

FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 200001282G)
Second Quarter and First Half Financial Statement and Dividend Announcement for the Period ended 30 June 2019
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 19	2Q 18	Increase/ (Decrease)	1H 19	1H 18	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	67,806	69,316	(2.2)	138,490	141,459	(2.1)
Cost of sales	(42,181)	(42,458)	(0.7)	(84,432)	(85,592)	(1.4)
Gross profit	25,625	26,858	(4.6)	54,058	55,867	(3.2)
Selling and distribution expenses	(9,563)	(12,416)	(23.0)	(19,694)	(24,331)	(19.1)
General and administrative expenses	(9,727)	(9,457)	2.9	(18,897)	(18,299)	3.3
Results from operating activities	6,335	4,985	27.1	15,467	13,237	16.8
Net other income/(expenses) (Note 1)	807	(1,268)	NM	1,691	(353)	NM
Net finance costs (Note 2)	(254)	(152)	67.1	(559)	(266)	110.2
Share of (loss)/profit of associates	(29)	(36)	(19.4)	(1)	242	NM
Profit before taxation (Note 3)	6,859	3,529	94.4	16,598	12,860	29.1
Income tax expense (Note 4)	(1,366)	(1,278)	6.9	(3,528)	(3,502)	0.7
Profit for the period	5,493	2,251	144.0	13,070	9,358	39.7
Profit attributable to:						
Equity shareholders of the Company	5,602	2,336	139.8	13,265	9,526	39.3
Non-controlling interest	(109)	(85)	28.2	(195)	(168)	16.1
	5,493	2,251	144.0	13,070	9,358	39.7

NM denotes not meaningful.

Notes:
1. Net other income/(expenses) comprises:

	Group			Group		
	2Q 19 US\$'000	2Q 18 US\$'000	Increase/ (Decrease) %	1H 19 US\$'000	1H 18 US\$'000	Increase/ (Decrease) %
<u>Other income</u>						
Gain on disposal of assets classified as held for sale	-	408	NM	-	408	NM
Sales of scrapped items	42	81	(48.1)	94	138	(31.9)
Other income	395	297	33.0	810	918	(11.8)
Insurance claim	2	1	100.0	4	2	100.0
Foreign exchange gain	420	-	NM	836	-	NM
	859	787	9.1	1,744	1,466	19.0
<u>Other expenses</u>						
Foreign exchange loss	-	(1,961)	NM	-	(1,556)	NM
Impairment of loan to associates	-	(14)	NM	-	(182)	NM
Loss on disposal of property, plant and equipment	(52)	(13)	300.0	(53)	(14)	278.6
Loss on disposal of an associate	-	(67)	NM	-	(67)	NM
	(52)	(2,055)	(97.5)	(53)	(1,819)	(97.1)
Net other income/(expenses)	807	(1,268)	NM	1,691	(353)	NM

2. Net finance costs comprises:

	Group			Group		
	2Q 19 US\$'000	2Q 18 US\$'000	Increase/ (Decrease) %	1H 19 US\$'000	1H 18 US\$'000	Increase/ (Decrease) %
Interest income	52	165	(68.5)	89	374	(76.2)
<u>Interest expenses on:</u>						
- Bank loans	(244)	(309)	(21.0)	(529)	(632)	(16.3)
- Others	(62)	(8)	675.0	(119)	(8)	1,387.5
	(306)	(317)	(3.5)	(648)	(640)	1.3
Net finance costs	(254)	(152)	67.1	(559)	(266)	110.2

3. Included in profit before taxation are as follows:

	Group			Group		
	2Q 19 US\$'000	2Q 18 US\$'000	Increase/ (Decrease) %	1H 19 US\$'000	1H 18 US\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(1,445)	(1,429)	1.1	(2,932)	(2,770)	5.8
Depreciation of investment properties	(42)	(43)	(2.3)	(84)	(86)	(2.3)
Depreciation of right-of-use assets	(577)	-	NM	(1,022)	-	NM
Inventories written down	(226)	(150)	50.7	(84)	(190)	(55.8)
Write back/(allowance) for doubtful receivables	6	128	(95.3)	(22)	286	NM

