

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

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

Second Quarter and First Half Financial Statement And Dividend Announcement for the Period Ended 30 June 2008

PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

With effect from FY2008, the Group has begun reporting in USD instead of SGD to better reflect the Group's results as the majority of its transactions are in US dollars. For comparative purposes, FY2007 results were translated to USD in accordance to Financial Reporting Standard 21 – The Effects of Changes in Foreign Exchange Rates ("FRS 21").

	Group			Group		
	2Q 08 US\$'000	2Q 07 US\$'000	Increase/ (Decrease)	1H 08 US\$'000	1H 07 US\$'000	Increase/ (Decrease)
Revenue	61,635	40,688	51.5%	113,712	80,797	40.7%
Changes in inventories of finished goods	(1,721)	2,934	} 49.9%	1,693	(246)	} 36.0%
Raw materials and consumables used	(31,465)	(25,071)		(60,835)	(43,252)	
Staff costs	(7,088)	(4,215)		(13,129)	(8,509)	
Depreciation expenses	(432)	(357)	21.0%	(832)	(702)	18.5%
Depreciation of freehold investment properties	(8)	(8)	-	(15)	(15)	-
Net loss from fair value adjustment in leasehold properties	(2)	(1)	100%	(4)	(3)	33.3%
Foreign exchange (loss) / gain	(325)	294	N.M	(27)	17	N.M
Other operating expenses	(14,677)	(9,254)	58.6%	(27,223)	(17,594)	54.7%
Finance costs	(129)	(153)	-15.4%	(256)	(232)	10.3%
Other income / (expenses)	126	(213)	N.M	241	197	22.2%
Share of profit of associated companies	17	121	-85.5%	90	189	-52.4%
Profit from operations before taxation	5,931	4,765	24.5%	13,415	10,647	26.0%
Taxation (Note 1)	(1,147)	(412)	178.6%	(1,789)	(756)	136.5%
Profit after taxation	4,784	4,353	9.9%	11,626	9,891	17.5%
Attributable to:						
Shareholders of the Company	4,784	4,363	9.6%	11,626	9,881	17.7%
Minority interests, net of taxation	-	(10)	N.M	-	10	N.M
Profit after taxation	4,784	4,353	9.9%	11,626	9,891	17.5%

Note 1

Included in the taxation:

	Group			Group		
	2Q 08 US\$'000	2Q 07 US\$'000	Increase/ (Decrease)	1H 08 US\$'000	1H 07 US\$'000	Increase/ (Decrease)
Under provision for the prior year	270	-	N.M	322	-	N.M

N.M denotes not meaningful.

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

	Group		Company	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Property, plant and equipment	12,206	10,924	-	-
Investment properties	1,447	1,424	-	-
Investments in subsidiary companies	-	-	7,529	7,529
Investments in associated companies	6,565	5,771	-	-
Intangible assets	15,751	15,751	-	-
Amounts due from associated companies (non-trade)	1,207	1,607	-	-
Deferred tax assets	611	786	-	-
	37,787	36,263	7,529	7,529
Current Assets				
Cash and bank balances	18,393	15,974	141	38
Trade receivables	55,657	55,778	-	-
Deferred expenses	1,911	883	-	-
Prepaid operating expenses and other debtors	2,061	2,342	11	21
Other receivables	1,258	853	3	3
Amounts due from subsidiary companies (non-trade)	-	-	38,822	36,875
Amounts due from associated companies	1,019	1,115	-	-
Inventories	36,755	27,781	-	-
	117,054	104,726	38,977	36,937
Current Liabilities				
Trade payables and accruals	(20,421)	(18,462)	(274)	(365)
Interest-bearing loans and borrowings	(8,500)	(2,000)	-	-
Other payables	(135)	(243)	-	-
Provision for taxation	(3,394)	(2,444)	(40)	(210)
	(32,451)	(23,149)	(314)	(575)
Net Current Assets	84,603	81,577	38,663	36,362
Non-Current Liabilities				
Interest-bearing loans and borrowings	(6,500)	(7,500)	-	-
Deferred tax liabilities	(616)	(1,294)	-	-
	(7,116)	(8,794)	-	-
Net Assets	115,274	109,046	46,192	43,891
Equity				
Share capital	39,666	38,867	39,666	38,867
Reserves	75,608	70,179	6,526	5,024
	115,274	109,046	46,192	43,891
Minority interests	-	-	-	-
	115,274	109,046	46,192	43,891

