

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

Food Empire Holdings Limited and its Subsidiaries

Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2024

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

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FOOD EMPIRE HOLDINGS LIMITED
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Interim consolidated income statement

	Note	Group		Increase/ (Decrease) %
		1H 24 US\$'000	1H 23 US\$'000	
Revenue	5	225,246	198,246	13.6
Cost of sales		(157,621)	(128,739)	22.4
Gross profit		67,625	69,507	(2.7)
Selling and marketing expenses		(17,378)	(15,737)	10.4
General and administrative expenses		(21,783)	(19,214)	13.4
Results from operating activities		28,464	34,556	(17.6)
Net other income/(expenses)	7	538	(759)	NM
Net finance income	8	464	170	172.9
Share of losses of associates and joint venture		(283)	(99)	185.9
Profit before taxation	9	29,183	33,868	(13.8)
Income tax expense	11	(5,964)	(7,227)	(17.5)
Profit for the period		23,219	26,641	(12.8)
Profit/(loss) attributable to:				
Equity shareholders of the Company		23,648	26,662	(11.3)
Non-controlling interest		(429)	(21)	1,942.9
		23,219	26,641	(12.8)

NM denotes not meaningful.

Interim consolidated statement of comprehensive income

	Group		
	1H 24	1H 23	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit for the period	23,219	26,641	(12.8)
<u>Other comprehensive income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation loss	(1,205)	(12,202)	(90.1)
Share of other comprehensive income of associates and joint venture	643	(26)	NM
Other comprehensive income for the period, net of tax	(562)	(12,228)	(95.4)
Total comprehensive income for the period	22,657	14,413	57.2
Total comprehensive income attributable to:			
Equity shareholders of the Company	23,268	14,434	61.2
Non-controlling interest	(611)	(21)	2,809.5
	22,657	14,413	57.2

Interim balance sheet

	Note	Group		Company	
		30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
		US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets					
Property, plant and equipment	16	110,336	103,341	-	-
Right-of-use assets		10,836	11,592	172	215
Investments in subsidiaries		-	-	44,485	44,485
Investments in associates and joint venture		9,215	12,625	-	-
Amount due from joint venture (non-trade)		-	4,040	-	-
Other receivables		677	389	-	-
Intangible assets	15	10,076	8,800	-	-
Deferred tax assets		4,653	3,861	-	-
		145,793	144,648	44,657	44,700
Current Assets					
Inventories		113,979	76,720	-	-
Trade receivables		46,856	38,161	-	-
Prepaid operating expenses		8,545	5,872	27	24
Deposits		660	654	-	-
Other receivables		3,266	4,240	9	10
Amounts due from subsidiaries (non-trade)		-	-	1,120	14,331
Amounts due from associates and joint venture (non-trade)		1,118	1,133	-	-
Amounts due from related parties (trade)		364	191	-	-
Cash and cash equivalents		75,837	131,286	1,415	37,649
		250,625	258,257	2,571	52,014
Current Liabilities					
Trade payables and accruals		(51,369)	(49,770)	(688)	(6,097)
Lease liabilities	17	(2,235)	(2,170)	(38)	(39)
Interest-bearing loans and borrowings	17	(22,777)	(15,033)	-	-
Other payables		(5,498)	(3,683)	-	(281)
Amount due to a subsidiary (non-trade)		-	-	(20)	(21)
Amount due to a related party (non-trade)		(792)	(792)	-	-
Amount due to joint venture (non-trade)		-	(178)	-	-
Amounts due to associates (trade)		(255)	(188)	-	-
Income tax payable		(5,595)	(5,009)	(180)	(103)
		(88,521)	(76,823)	(926)	(6,541)
Net Current Assets		162,104	181,434	1,645	45,473
Non-Current Liabilities					
Lease liabilities	17	(1,894)	(2,507)	(56)	(77)
Interest-bearing loans and borrowings	17	(15,646)	(21,387)	-	-
Amount due to non-controlling interest		(3,960)	-	-	-
Deferred tax liabilities		(6,793)	(7,695)	-	-
		(28,293)	(31,589)	(56)	(77)
Net Assets		279,604	294,493	46,246	90,096
Equity					
Share capital	18	47,502	47,502	47,502	47,502
Treasury shares		(15,557)	(14,001)	(15,557)	(14,001)
Reserves		245,724	262,141	14,301	56,595
		277,669	295,642	46,246	90,096
Non-controlling interest		1,935	(1,149)	-	-
Total Equity		279,604	294,493	46,246	90,096