4. Included in the taxation is as follows:

	Group			Group		
	2Q 19 US\$'000	2Q 18 US\$'000	Increase/ (Decrease) %	1H 19 US\$'000	1H 18 US\$'000	Increase/ (Decrease) %
Current income tax						
- Current income taxation	(1,344)	(1,118)	20.2	(3,252)	(2,465)	31.9
- Over/(under) provision for prior year	3	-	NM	22	(46)	NM
Deferred income tax	(25)	(160)	(84.4)	(298)	(991)	(69.9)
	(1,366)	(1,278)	6.9	(3,528)	(3,502)	0.7

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

	Group			Group		
	2Q 19 US\$'000	2Q 18 US\$'000	Increase/ (Decrease) %	1H 19 US\$'000	1H 18 US\$'000	Increase/ (Decrease) %
Profit net of tax	5,493	2,251	144.0	13,070	9,358	39.7
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation gain/(loss)	1,254	(3,430)	NM	3,520	(2,510)	NM
Share of other comprehensive income of associates	177	(758)	NM	624	(675)	NM
Exchange differences realised on disposal of an associate	-	8	NM	-	8	NM
Other comprehensive income for the period, net of tax	1,431	(4,180)	NM	4,144	(3,177)	NM
Total comprehensive income for the period	6,924	(1,929)	NM	17,214	6,181	178.5
Total comprehensive income attributable to:						
Equity shareholders of the Company	7,034	(1,844)	NM	17,414	6,349	174.3
Non-controlling interest	(110)	(85)	29.4	(200)	(168)	19.0
	6,924	(1,929)	NM	17,214	6,181	178.5

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 2019 US\$'000	31 Dec 2018 US\$'000	30 Jun 2019 US\$'000	31 Dec 2018 US\$'000
Non-Current Assets				
Property, plant and equipment	93,195	68,932	-	-
Right-of-use assets	6,635	-	-	-
Investment properties	16,174	16,117	-	-
Investments in subsidiaries	-	-	44,635	44,635
Investments in associates	12,015	11,392	-	-
Intangible assets	10,343	10,343	-	-
Deferred tax assets	2,359	2,615	-	-
	140,721	109,399	44,635	44,635
Current Assets				
Cash and cash equivalents	38,466	42,218	35	18
Trade receivables	37,869	32,632	30	18
Deferred expenses	147	178	-	-
Prepaid operating expenses and deposits	8,854	6,844	5	7
Other receivables	2,470	2,403	-	-
Amounts due from subsidiaries (non-trade)	-	-	5,878	8,837
Amount due from an associate (non-trade)	99	77	-	-
Amount due from an associate (trade)	3	-	-	-
Amounts due from related parties (trade)	243	428	-	-
Inventories	54,969	50,537	-	-
	143,120	135,317	5,948	8,880
Current Liabilities				
Trade payables and accruals	(31,523)	(29,731)	(536)	(121)
Lease liabilities	(975)	(61)	-	-
Interest-bearing loans and borrowings	(15,002)	(20,275)	-	-
Other payables	(5,486)	(2,579)	(7)	-
Amounts due to subsidiaries (non-trade)	-	-	(20)	(20)
Amounts due to related parties (non-trade)	(519)	(573)	-	-
Amount due to an associate (non-trade)	(215)	(186)	-	-
Amounts due to associates (trade)	(234)	(161)	-	-
Income tax payable	(952)	(432)	(4)	(7)
	(54,906)	(53,998)	(567)	(148)
Net Current Assets	88,214	81,319	5,381	8,732
Non-Current Liabilities				
Lease liabilities	(1,697)	(569)	-	-
Interest-bearing loans and borrowings	(35,225)	(13,230)	-	-
Deferred tax liabilities	(1,482)	(1,466)	-	-
	(38,404)	(15,265)	-	-
Net Assets	190,531	175,453	50,016	53,367
Equity				
Share capital	41,265	41,202	41,265	41,202
Treasury shares	(317)	(317)	(317)	(317)
Reserves	150,562	135,389	9,068	12,482
	191,510	176,274	50,016	53,367
Non-controlling interest	(979)	(821)	-	-
Total Equity	190,531	175,453	50,016	53,367

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 2019		As at 31 Dec 2018	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Lease liabilities	(975)	-	(61)	-
Interest-bearing loans and borrowings	(5,849)	(9,153)	(9,991)	(10,284)
Total	(6,824)	(9,153)	(10,052)	(10,284)

Amount repayable after one year

	As at 30 Jun 2019		As at 31 Dec 2018	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Lease liabilities	(1,697)	-	(569)	-
Interest-bearing loans and borrowings	(32,824)	(2,401)	(9,661)	(3,569)
Total	(34,521)	(2,401)	(10,230)	(3,569)

Details of any collateral

As at 31 December 2018, the lease liabilities relate to finance lease creditors for leasehold land and motor vehicles held by subsidiaries of the Group. As at 30 June 2019, the lease liabilities include these leasehold land and motor vehicles held by subsidiaries of the Group amounting to US\$0.6 million, with the change in classification arising from the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases.