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 08		As at 31 Dec 2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	8,500	-	2,000

Amount repayable after one year

As at 30 June 08		As at 31 Dec 2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	6,500	-	7,500

Details of any collateral

NIL

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

	2Q 08 US\$'000	2Q 07 US\$'000	1H 08 US\$'000	1H 07 US\$'000
Cash flows from operating activities:				
Profit from operations before taxation	5,931	4,765	13,415	10,647
Adjustments for:				
Depreciation of property, plant and equipment	432	357	832	702
Depreciation of freehold investment properties	8	8	15	15
Net loss from fair value adjustment in leasehold properties	2	1	4	3
Loss on disposal of property, plant and equipment	59	13	59	12
Gain on disposal of investment held for sale	-	(1)	-	(1)
Interest income	(83)	(7)	(167)	(180)
Interest expenses	129	153	256	232
Allowance of doubtful debts	444	270	572	270
(Write back)/allowance of stock obsolescence	(14)	36	(260)	(141)
Exchange realignment	159	(395)	(234)	4
Share of profit of associated companies	(17)	(121)	(90)	(189)
Provision for diminution for investment in associate	-	93	-	93
Value of employees services received for issue of share options	127	30	131	69
Operating profit before working capital changes	7,177	5,202	14,533	11,536

	2Q 08 US\$'000	2Q 07 US\$'000	1H 08 US\$'000	1H 07 US\$'000
Cont'd				
Increase in receivables	(5,063)	(4,938)	(1,508)	(4,140)
Increase in inventories	(3,156)	(2,649)	(8,714)	(1,729)
Increase / (decrease) in payables	651	(2,925)	1,852	(5,856)
Cash flows (used) / generated	(391)	(5,310)	6,163	(189)
Income taxes paid	(1,540)	(384)	(1,354)	(864)
Net cash flows (used in) / generated from operating activities	(1,931)	(5,694)	4,809	(1,054)
Cash flows from investing activities:				
Interest income received	83	7	167	180
Purchase of property, plant and equipment	(1,397)	(500)	(1,947)	(787)
Proceeds from sales of property, plant and equipment	18	23	18	33
Proceeds from disposal of investment held for sale	-	350	-	350
Investment in associated companies	(721)	-	(721)	(636)
Net payment for acquisition of subsidiaries	-	-	-	(8,769)
Dividends received from Associates	17	-	17	-
Repayment of / (increase in) loans to associate companies	300	101	400	(2,944)
Net cash flows generated from / (used in) investing activities	(1,700)	(19)	(2,066)	(12,573)
Cash flows from financing activities:				
Interest paid	(129)	(153)	(256)	(232)
Proceeds from issuance of shares	513	467	557	572
Dividends paid	(6,125)	(5,163)	(6,125)	(5,163)
Increase in interest-bearing loans & borrowings and bills payable	6,000	5,605	5,500	5,355
Net cash flows generated from / (used in) financing activities	259	756	(324)	532
Net (decrease) / increase in cash and cash equivalents	(3,372)	(4,958)	2,419	(13,094)
Cash and cash equivalents at beginning of the period	21,765	15,551	15,974	23,688
Cash and cash equivalents at end of the period	18,393	10,594	18,393	10,594

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or
(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