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Interim statements of changes in equity

Group	Attributable to equity shareholders of the Company								
	Note	Share capital	Treasury shares	Foreign currency translation 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
Balance as at 1 January 2024		47,502	(14,001)	(26,854)	3,939	285,056	295,642	(1,149)	294,493
Profit/(loss) for the period		-	-	-	-	23,648	23,648	(429)	23,219
<u>Other comprehensive income</u>									
Foreign currency translation loss		-	-	(1,023)	-	-	(1,023)	(182)	(1,205)
Share of other comprehensive income of associates and joint venture		-	-	643	-	-	643	-	643
Total comprehensive income for the period		-	-	(380)	-	23,648	23,268	(611)	22,657
<u>Contributions by and distributions to owners</u>									
Dividends paid to shareholders of the Company	12	-	-	-	-	(39,158)	(39,158)	-	(39,158)
Exercise of share options		-	4,096	-	(1,106)	-	2,990	-	2,990
Purchase of treasury shares		-	(5,652)	-	-	-	(5,652)	-	(5,652)
Value of employee services received from the issuance of share options and share awards		-	-	-	579	-	579	-	579
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		-	(1,556)	-	(527)	(39,158)	(41,241)	-	(41,241)
<u>Others</u>									
Acquisition of a subsidiary without a change in ownership interest but a change in control		-	-	-	-	-	-	3,695	3,695
Total Others		-	-	-	-	-	-	3,695	3,695
Balance as at 30 June 2024		47,502	(15,557)	(27,234)	3,412	269,546	277,669	1,935	279,604

Interim statements of changes in equity (cont'd)

Group	Attributable to equity shareholders of the Company							
	Share capital	Treasury shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated profits	Total	Non-controlling interest	Total equity
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2023	46,168	(6,569)	(12,404)	3,667	245,842	276,704	(1,105)	275,599
Profit/(loss) for the period	-	-	-	-	26,662	26,662	(21)	26,641
<u>Other comprehensive income</u>								
Foreign currency translation loss	-	-	(12,202)	-	-	(12,202)	-	(12,202)
Share of other comprehensive income of associates and joint venture	-	-	(26)	-	-	(26)	-	(26)
Total comprehensive income for the period	-	-	(12,228)	-	26,662	14,434	(21)	14,413
<u>Contributions by and distributions to owners</u>								
Dividends paid to shareholders of the Company	12	-	-	-	(17,294)	(17,294)	-	(17,294)
Exercise of share options		1,334	-	(317)	-	1,017	-	1,017
Purchase of treasury shares		-	(3,373)	-	-	(3,373)	-	(3,373)
Value of employee services received from the issuance of share options and share awards		-	-	291	-	291	-	291
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		1,334	(3,373)	-	(17,294)	(19,359)	-	(19,359)
Balance as at 30 June 2023	47,502	(9,942)	(24,632)	3,641	255,210	271,779	(1,126)	270,653

Interim statements of changes in equity (cont'd)

Company	Note	Share	Treasury	Foreign	Share-	Accumulated	Total
		capital	shares	currency	based		
		US\$'000	US\$'000	translation	payment	profits	Equity
		US\$'000	US\$'000	reserve	reserve	US\$'000	US\$'000
Balance as at 1 January 2024		47,502	(14,001)	1,415	3,939	51,241	90,096
Loss for the period		-	-	-	-	(1,394)	(1,394)
<u>Other comprehensive income</u>							
Foreign currency translation loss		-	-	(1,215)	-	-	(1,215)
Total comprehensive income for the period		-	-	(1,215)	-	(1,394)	(2,609)
<u>Contributions by and distributions to owners</u>							
Dividends paid to shareholders of the Company	12	-	-	-	-	(39,158)	(39,158)
Exercise of share options			4,096	-	(1,106)	-	2,990
Purchase of treasury shares		-	(5,652)	-	-	-	(5,652)
Value of employee services received from the issuance of share options and share awards		-	-	-	579	-	579
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		-	(1,556)	-	(527)	(39,158)	(41,241)
Balance as at 30 June 2024		47,502	(15,557)	200	3,412	10,689	46,246
Balance as at 1 January 2023		46,168	(6,569)	913	3,667	26,956	71,135
Loss for the period		-	-	-	-	(1,140)	(1,140)
<u>Other comprehensive income</u>							
Foreign currency translation loss		-	-	(64)	-	-	(64)
Total comprehensive income for the period		-	-	(64)	-	(1,140)	(1,204)
<u>Contributions by and distributions to owners</u>							
Dividends paid to shareholders of the Company	12	-	-	-	-	(17,294)	(17,294)
Exercise of share options		1,334	-	-	(317)	-	1,017
Purchase of treasury shares		-	(3,373)	-	-	-	(3,373)
Value of employee services received from the issuance of share options and share awards		-	-	-	291	-	291
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		1,334	(3,373)	-	(26)	(17,294)	(19,359)
Balance as at 30 June 2023		47,502	(9,942)	849	3,641	8,522	50,572