As at 31 December 2018 and 30 June 2019, 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 2018 and 30 June 2019, the unsecured interest-bearing loans and borrowings of subsidiaries were covered by corporate guarantees given by the Company.

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

	Group		Group	
	2Q 19	2Q 18	1H 19	1H 18
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit from operations before taxation	6,859	3,529	16,598	12,860
Adjustment for :				
Depreciation of property, plant and equipment	1,445	1,429	2,932	2,770
Depreciation of investment properties	42	43	84	86
Depreciation of right-of-use assets	577	-	1,022	-
Gain on disposal of assets classified as held for sale	-	(408)	-	(408)
Loss on disposal of property, plant and equipment	52	13	53	14
Interest income	(52)	(165)	(89)	(374)
Interest expenses	306	317	648	640
Exchange realignment	(478)	1,100	(1,133)	1,092
Share of loss/(profit) of associates	29	36	1	(242)
(Write back)/allowance for doubtful receivables	(6)	(128)	22	(286)
Impairment of loan to associates	-	14	-	182
Inventories written down	226	150	84	190
Loss on disposal of an associate	-	67	-	67
Value of employee services received for issue of share options	246	44	412	95
Operating cash flows before changes in working capital	9,246	6,041	20,634	16,686
<u>Changes in working capital:</u>				
Decrease/(increase) in trade and other receivables	779	5,712	(5,602)	(854)
Increase in inventories	(2,811)	(8,350)	(2,394)	(10,004)
Decrease in trade and other payables	540	633	4,614	3,895
Cash flows from operations	7,754	4,036	17,252	9,723
Income taxes paid	(1,146)	(1,395)	(2,331)	(2,108)
Net cash flows from operating activities	6,608	2,641	14,921	7,615
Cash flows from investing activities				
Interest income received	30	165	165	374
Purchase of property, plant and equipment	(13,035)	(1,736)	(31,524)	(4,065)
Proceeds from disposal of property, plant and equipment	-	8	17	94
Proceeds from disposal of assets classified as held for sale	-	1,052	-	1,052
Net cash flows used in investing activities	(13,005)	(511)	(31,342)	(2,545)
Cash flows from financing activities				
Interest expenses paid	(574)	(317)	(1,107)	(640)
Capital injection from non-controlling interest of a subsidiary	42	-	42	-
Dividends paid to equity shareholders of the Company	(2,638)	(2,397)	(2,638)	(2,396)
Repayment of interest-bearing loans and borrowings	(11,395)	(15,623)	(26,918)	(30,791)
Proceeds from interest-bearing loans and borrowings	19,209	13,439	43,628	28,043
Repayment of obligation under lease liabilities	(506)	(10)	(954)	(19)
Proceeds from obligation under lease liabilities	1	-	24	-
Proceeds from issuance of shares	24	27	48	52
Net cash flows from/(used in) financing activities	4,163	(4,881)	12,125	(5,751)
Net decrease in cash and cash equivalents	(2,234)	(2,751)	(4,296)	(681)
Effect of exchange rate changes on cash and cash equivalents	290	(685)	544	(369)
Cash and cash equivalents at beginning of the period	40,410	45,221	42,218	42,835
Cash and cash equivalents at end of the period	38,466	41,785	38,466	41,785

