4,093	1,591	5,021	51,107
Loss for the period	-	-	-	-	(126)	(126)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	70	-	-	70
Total comprehensive income/(loss) for the period	-	-	70	-	(126)	(56)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	160	-	160
Issuance of new shares	5	-	-	-	-	5
Dividends paid to equity shareholders of the Company	-	-	-	-	(2,388)	(2,388)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	5	-	-	160	(2,388)	(2,223)
Balance as at 30 June 14	40,724	(317)	4,163	1,751	2,507	48,828
Balance as at 1 January 13	40,464	(317)	4,234	1,136	5,682	51,199
Loss for the period	-	-	-	-	(230)	(230)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(92)	-	-	(92)
Total comprehensive loss for the period	-	-	(92)	-	(230)	(322)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	215	-	215
Issuance of new shares	201	-	-	-	-	201
Dividends paid to equity shareholders of the Company	-	-	-	-	(5,316)	(5,316)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	201	-	-	215	(5,316)	(4,900)
Balance as at 30 June 13	40,665	(317)	4,142	1,351	136	45,977

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: -

	FY 2014	FY 2013
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan	533,721,999	532,993,999
Issued for cash under employee share option scheme		
- at the exercise price of S\$0.335 each	20,000	220,000
- at the exercise price of S\$0.505 each	-	70,000
- at the exercise price of S\$0.315 each	-	140,000
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	<u>532,740,999</u>	<u>532,422,999</u>
- at the exercise price of S\$0.335 each	-	230,000
- at the exercise price of S\$0.315 each	-	68,000
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	<u><u>532,740,999</u></u>	<u><u>532,720,999</u></u>
<u>Share Option - exercise price of S\$0.229</u>		
Balance as at 1 Jan and 31 Mar	100,000	100,000
Options lapsed during the period	(100,000)	-
Balance as at 30 Jun	<u><u>-</u></u>	<u><u>100,000</u></u>
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan	3,110,000	3,560,000
Options exercised during the period	(20,000)	(220,000)
Balance as at 31 Mar	<u>3,090,000</u>	<u>3,340,000</u>
Options exercised during the period	-	(230,000)
Balance as at 30 Jun	<u><u>3,090,000</u></u>	<u><u>3,110,000</u></u>
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,880,000	3,950,000
Options exercised during the period	-	(70,000)
Balance as at 31 Mar and 30 Jun	<u><u>3,880,000</u></u>	<u><u>3,880,000</u></u>
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	3,922,000	4,130,000
Options exercised during the period	-	(140,000)
Balance as at 31 Mar	<u>3,922,000</u>	<u>3,990,000</u>
Options exercised during the period	-	(68,000)
Balance as at 30 Jun	<u><u>3,922,000</u></u>	<u><u>3,922,000</u></u>
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan	4,880,000	-
Granted to eligible participants on 8 March 2013	-	4,880,000
Balance as at 31 Mar and 30 Jun	<u><u>4,880,000</u></u>	<u><u>4,880,000</u></u>

Out of the 15,772,000 outstanding share options on 30 June 2014 (30 June 2013: 15,892,000), 15,772,000 (30 June 2013: 11,012,000) share options are exercisable.

Treasury Shares

As at 30 June 2014, the total number of treasury shares held was 1,001,000 (30 June 2013: 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	
	As at 30 Jun 2014	As at 31 Dec 2013
Issued ordinary shares	532,740,999	532,720,999

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 2013, except for the adoption of new/revised FRS which came into effect on 1 January 2014.

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 14	2Q 13	1H 14	1H 13
Earnings/(Loss) per share				
Based on existing issued share capital (USD cents)	0.50	0.69	(0.06)	1.74
On a fully diluted basis (USD cents)	0.50	0.69	(0.06)	1.73

	Group		Group	
	2Q 14	2Q 13	1H 14	1H 13
Weighted average number of shares table				
Weighted average number of shares for calculation of basic EPS	532,740,999	532,696,427	532,731,717	532,462,954
Weighted average number of shares for calculation of diluted EPS	534,605,453	536,210,652	534,608,152	536,915,628

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-14	31-Dec-13	30-Jun-14	31-Dec-13
Net asset value per ordinary share (USD cents)	30.37	31.15	9.17	9.59

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 2014 ("1H2014") was US\$119.4 million, a year-on-year ("yoy") decline of 2.7% over the US\$122.7 million revenue recorded in 1H2013. The Group registered a net loss of US\$0.5 million for 1H2014, compared with a profit after tax of US\$9.1 million in 1H2013. Excluding the impact of foreign exchange losses, net profit after tax for 1H2014 would have been US\$5.6 million.

On a quarterly basis, revenue for the second quarter ended 30 June 2014 ("2Q2014") decreased 7.7% to US\$59.3 million. Profit after tax for the quarter declined by 29.2% to US\$2.6 million.