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Interim consolidated cash flow statement

	Note	Group	
		1H 24 US\$'000	1H 23 US\$'000
Cash flows from operating activities			
Profit before taxation		29,183	33,868
Adjustment for :			
Depreciation of property, plant and equipment	9	4,286	4,362
Depreciation of right-of-use assets	9	1,223	1,282
Loss/(gain) on disposal of property, plant and equipment	7	8	(9)
Interest income	8	(2,216)	(1,918)
Interest expenses	8	1,752	1,748
Exchange realignment		(727)	(2,274)
Share of losses of associates and joint venture		283	99
Impairment loss/(write-back of impairment loss) on trade receivables	9	24	(98)
Impairment loss on other receivables	9	10	1
Inventories written-down	9	850	27
Value of employee services received from the issuance of share options and share awards		579	291
Operating cash flows before changes in working capital		35,255	37,379
<u>Changes in working capital:</u>			
Increase in trade and other receivables		(7,232)	(2,590)
Increase in inventories		(29,739)	(11,076)
Increase/(decrease) in trade and other payables		128	(7,318)
Cash flows from operations		(1,588)	16,395
Income taxes paid		(6,434)	(5,518)
Net cash flows (used in)/from operating activities		(8,022)	10,877
Cash flows from investing activities			
Interest received		2,860	1,190
Purchase of property, plant and equipment		(7,906)	(7,346)
Loan to joint venture		-	(2,000)
Proceeds from disposal of property, plant and equipment		28	12
Net cash inflow on acquisition of a subsidiary without a change in ownership interest but a change in control		1,444	-
Net cash flows used in investing activities		(3,574)	(8,144)
Cash flows from financing activities			
Interest paid		(1,935)	(1,831)
Dividends paid to shareholders of the Company	12	(39,158)	(17,294)
Repayment of principal portion of interest-bearing loans and borrowings		(27,563)	(48,236)
Proceeds from interest-bearing loans and borrowings		29,595	49,891
Payment of principal portion of lease liabilities		(1,083)	(1,013)
Proceeds from issuance of shares		-	1,017
Purchase of treasury shares		(5,652)	(3,373)
Proceed from reissuance of treasury shares pursuant to equity compensation plan		2,990	-
Net cash flows used in financing activities		(42,806)	(20,839)
Net decrease in cash and cash equivalents		(54,402)	(18,106)
Effect of exchange rate changes on cash and cash equivalents		(1,047)	(925)
Cash and cash equivalents at beginning of the period		131,286	125,596
Cash and cash equivalents at end of the period		75,837	106,565

Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding.

2. Summary of significant accounting policies

a. Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2(b).

The Company's functional currency is Singapore Dollars ("S\$" or "SGD") while the condensed interim consolidated financial statements are presented in United States Dollars ("US\$" or "USD"). The Group adopted USD as the presentation currency as it is more reflective of the business operations of the Group, where transactions are mostly in USD.

b. Adoption of new and amended standards and interpretations

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

3. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual financial statements for the financial year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no significant judgement made in the process of applying the Group's accounting policies for the six months ended 30 June 2024.