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 19

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 April 2019	41,234	(317)	(5,294)	2,871	148,350	186,844	(911)	185,933
Profit/(loss) for the period	-	-	-	-	5,602	5,602	(109)	5,493
<u>Other comprehensive income</u>								
Foreign currency translation gain	-	-	1,255	-	-	1,255	(1)	1,254
Share of other comprehensive income of associates	-	-	177	-	-	177	-	177
Total comprehensive income for the period	-	-	1,432	-	5,602	7,034	(110)	6,924
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	246	-	246	-	246
Issuance of new shares	24	-	-	-	-	24	-	24
Exercise of share options	7	-	-	(7)	-	-	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,638)	(2,638)	-	(2,638)
Total contributions by and distributions to owners	31	-	-	239	(2,638)	(2,368)	-	(2,368)
<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	-	-	-	-	-	-	42	42
Total transactions with owners in their capacity as owners	31	-	-	239	(2,638)	(2,368)	42	(2,326)
Balance as at 30 June 2019	41,265	(317)	(3,862)	3,110	151,314	191,510	(979)	190,531

The Group – 2Q 18

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign	Share-based	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
			currency translation reserve US\$'000	payment reserve US\$'000				
Balance as at 1 April 2018	41,125	(317)	(10,206)	2,170	143,391	176,163	(546)	175,617
Profit/(loss) for the period	-	-	-	-	2,336	2,336	(85)	2,251
<u>Other comprehensive income</u>								
Foreign currency translation loss	-	-	(3,430)	-	-	(3,430)	-	(3,430)
Share of other comprehensive income of associates	-	-	(758)	-	-	(758)	-	(758)
Exchange differences realised on disposal of an associate	-	-	8	-	-	8	-	8
Total comprehensive income for the period	-	-	(4,180)	-	2,336	(1,844)	(85)	(1,929)
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	44	-	44	-	44
Issuance of new shares	27	-	-	-	-	27	-	27
Exercise of share options	8	-	-	(8)	-	-	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,397)	(2,397)	-	(2,397)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	35	-	-	36	(2,397)	(2,326)	-	(2,326)
Balance as at 30 June 2018	41,160	(317)	(14,386)	2,206	143,330	171,993	(631)	171,362

The Group – 1H 19

	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
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2019	41,202	(317)	(8,011)	2,713	140,687	176,274	(821)	175,453
Profit/(loss) for the period	-	-	-	-	13,265	13,265	(195)	13,070
<u>Other comprehensive income</u>								
Foreign currency translation gain	-	-	3,525	-	-	3,525	(5)	3,520
Share of other comprehensive income of associates	-	-	624	-	-	624	-	624
Total comprehensive income for the period	-	-	4,149	-	13,265	17,414	(200)	17,214
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	412	-	412	-	412
Issuance of new shares	48	-	-	-	-	48	-	48
Exercise of share options	15	-	-	(15)	-	-	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,638)	(2,638)	-	(2,638)
Total contributions by and distributions to owners	63	-	-	397	(2,638)	(2,178)	-	(2,178)
<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	-	-	-	-	-	-	42	42
Total transactions with owners in their capacity as owners	63	-	-	397	(2,638)	(2,178)	42	(2,136)
Balance as at 30 June 2019	41,265	(317)	(3,862)	3,110	151,314	191,510	(979)	190,531

The Group – 1H 18

	Attributable to equity shareholders of the Company							Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interest US\$'000	
Balance as at 1 January 2018	41,093	(317)	(11,209)	2,126	136,200	167,893	(463)	167,430
Profit/(loss) for the period	-	-	-	-	9,526	9,526	(168)	9,358
<u>Other comprehensive income</u>								
Foreign currency translation loss	-	-	(2,510)	-	-	(2,510)	-	(2,510)
Share of other comprehensive income of associates	-	-	(675)	-	-	(675)	-	(675)
Exchange differences realised on disposal of an associate	-	-	8	-	-	8	-	8
Total comprehensive income for the period	-	-	(3,177)	-	9,526	6,349	(168)	6,181
<u>Contributions by and distributions to owners</u>								
Value of employee services received for issue of share options	-	-	-	95	-	95	-	95
Issuance of new shares	52	-	-	-	-	52	-	52
Exercise of share options	15	-	-	(15)	-	-	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,396)	(2,396)	-	(2,396)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	67	-	-	80	(2,396)	(2,249)	-	(2,249)
Balance as at 30 June 2018	41,160	(317)	(14,386)	2,206	143,330	171,993	(631)	171,362