The Group – 2Q

	Attributable to equity holders of the Company							
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Asset Revaluation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Minority Interests US\$'000	Total Equity US\$'000
Balance as at 1 April 07	37,800	2,082	60	658	56,136	96,736	1,270	98,006
Foreign currency translation differences	-	(375)	-	-	-	(375)	(2)	(377)
Net expenses recognised directly in equity	-	(375)	-	-	-	(375)	(2)	(377)
Net profit / (loss) for the period	-	-	-	-	4,363	4,363	(10)	4,353
Total recognised income and expenses for the period	-	(375)	-	-	4,363	3,988	(12)	3,976
Dividends paid to shareholders of the Company	-	-	-	-	(5,163)	(5,163)	-	(5,163)
Value of employee services received for issue of share options	-	-	-	30	-	30	-	30
Exercise of share options	137	-	-	(137)	-	-	-	-
Issuance of ordinary shares	467	-	-	-	-	467	-	467
Balance as at 30 Jun 07	38,404	1,707	60	551	55,336	96,058	1,258	97,316
Balance as at 1 Apr 08	38,937	3,195	60	424	73,349	115,965	-	115,965
Foreign currency translation differences	-	10	-	-	-	10	-	10
Net expenses recognised directly in equity	-	10	-	-	-	10	-	10
Net profit for the period	-	-	-	-	4,784	4,784	-	4,784
Total recognised income and expenses for the period	-	10	-	-	4,784	4,794	-	4,794
Dividends paid to shareholders of the Company	-	-	-	-	(6,125)	(6,125)	-	(6,125)
Value of employee services received for issue of share options	-	-	-	127	-	127	-	127
Exercise of share options	216	-	-	(216)	-	-	-	-
Issuance of ordinary shares	513	-	-	-	-	513	-	513
Balance as at 30 Jun 08	39,666	3,205	60	335	72,008	115,274	-	115,274

The Group – 1H

	Attributable to equity holders of the Company							
	Share Capital US\$'000	Foreign Currency Translation Reserve US\$'000	Asset Revaluation Reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Minority Interests US\$'000	Total Equity US\$'000
Balance as at 1 Jan 07	37,650	1,576	60	664	50,618	90,568	1,225	91,793
Foreign currency translation differences	-	131	-	-	-	131	23	154
Net expenses recognised directly in equity	-	131	-	-	-	131	23	154
Net profit for the period	-	-	-	-	9,881	9,881	10	9,891
Total recognised income and expenses for the period	-	131	-	-	9,881	10,012	33	10,045
Dividends paid to shareholders of the Company	-	-	-	-	(5,163)	(5,163)	-	(5,163)
Value of employee services received for issue of share options	-	-	-	69	-	69	-	69
Exercise of share options	182	-	-	(182)	-	-	-	-
Issuance of ordinary shares	572	-	-	-	-	572	-	572
Balance as at 30 Jun 07	38,404	1,707	60	551	55,336	96,058	1,258	97,316
Balance as at 1 Jan 08	38,867	3,166	60	446	66,507	109,046	-	109,046
Foreign currency translation differences	-	39	-	-	-	39	-	39
Net expenses recognised directly in equity	-	39	-	-	-	39	-	39
Net profit for the period	-	-	-	-	11,626	11,626	-	11,626
Total recognised income and expenses for the period	-	39	-	-	11,626	11,666	-	11,666
Dividends paid to shareholders of the Company	-	-	-	-	(6,125)	(6,125)	-	(6,125)
Value of employee services received for issue of share options	-	-	-	131	-	131	-	131
Exercise of share options	242	-	-	(242)	-	-	-	-
Issuance of ordinary shares	557	-	-	-	-	557	-	557
Balance as at 30 Jun 08	39,666	3,205	60	335	72,008	115,274	-	115,274

The Company – 2Q

	Attributable to equity holders of the Company				
	Share Capital	Foreign Currency Translation Reserve	Share-based payment reserve	Accumulated profits	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Apr 07	37,800	1,744	658	5,688	45,890
Foreign currency translation differences	-	(384)	-	-	(384)
Net expenses recognised directly in equity	-	(384)	-	-	(384)
Net profit for the period	-	-	-	72	72
Total recognised income for the period	-	(384)	-	72	(312)
Dividends paid to shareholders of the Company	-	-	-	(5,163)	(5,163)
Value of employee services received for issue of share options	-	-	30	-	30
Exercise of share options	137	-	(137)	-	-
Issuance of ordinary shares	467	-	-	-	467
Balance as at 30 Jun 07	38,404	1,360	551	597	40,912
Balance as at 1 Apr 08	38,937	5,070	424	590	45,021
Foreign currency translation differences	-	648	-	-	648
Net expenses recognised directly in equity	-	648	-	-	648
Net profit for the period	-	-	-	6,008	6,008
Total recognised income for the period	-	648	-	6,008	6,656
Dividends paid to shareholders of the Company	-	-	-	(6,125)	(6,125)
Value of employee services received for issue of share options	-	-	127	-	127
Exercise of share options	216	-	(216)	-	-
Issuance of ordinary shares	513	-	-	-	513
Balance as at 30 Jun 08	39,666	5,718	335	473	46,192