Revenue by Region (US\$'000)

	Group			Group		
	2Q 14 US\$'000	2Q 13 US\$'000	Increase/ (Decrease) %	1H 14 US\$'000	1H 13 US\$'000	Increase/ (Decrease) %
Russia	33,057	37,553	(12.0)	70,194	73,955	(5.1)
Eastern Europe and Central Asia	17,346	19,711	(12.0)	34,104	37,356	(8.7)
Other Markets	8,868	6,982	27.0	15,061	11,363	32.5
Total	59,271	64,246	(7.7)	119,359	122,674	(2.7)

In 1H2014, sales to the Group's largest region, Russia, decreased by 5.1% to US\$70.2 million compared to US\$74.0 million in 1H2013.

In the Group's Eastern Europe and Central Asia region (comprising Ukraine, Kazakhstan and the CIS Countries), sales declined by 8.7% from US\$37.4 million in 1H2013 to US\$34.1 million in 1H2014 due to weakening of Ukrainian Hryvnia and Kazakhstan Tenge against the US dollar.

Sales to the Group's Other Markets grew by 32.5% from US\$11.4 million in 1H2013 to US\$15.1 million in 1H2014, due to higher sales in China, Philippines, Malaysia, Vietnam, Nepal and Europe.

On a quarterly basis, the Group's revenue in 2Q2014 was US\$59.3 million, a decrease of 7.7% compared to 2Q2013. Of its 3 largest markets, Russia's revenue decreased 12.0% compared to the same quarter in 2013. Sales to the Group's Eastern Europe and Central Asia region decreased by 12.0% for the quarter; while sales for Other Markets increased by 27.0% for the quarter.

Profitability

For 1H2014, the Group recorded a net loss of US\$0.5 million as compared to a profit after tax of US\$9.1 million in 1H2013 mainly due to the substantial depreciation of the currencies of its two largest markets, Russia and Ukraine.

The ongoing political uncertainty in two of the Group's key markets, Russia and Ukraine, which began in late 2013 has escalated into an international crisis by March 2014. This resulted in a sharp devaluation of the Ukrainian Hryvnia against the US dollar due to the heightened economic uncertainty. The crisis has also hastened the weakening of the Russian Ruble against the US dollar during the period.

In 1H2014, the Russian Ruble weakened from 32.7 Ruble per US dollar on 31 December 2013 to 33.6 Ruble per US dollar on 30 June 2014. Over the same period, Ukrainian Hryvnia weakened from 8.24 Hryvnia to 11.85 Hryvnia per US dollar. As the Group is economically exposed to both markets, it is negatively affected by the revaluation of its outstanding trade receivables denominated in currencies other than the US dollar.

Apart from foreign exchange losses, the net loss was also due to the following: -

- 1) Staff costs increased due to higher salaries and higher headcount arising from newly acquired and newly set up companies.
- 2) One-off provision for staff compensation due to corporate restructuring.
- 3) Costs associated with investments in new markets.
- 4) Start-up costs associated with the Group's upstream green-field projects.

For 2Q2014, the Group's profit after tax was US\$2.6 million compared to US\$3.6 million in 2Q2013, a decrease of 29.2%.

Balance Sheet & Cashflow

The decrease in prepaid operating expenses and other debtors from US\$6.9 million as at 31 December 2013 to US\$5.5 million as at 30 June 2014 was mainly due to prepayments made for purchase of equipments and machineries.

Other payables decreased from US\$5.9 million as at 31 December 2013 to US\$4.6 million as at 30 June 2014 due to revaluation gain on promissory note denominated in Ukrainian Hryvnia, and settlement of payables for plant and machinery, construction of building and factories.

Inventories increased from US\$43.0 million as at 31 December 2013 to US\$51.3 million as at 30 June 2014, because of the stock-up of inventories.

The Group's borrowings were US\$39.4 million as at 30 June 2014, compared to US\$32.3 million as at 31 December 2013. This increase was largely attributed to additional loans taken up for the Group's upstream green-field projects and its investment property at 81 Playfair Road.

There was a net operating cash outflow of US\$5.7 million in 1H2014, compared to a net operating cash outflow of US\$0.5 million in 1H2013, largely due to the weakening of the Russian Ruble and the Ukrainian Hryvnia against the US dollar; and the stock-up of inventories. The Group's cash and cash equivalents was US\$16.4 million as at 30 June 2014, compared to US\$27.7 million as at 31 December 2013.

The Group's net assets as at 30 June 2014 were US\$161.9 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 June 2014 was 30.37 US cents compared to 31.15 US cents as at 31 December 2013.

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.

In July 2014, the United States and Europe have agreed to impose wider economic sanctions against Russia, which include its defense, energy and financial sectors. This came amid worries that Moscow is stepping up its intervention in Ukraine. This resulted in a negative impact on the Russian Ruble and Ukrainian Hryvnia against the US dollar during the period and may cause further weakening in future foreign exchange rate.

In August 2014, Russian government announced retaliatory sanctions on import of some food items from EU and US. However, the Group's operations are currently not affected by these sanctions as the Group does not source food materials from the sanctioned countries.

The Group's non-dairy creamer plant and snack factory in Malaysia have commenced commercial production, while its beverage manufacturing facility is expected to begin delivering orders by 3Q2014. The Group's other project, an instant coffee plant in India, is on track for completion by early 2015.

The Group continues to be on the lookout for M&A opportunities that are in line with its overall strategy for diversification and growth.

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 of the 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 2014 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
12 August 2014