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 2019	41,234	(317)	(157)	2,871	9,618	53,249
Loss for the period	-	-	-	-	(826)	(826)
<u>Other comprehensive income</u>						
Foreign currency translation loss	-	-	(39)	-	-	(39)
Total comprehensive income for the period	-	-	(39)	-	(826)	(865)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	246	-	246
Issuance of new shares	24	-	-	-	-	24
Exercise of share options	7	-	-	(7)	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,638)	(2,638)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	31	-	-	239	(2,638)	(2,368)
Balance as at 30 June 2019	41,265	(317)	(196)	3,110	6,154	50,016
Balance as at 1 April 2018	41,125	(317)	3,855	2,170	9,358	56,191
Loss for the period	-	-	-	-	(310)	(310)
<u>Other comprehensive income</u>						
Foreign currency translation loss	-	-	(388)	-	-	(388)
Total comprehensive income for the period	-	-	(388)	-	(310)	(698)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	44	-	44
Issuance of new shares	27	-	-	-	-	27
Exercise of share options	8	-	-	(8)	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,397)	(2,397)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	35	-	-	36	(2,397)	(2,326)
Balance as at 30 June 2018	41,160	(317)	3,467	2,206	6,651	53,167

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 2019	41,202	(317)	(217)	2,713	9,986	53,367
Loss for the period	-	-	-	-	(1,194)	(1,194)
<u>Other comprehensive income</u>						
Foreign currency translation gain	-	-	21	-	-	21
Total comprehensive income for the period	-	-	21	-	(1,194)	(1,173)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	412	-	412
Issuance of new shares	48	-	-	-	-	48
Exercise of share options	15	-	-	(15)	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,638)	(2,638)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	63	-	-	397	(2,638)	(2,178)
Balance as at 30 June 2019	41,265	(317)	(196)	3,110	6,154	50,016
Balance as at 1 January 2018	41,093	(317)	3,634	2,126	9,672	56,208
Loss for the period	-	-	-	-	(625)	(625)
<u>Other comprehensive income</u>						
Foreign currency translation loss	-	-	(167)	-	-	(167)
Total comprehensive income for the period	-	-	(167)	-	(625)	(792)
<u>Contributions by and distributions to owners</u>						
Value of employee services received for issue of share options	-	-	-	95	-	95
Issuance of new shares	52	-	-	-	-	52
Exercise of share options	15	-	-	(15)	-	-
Dividend paid to equity shareholders of the Company	-	-	-	-	(2,396)	(2,396)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	67	-	-	80	(2,396)	(2,249)
Balance as at 30 June 2018	41,160	(317)	3,467	2,206	6,651	53,167

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

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

	<u>FY 2019</u>	<u>FY 2018</u>
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan (including treasury shares)	535,162,999	534,809,999
Ordinary shares held as treasury shares	(1,001,000)	(1,001,000)
Issued for cash under employee share option scheme:		
- at the exercise price of S\$0.335 each	-	100,000
- at the exercise price of S\$0.315 each	20,000	-
- at the exercise price of S\$0.308 each	85,000	-
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	<u>534,266,999</u>	<u>533,908,999</u>
- at the exercise price of S\$0.308 each	-	68,000
- at the exercise price of S\$0.315 each	-	44,000
- at the exercise price of S\$0.335 each	100,000	-
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	<u><u>534,366,999</u></u>	<u><u>534,020,999</u></u>
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan and 31 Mar	2,510,000	2,610,000
Options exercised during the period	(100,000)	(100,000)
Balance as at 30 Jun	<u><u>2,410,000</u></u>	<u><u>2,510,000</u></u>
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan, 31 Mar and 30 Jun	<u><u>3,080,000</u></u>	<u><u>3,080,000</u></u>
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	2,730,000	2,774,000
Options exercised during the period	(20,000)	-
Balance as at 31 Mar	<u>2,710,000</u>	<u>2,774,000</u>
Options exercised during the period	-	(44,000)
Balance as at 30 Jun	<u><u>2,710,000</u></u>	<u><u>2,730,000</u></u>
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan	3,980,000	4,280,000
Options lapsed during the period	-	(300,000)
Balance as at 31 Mar and 30 Jun	<u><u>3,980,000</u></u>	<u><u>3,980,000</u></u>