The Company – 1H

	Attributable to equity holders of the Company				
	Share Capital	Foreign Currency Translation Reserve	Share-based payment reserve	Accumulated profits	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Jan 07	37,650	1,367	664	629	40,310
Foreign currency translation differences	-	(7)	-	-	(7)
Net expenses recognised directly in equity	-	(7)	-	-	(7)
Net profit for the period	-	-	-	5,131	5,131
Total recognised income for the period	-	(7)	-	5,131	5,124
Dividends paid to shareholders of the Company	-	-	-	(5,163)	(5,163)
Value of employee services received for issue of share options	-	-	69	-	69
Exercise of share options	182	-	(182)	-	-
Issuance of ordinary shares	572	-	-	-	572
Balance as at 30 Jun 07	38,404	1,360	551	597	40,912
Balance as at 1 Jan 08	38,867	3,573	446	1,005	43,891
Foreign currency translation differences	-	2,145	-	-	2,145
Net expenses recognised directly in equity	-	2,145	-	-	2,145
Net profit for the period	-	-	-	5,593	5,593
Total recognised income for the period	-	2,145	-	5,593	7,738
Dividends paid to shareholders of the Company	-	-	-	(6,125)	(6,125)
Value of employee services received for issue of share options	-	-	131	-	131
Exercise of share options	242	-	(242)	-	-
Issuance of ordinary shares	557	-	-	-	557
Balance as at 30 Jun 08	39,666	5,718	335	473	46,192

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.

As announced on 10 June 2008, 88,173,999 new ordinary shares were issued as bonus shares on the basis of 1 for 5 ordinary shares held.

Movement in the number of shares of the Company

	No of shares
Number of shares at 1 Jan 2008	438,165,000
Share options exercised during 1Q 2008	245,000
Share options exercised during the period of 1 April 2008 – 5 June 08	2,460,000
Bonus shares issued	88,173,999
Share options exercised during the period of 6 June 2008 – 30 June 08	0
Number of shares as at 30 June 2008	529,043,999

Share options

For the 2nd Quarter ended 30 June 2008, 2,460,000 (2007: 2,835,000) new ordinary shares were allotted and issued pursuant to the exercise of options granted under the Food Empire Share Option Scheme (the “Option Scheme”).

As at 30 June 2008, options to subscribe to a total of 3,890,000 ordinary shares were outstanding under the Option Scheme. As at 30 June 2007, there were unexercised options for 9,635,000 of unissued ordinary shares of the Company under the Option Scheme.

	Number of options outstanding at 1 Apr 08	Number of options lapsed during the financial period	Number of options exercised during the financial period	Number of options outstanding at 30 Jun 08	Exercise price per share \$	Exercise period
2002 Options	240,000	-	-	240,000	0.142	14 March 2004 to 13 March 2012
2004 Options	120,000	-	(120,000)	-	0.229	25 May 2006 to 24 May 2009
2004 Options	5,990,000	-	(2,340,000)	3,650,000	0.229	25 May 2006 to 24 May 2014
	<u>6,350,000</u>	<u>-</u>	<u>(2,460,000)</u>	<u>3,890,000</u>		

During the quarter, the Company revised the exercise price of all the unexercised share options as at 6 Jun 2008 as follows :

	Number of options outstanding at 6 Jun 08	Old exercise price per share option \$	New Exercise price per share option \$	Exercise period
2002 Options	240,000	0.170	0.142	14 March 2004 to 13 March 2012
2004 Options	3,650,000	0.275	0.229	25 May 2006 to 24 May 2014
	<u>3,890,000</u>			

Treasury Shares

Nil

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.