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4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

5. Revenue and segment information

5.1 Revenue

Disaggregation of revenue

	Sale of goods		Rental income		Other revenue		Total revenue	
	1H 24	1H 23	1H 24	1H 23	1H 24	1H 23	1H 24	1H 23
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Russia	68,067	70,608	-	-	-	-	68,067	70,608
South-East Asia	61,811	45,834	-	-	3	23	61,814	45,857
Ukraine, Kazakhstan and CIS	57,298	49,507	3	2	-	-	57,301	49,509
South Asia	29,556	21,729	-	-	-	-	29,556	21,729
Others	8,428	10,455	-	-	80	88	8,508	10,543
Total	225,160	198,133	3	2	83	111	225,246	198,246

Timing of transfer of goods or services

At a point in time	225,160	198,133	-	-	83	111
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5.2 Segment information

For management purposes, the Group is organised into five reportable segments based on geographical locations. The five main segments are:

- (i) Russia
- (ii) South-East Asia
- (iii) Ukraine, Kazakhstan and CIS
- (iv) South Asia
- (v) Others

In presenting information on the basis of geographical segments, the segment revenue and results for sale of ingredients are based on the physical location of the factories.

For all other sales, the segment revenue and results are based on the geographical locations of the customers. This is consistent with the manner which the Group's chief operating decision makers review the segment results of the Group.

The Group regularly reviews each reportable segment results for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the consolidated financial statements.

Transfer pricing between operating parties, are on arm's length basis in a manner similar to transactions with third parties.

5.2 Segment information (cont'd)

	Russia		South-East Asia		Ukraine, Kazakhstan and CIS		South Asia		Others		Total	
	1H 24	1H 23	1H 24	1H 23	1H 24	1H 23	1H 24	1H 23	1H 24	1H 23	1H 24	1H 23
	US\$'000		US\$'000		US\$'000		US\$'000		US\$'000		US\$'000	
Revenue												
Total segment sales	69,515	77,712	144,166	116,659	57,301	49,509	42,676	32,013	8,508	10,543	322,166	286,436
Inter-segment sales ^(a)	(1,448)	(7,104)	(82,352)	(70,802)	-	-	(13,120)	(10,284)	-	-	(96,920)	(88,190)
Segment sales to external customers	68,067	70,608	61,814	45,857	57,301	49,509	29,556	21,729	8,508	10,543	225,246	198,246
Results :												
Segment results	7,227	16,290	8,639	7,060	10,954	10,597	9,158	6,156	(1)	(446)	35,977	39,657
Interest income	891	742	452	370	602	542	196	165	75	99	2,216	1,918
Interest expenses	(415)	(376)	(202)	(75)	(83)	(26)	(1,051)	(1,266)	(1)	(5)	(1,752)	(1,748)
Share of profits/(losses) of associates and joint venture	266	136	-	-	(62)	798	(487)	-	-	(1,033)	(283)	(99)
Income tax expense	(871)	(2,284)	(1,969)	(2,687)	(959)	(1,214)	(2,100)	(1,013)	(65)	(29)	(5,964)	(7,227)
Non-controlling interest	1	1	-	-	409	-	-	-	19	20	429	21
Depreciation of property, plant and equipment	(471)	(490)	(1,442)	(1,368)	(252)	(219)	(2,107)	(2,271)	(14)	(14)	(4,286)	(4,362)
Depreciation of right-of-use assets	(730)	(858)	(221)	(192)	(182)	(144)	(73)	(67)	(17)	(21)	(1,223)	(1,282)
Other non-cash expenses ^(b)	(829)	(95)	(430)	(138)	(115)	11	(70)	(17)	(22)	23	(1,466)	(216)
Profit/(loss) attributable to equity shareholders of the Company	5,069	13,066	4,827	2,970	10,312	10,345	3,466	1,687	(26)	(1,406)	23,648	26,662
											30 Jun 2024	31 Dec 2023
											US\$'000	
Segment assets	89,165	66,558	178,023	217,088	48,820	36,352	78,709	75,792	1,701	7,115	396,418	402,905
Investment in associates and joint venture	4,035	3,588	-	-	-	3,714	5,180	-	-	5,323	9,215	12,625
Additions to non-current assets	1,124	654	6,339	10,822	250	321	732	1,555	2	2	8,447	13,354
Segment liabilities	(14,321)	(16,637)	(58,274)	(51,129)	(11,174)	(4,188)	(32,129)	(35,594)	(916)	(864)	(116,814)	(108,412)

5.2 Segment information (cont'd)

- (a) Inter-segment sales are eliminated on consolidation.
- (b) Other non-cash expenses consist of allowance for doubtful debts, bad debts written off, inventories written down and value of employee services received from the issuance of share options and share awards as presented in the respective notes to the financial statements.