	FY 2019	FY 2018
<u>Share Option - exercise price of S\$0.308</u>		
Balance as at 1 Jan	4,671,000	4,880,000
Options exercised during the period	(85,000)	-
Balance as at 31 Mar	4,586,000	4,880,000
Options exercised during the period	-	(68,000)
Balance as at 30 Jun	4,586,000	4,812,000
<u>Share Option - exercise price of S\$0.693</u>		
Balance as at 1 Jan, 31 Mar and 30 Jun	550,000	650,000
<u>Share Option - exercise price of S\$0.679</u>		
Balance as at 1 Jan	4,750,000	-
Granted to eligible participants on 16 Mar 2018	-	4,750,000
Balance as at 31 Mar and 30 Jun	4,750,000	4,750,000
<u>Share Option - exercise price of S\$0.556</u>		
Balance as at 1 Jan	-	-
Granted to eligible participants on 15 Mar 2019	5,450,000	-
Balance as at 31 Mar and 30 Jun	5,450,000	-

Out of the 27,516,000 outstanding share options on 30 June 2019 (30 June 2018: 22,512,000), 17,545,000 (30 June 2018: 14,360,000) share options are exercisable.

Treasury Shares

As at 30 June 2019, the total number of treasury shares held was 1,001,000 (30 June 2018: 1,001,000).

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

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

	Group	
	<u>As at 30 Jun 2019</u>	<u>As at 31 Dec 2018</u>
Issued ordinary shares	534,366,999	534,161,999

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

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

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period, except for the adoption of SFRS(I) 16 Leases which came into effect on 1 January 2019.

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 impact of adopting SFRS(I) 16 Leases resulted in the recognition of right-of-use assets of US\$7.1 million and non-current and current lease liabilities of US\$2.9 million as at 1 January 2019. The lease liabilities include finance lease creditors of US\$0.6 million as at 1 January 2019

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 19	2Q 18	1H 19	1H 18
Profit per share				
Based on existing issued share capital (US cents)	1.05	0.44	2.48	1.78
On a fully diluted basis (US cents)	1.04	0.43	2.46	1.76
	Group		Group	
	2Q 19	2Q 18	1H 19	1H 18
Weighted average number of shares table				
Weighted average number of shares for calculation of basic EPS	534,316,450	534,011,153	534,246,612	533,916,712
Weighted average number of shares for calculation of diluted EPS	538,387,297	539,941,812	538,345,363	539,895,567

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 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Net asset value per ordinary share (US cents)	35.84	33.00	9.36	9.99

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 2019 ("1H2019") was US\$138.5 million, a year-on-year ("yoy") decrease of 2.1% compared with the US\$141.5 million revenue recorded in 1H2018. The Group's net profit after tax increased 39.7% to US\$13.1 million for 1H2019.

On a quarterly basis, revenue for the second quarter ended 30 June 2019 ("2Q2019") decreased 2.2% from US\$69.3 million to US\$67.8 million. The Group's profit after tax for the quarter increased by 144.0% to US\$5.5 million.

Revenue by Markets (US\$'000)

	Group			Group		
	2Q 19 US\$'000	2Q 18 US\$'000	Increase/ (Decrease) %	1H 19 US\$'000	1H 18 US\$'000	Increase/ (Decrease) %
Russia	25,152	26,877	(6.4)	54,391	57,472	(5.4)
Ukraine	6,954	6,063	14.7	13,619	11,776	15.7
Kazakhstan and CIS markets	9,985	8,706	14.7	19,057	18,420	3.5
Indochina	12,270	13,942	(12.0)	26,720	26,487	0.9
Other Markets	13,445	13,728	(2.1)	24,703	27,304	(9.5)
Total	67,806	69,316	(2.2)	138,490	141,459	(2.1)

In 1H2019, sales in the Group's largest market, Russia, increased in local currency terms but translated USD sales decreased by 5.4% to US\$54.4 million as compared to US\$57.5 million in 1H2018 mainly due to depreciation of the Russian Ruble against the US dollar. The average exchange rate was 59.2 Ruble per US dollar in 1H2018 as compared to 65.1 Ruble per US dollar in 1H2019. In the Group's Ukraine market, sales increased by 15.7% from US\$11.8 million in 1H2018 to US\$13.6 million in 1H2019 due to higher sales volume and selling price in view of change in business model. In the Group's Kazakhstan and CIS markets, sales increased by 3.5% from US\$18.4 million in 1H2018 to US\$19.1 million in 1H2019. Sales in the Group's Other Markets decreased by 9.5% from US\$27.3 million in 1H2018 to US\$24.7 million in 1H2019 mainly due to rationalisation of business.

On a quarterly basis, the Group's revenue in 2Q2019 was US\$67.8 million, a decrease of 2.2% compared to 2Q2018. Sales in the Group's Kazakhstan and CIS markets increased by 14.7% mainly due to higher sales volume. Sales in the Group's Ukraine market increased by 14.7% from US\$6.1 million in 2Q2018 to US\$7.0 million in 2Q2019 due to higher sales volume and selling price in view of change in business model. Sales in the Group's Indochina market decreased by 12.0% mainly due to rationalisation of business.

Profitability

For 1H2019, the Group's net profit after tax increased 39.7% to US\$13.1 million mainly due to rationalisation of business coupled with foreign exchange gain of US\$0.8 million recorded in 1H2019 as compared to foreign exchange loss of US\$1.6 million recorded in 1H2018 partly offset by lower sales and higher manpower cost.

For 2Q2019, the Group's net profit after tax increased 144.0% to US\$5.5 million mainly due to rationalisation of business.

For 1H2019, selling and distribution expenses decreased by US\$4.6 million from US\$24.3 million in 1H2018 to US\$19.7 million. For 2Q2019, selling and distribution expenses decreased by US\$2.8 million from US\$12.4 million in 2Q2018 to US\$9.6 million. The decrease was mainly due to rationalisation of business.

For 1H2019, general and administrative expenses increased by US\$0.6 million from US\$18.3 million in 1H2018 to US\$18.9 million. For 2Q2019, general and administrative expenses increased by US\$0.2 million from US\$9.5 million in 2Q2018 to US\$9.7 million. The increase was mainly attributed to higher manpower cost.

For 1H2019, the Ukrainian Hryvnia strengthened from 27.7 Hryvnia per US dollar on 31 December 2018 to 26.2 Hryvnia per US dollar on 30 June 2019. Over the same period, the Russian Ruble strengthened from 69.5 Ruble per US dollar on 31 December 2018 to 63.1 Ruble per US dollar on 30 June 2019. As the Group is economically exposed to both markets, it was affected by the revaluation of its outstanding trade receivables denominated in currencies other than the US dollar.

Balance Sheet & Cashflow

Property, plant and equipment increased US\$24.3 million to US\$93.2 million as at 30 June 2019 mainly due to the expansion of the Group's subsidiary, Indus Coffee Private Limited's ("Indus Coffee") manufacturing facility in India.

Interest-bearing loans and borrowings, both current and non-current, increased cumulatively from US\$33.5 million as at 31 December 2018 to US\$50.2 million as at 30 June 2019 due to draw-down of loan for Indus Coffee partly offset by repayment of existing loans.

Trade receivables increased US\$5.2 million to US\$37.9 million as at 30 June 2019 mainly due to higher receivables from the Group's Russia market.

Inventories increased from US\$50.5 million as at 31 December 2018 to US\$55.0 million as at 30 June 2019 due to seasonality factors.

Other payables increased US\$2.9 million to US\$5.5 million as at 30 June 2019 mainly due to on-going capital expenditure at Indus Coffee.

The Group's net operating cash inflow increased from US\$7.6 million in 1H2018 to US\$14.9 million in 1H2019 mainly due to better performance coupled with lower working capital requirement. The Group's cash and cash equivalents was US\$38.5 million as at 30 June 2019, compared to US\$42.2 million as at 31 December 2018.

The Group's net assets as at 30 June 2019 were US\$190.5 million. The net asset value per ordinary share (excluding non-controlling interest) as at 30 June 2019 was 35.84 US cents as compared to 33.00 US cents as at 31 December 2018.

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 global economy is projected to grow at a slower pace for the remaining half of 2019, driven by continuing trade tensions between the U.S. and China which might affect global oil prices and currency exchange rates against the US dollar. Barring unforeseen circumstances, the Group expects our business to remain resilient and we will continue to focus our efforts to grow key markets, rationalise business operations and consolidate our Group structure so as to create a stronger foundation for future development.

- 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 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.

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

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

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

We, Tan Wang Cheow and Sudeep Nair, being two Directors of Food Empire Holdings Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 30 June 2019 to be false or misleading in any material aspect.

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

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

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

BY ORDER OF THE BOARD

Kevin Cho
Company Secretary
8 August 2019