Segment revenue information based on the product segment of external customers are as follows:

	Group	
	1H 24 (US\$'000)	1H 23 (US\$'000)
Beverages	169,492	150,312
Ingredients	41,470	33,202
Others	14,284	14,732
	<u>225,246</u>	<u>198,246</u>

6. Financial assets and financial liabilities

The financial assets and liabilities of the Group are carried at amortised cost. There are no financial assets or liabilities carried at fair value subsequent to initial recognition.

7. Net other income/(expenses)

	Group		Increase/ (Decrease) %
	1H 24 US\$'000	1H 23 US\$'000	
<u>Other income</u>			
Gain on disposal of property, plant and equipment	-	9	NM
Foreign exchange gain	46	-	NM
Sales of scrapped items	197	172	14.5
Insurance claim	9	1	800.0
Other income	294	115	155.7
	<u>546</u>	<u>297</u>	<u>83.8</u>
<u>Other expenses</u>			
Foreign exchange loss	-	(1,056)	NM
Loss on disposal of property, plant and equipment	(8)	-	NM
	<u>(8)</u>	<u>(1,056)</u>	<u>(99.2)</u>
Net other income/(expenses)	<u>538</u>	<u>(759)</u>	<u>NM</u>

8. Net finance income

	Group		
	1H 24	1H 23	Increase/ (Decrease)
	US\$'000	US\$'000	%
Interest income	2,216	1,918	15.5
Interest expenses on:			
- Bank loans	(1,268)	(1,304)	(2.8)
- Others	(484)	(444)	9.0
Net finance income	464	170	172.9

9. Profit before taxation

The following items have been included in arriving at profit before taxation:

	Group		
	1H 24	1H 23	Increase/ (Decrease)
	US\$'000	US\$'000	%
Depreciation of property, plant and equipment	(4,286)	(4,362)	(1.7)
Depreciation of right-of-use assets	(1,223)	(1,282)	(4.6)
Inventories written-down (Impairment loss)/write-back of impairment loss on	(850)	(27)	3,048.1
trade receivables	(24)	98	NM
Impairment loss on other receivables	(10)	(1)	900.0

10. Related party transactions

Sales and purchase of goods and services

The following significant transactions between the Group and related parties took place at terms agreed between the parties:

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	Group	
	1H 24	1H 23
	US\$'000	US\$'000
Group		
Triple Ace Ventures Limited and its subsidiaries ^(a)		
- Lease payments made to Triple Ace Venture Limited and its subsidiaries	630	800
UDI Marketing Sdn Bhd ^(b)		
- Sale of goods	265	310
PT Indokemika Jayatama ^(b)		
- Sale of goods	500	569
Ever Resources International (Hong Kong) Limited ^(b)		
- Purchase of goods	-	4,371
Company		
<u>Subsidiaries</u>		
- Management fees received	465	443

(a) Companies associated to one of the directors and substantial shareholders, Mr Sudeep Nair.

(b) Company associated to Universal Integrated Corporation Consumer Products Pte Ltd., a substantial shareholder of the Group.

11. Taxation

The major components of income tax expense in the interim consolidated income statement are:

	Group		Increase/ (Decrease) %
	1H 24	1H 23	
	US\$'000	US\$'000	
Current income tax			
- Current income taxation	(7,631)	(6,566)	16.2
- Under provision for prior year	(131)	(34)	285.3
Deferred income tax	1,798	(627)	NM
Income tax expense	(5,964)	(7,227)	(17.5)

12. Dividend

	Group and Company	
	1H 24	1H 23
	US\$'000	US\$'000
Ordinary dividends paid:		
Final exempt (one-tier) dividend for 2023: S\$0.0500 (2022: S\$0.0440) per share	19,579	17,294
Special exempt (one-tier) dividend for 2023: S\$0.0500 (2022: S\$Nil) per share	19,579	-

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13. Earnings per share

	Group	
	1H 24	1H 23
Earnings per share		
Basic earnings per share (US cents)	4.49	5.03
Diluted earnings per share (US cents)	4.44	4.96
Weighted average number of shares table		
Weighted average number of shares for calculation of basic EPS	526,574,799	530,010,671
Weighted average number of shares for calculation of diluted EPS	532,509,072	537,187,162

14. Net asset value

	Group		Company	
	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23
Net asset value per ordinary share (US cents)	52.73	56.20	8.78	17.13

15. Intangible assets

As at 30 June 2024, the carrying amount of the intangible assets is US\$10,076,000 (31 December 2023: US\$8,800,000). There were no indicators of impairment as at 30 June 2024.

16. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to US\$8,305,000 (30 June 2023: US\$5,966,000).

17. Interest-bearing loans and borrowings and lease liabilities

Amount repayable in one year or less, or on demand

	As at 30 Jun 2024		As at 31 Dec 2023	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Lease liabilities	(2,235)	-	(2,170)	-
Interest-bearing loans and borrowings	(17,422)	(5,355)	(13,851)	(1,182)
Total	(19,657)	(5,355)	(16,021)	(1,182)

Amount repayable after one year

	As at 30 Jun 2024		As at 31 Dec 2023	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Lease liabilities	(1,894)	-	(2,507)	-
Interest-bearing loans and borrowings	(15,646)	-	(21,387)	-
Total	(17,540)	-	(23,894)	-

As at 31 December 2023 and 30 June 2024, the lease liabilities include the leasehold land, factory and office premises and motor vehicles held by the Company and the subsidiaries of the Group.

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Details of any collateral

As at 31 December 2023 and 30 June 2024, 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 2023 and 30 June 2024, the unsecured interest-bearing loans and borrowings of subsidiaries were covered by corporate guarantees given by the Company.

18.Share capital

	Group and Company			
	As at 30 Jun 2024		As at 31 Dec 2023	
Issued and fully paid:	Number of shares	US\$'000	Number of shares	US\$'000
At 1 January	550,142,999	47,502	548,072,999	46,168
Issued under employee share option	-	-	2,070,000	1,334
At 30 June / 31 December	550,142,999	47,502	550,142,999	47,502

As at 30 June 2024, the Company's total issued shares is 526,574,799 ordinary shares (31 December 2023: 526,054,399) excluding 23,568,200 shares held as treasury shares (31 December 2023: 24,088,600).

(i) Exercise of share options

Out of the 14,055,000 outstanding share options on 30 June 2024 (31 December 2023: 19,410,000), 9,540,000 (31 December 2023: 14,040,000) share options are exercisable.

(ii) Treasury Shares

As at 30 June 2024, the total number of treasury shares held was 23,568,200 (31 December 2023: 24,088,600).

During the financial period ended 30 June 2024, the Company purchased 6,334,600 of treasury shares transacted on the Singapore Exchange Securities Trading Limited and transferred 6,855,000 of treasury shares pursuant to equity compensation plan.

(iii) Subsidiary holdings

The Company's subsidiaries do not hold any shares in the Company during the current financial period reported on.

19.Subsequent events

There are no known subsequent events which have led to adjustments to the condensed interim consolidated financial statements.

Other information required by Listing Rule Appendix 7.2

1. Review

The interim balance sheet of the Group and the Company as at 30 June 2024, the interim statement of changes in equity of the Group and the Company, the interim consolidated income statement and statement of comprehensive income and the interim consolidated cash flow statement for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

3. Review of performance of the Group

Revenue for the six months ended 30 June 2024 (“1H2024”) rose 13.6% to US\$225.2 million from US\$198.2 million in 1H2023. The Group’s net profit after tax was US\$23.2 million in 1H2024 as compared to US\$26.6 million in 1H2023.

Revenue by Segments (US\$’000)

	Group		Increase/ (Decrease)
	1H 24 US\$’000	1H 23 US\$’000	%
Russia	68,067	70,608	(3.6)
South-East Asia	61,814	45,857	34.8
Ukraine, Kazakhstan and CIS	57,301	49,509	15.7
South Asia	29,556	21,729	36.0
Others	8,508	10,543	(19.3)
Total	225,246	198,246	13.6

The Group’s Russia segment declined by US\$2.5 million from US\$70.6 million in 1H2023 to US\$68.1 million in 1H2024 mainly due to the depreciation of the Russian Ruble against the US dollar. The revenue recorded in local currency terms increased by 13.4% mainly due to the combination of higher volume and higher pricing.

Revenue from the Group’s South-East Asia segment rose 34.8% to US\$61.8 million in 1H2024 mainly due to strong sales across the markets in this segment. This was mainly driven by higher contribution from the Group’s Vietnam market as a result of more intense marketing efforts across all channels resulting in higher sales volume.

The Group’s Ukraine, Kazakhstan and CIS segment achieved revenue growth of 15.7% from US\$49.5 million in 1H2023 to US\$57.3 million in 1H2024. The improvement was driven mainly by higher sales across the segments, particularly from the Group’s CIS market in view of higher sales volume and higher pricing.

The Group’s South Asia segment recorded revenue growth of 36.0% from US\$21.7 million in 1H2023 to US\$29.6 million in 1H2024. This was driven by the increase in contribution from both the Group’s freeze dry and spray dry coffee plants in India due to higher sales volume coupled with higher pricing in line with the increase in raw material costs.

Profitability

The Group's net profit after tax decreased from US\$26.6 million in 1H2023 to US\$23.2 million in 1H2024, mainly due to lower profit contribution from the Group's Russia market arising from short term price disruption in the market. This decrease was partly offset by higher contribution from the rest of the Group's segments in spite of higher ingredient prices and higher operating expenses including brand building activities.

For 1H2024, selling and marketing expenses increased by 10.4% to US\$17.4 million from US\$15.7 million in 1H2023. This was mainly attributed to higher manpower cost, particularly in the Group's Vietnam market.

For 1H2024, general and administrative expenses increased by 13.4% to US\$21.8 million from US\$19.2 million in 1H2023. The increase was mainly due to higher manpower cost and inventory obsolescence provision.

Balance Sheet & Cashflow

As at 30 June 2024, the Group's inventories increased by US\$37.3 million to US\$114.0 million. The increased inventory level was to ensure operational continuity due to global supply chain disruptions and geopolitical disturbances.

The Group's trade receivables increased from US\$38.2 million to US\$46.9 million mainly due to higher sales.

The Group's cash and cash equivalents stood at US\$75.8 million as at 30 June 2024, compared to US\$131.3 million as at 31 December 2023 mainly due to dividends paid to shareholders in 2Q2024 coupled with higher working capital requirements.

The Group's net assets as at 30 June 2024 were US\$279.6 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 June 2024 was 52.73 US cents as compared to 56.20 US cents as at 31 December 2023.

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

Not applicable.

5. 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 operating period and the next 12 months

Global markets are facing various challenges including climate change, currency volatility, supply chain disruption, geopolitical tensions and uncertainties in the macroeconomic environment. For the instant beverage industry, these have resulted in higher prices for raw materials. In the Group's Russia market, we are experiencing short term price disruption. Food Empire remains vigilant of any potential impact that these events may have on its business and will continue to conduct periodic reviews and manage its business strategies to mitigate rising raw materials costs.

Despite the tough environment, the Group is cautiously optimistic about the business outlook. The global instant coffee industry is expected to grow at a CAGR of 6.4% from 2023 to reach US\$60.7 billion by 2032, mainly driven by higher demand for convenience foods and wider range of product options for consumers¹.

Food Empire is well positioned to capture this growth with significant projects in the pipeline. In April 2024, the Group completed the expansion of its non-dairy creamer production facilities in Malaysia

¹ [Yahoo! Finance: Instant Coffee Market to Reach \\$60,739.8 million, Globally, by 2032 at 6.4% CAGR: Allied Market Research](#)

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and expects it to reach full utilisation over the next two to three years. The Group also expects to open a second snack production factory in Malaysia by the first half of 2025. The Group is also currently constructing a coffee mix production facility in Kazakhstan, which would be its first facility in Central Asia² when completed by end 2025.

Despite market challenges, the Group expects to maintain its sales performance. It expects its South-East Asia and South Asia segments, which are its fastest growth segments in recent years, to continue on a strong growth trajectory due to the expansion of its production capacities as well as robust consumer demand from emerging economies within these regions.

The Group remains focused on maintaining and growing its market share in its key markets by increasing sales through branding, product development and expanding distribution networks.

6. 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) Record date

Not applicable.

7. If no dividend have been declared/recommended, a statement to that effect and reason for the decision.

No dividend has been declared for the current financial period as the Board deems it appropriate to retain cash for the Group's capital expenditure and future growth.

8. 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 has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

9. 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 under Rule 720(1) of the Listing Manual of the SGX-ST) from all its Directors and Executive Officers.

² SGX announcement: [Food Empire strengthens Central Asia presence with first production facility in Kazakhstan](#)

10. 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 six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

Singapore
12 August 2024