	Company	
	30 Jun 08	31 Dec 07
Number of issued shares	<u>529,043,999</u>	<u>438,165,000</u>

- 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.**

The Group has no treasury shares.

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

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

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

Not applicable.

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

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2007 have been applied in the preparation for this financial statements except for the change in the Group's presentation currency from Singapore Dollars to United States Dollars.

The change in the presentation currency had no material impact to the performance of the Group.

- 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.**

Not applicable.

- 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 08	2Q 07	1H 08	1H 07
Earnings per share				
(i) Based on existing issued share capital (US cents)	0.91	0.84	2.21	1.90
(ii) On a fully diluted basis (US cents)	0.90	0.82	2.19	1.86

Weighted average number of shares table

	Group		Group	
	2Q 08	2Q 07	1H 08	1H 07
Earnings per share				
Weighted average number of shares for calculation of basic EPS	527,263,317	520,743,296	526,511,611	519,985,326
Weighted average number of shares for calculation of diluted EPS	529,974,316	531,469,354	529,901,394	530,852,634

The weighted average number of shares for the prior period had been adjusted to take into account the effect of the bonus shares issued during 2Q 2008.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
Net asset value per ordinary share (US cents)	21.79	20.74	8.73	8.34

The net assets value per ordinary share is calculated based on the number of ordinary shares issued of 529,043,999 (31 Dec 2007: 525,798,000) shares of the Company as at 30 Jun 2008.

The number of shares as at 31 December 2007 had been adjusted to take into account the effect of the bonus shares issued during 2Q 2008.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Financial Review of 1H 2008 vs 1H 2007

The Group posted a 17.7% growth in after tax profit and minority interest to US\$11.6 million on the back of a 40.7% rise in revenue to US\$113.7 million for the half-year ended 30 Jun 2008. The increase in revenue and profits were achieved despite challenging conditions including rising raw material prices and currency fluctuations.

Earnings per share on a fully diluted basis increased from 1.86 US cents to 2.19 US cents.

Net tangible assets per ordinary share increased from 20.74 US cents as at 31 December 2007 to 21.79 US cents as at 30 June 2008.

Revenue

Russia accounted for the majority of the Group's revenue (58.1%) while Eastern Europe and Central Asia was the second largest market (34.8%). Other markets contributed 7.1% of the revenue.

Revenue by Region (US\$'000)

	1H 2008	1H 2007	% change
Russia	66,116	47,316	39.7
Eastern Europe and Central Asia	39,518	28,421	39.0
Other Markets	8,078	5,060	59.6
Total	113,712	80,797	40.7

During the first half year of 2008, the Group's key markets achieved revenue growth resulting from increased sales volume as well as price adjustments effected during this period to help defray rising operating and staff costs.

Revenue from Russia increased by 39.7% to US\$66.1 million. The strong result in Russia was due to the continued organic growth of MacCoffee and other branded product lines.

Eastern Europe and Central Asia also registered strong sales growth of 39.0% to US\$39.5 million. Sales to Ukraine was boosted in Q2 2008 after a first quarter in which industrial action affected the importation of goods.

Sales in the Group's Other Markets rose by 59.6% from US\$5.1 million in 1H 2007 to US\$8.1 million in 1H 2008. The Middle East and Mongolia continued to lead the growth in this segment.

Russia and Ukraine both benefitted from revenue contributions from the Petrovskaya Sloboda products.

Profitability

The higher sales resulted in profit after tax and minority interest increasing by 17.7% from US\$9.9 million in 1H 2007 to US\$11.6 million in 1H 2008.

The increase in raw material costs is in line with the volume growth in sales.

Group staff costs increased by 54.3% to US\$13.1 million due to :

- the appreciation of the local currencies of the countries in which the Group operates against the US dollar;
- inflationary pressure and adjustment of salaries and wages to reflect market rates;
- increased staff levels in the Russian factory which is operating at full capacity at the end of 1H 2008 and
- an increase in the provision of variable component of staff costs in line with the stronger financial performance.

Other operating expenses rose by 54.7% mainly due to increased brand building activities to reinforce the launch of new product packaging in Ukraine, Kazakhstan and Russia. The higher sales volume and higher freight rates also resulted in higher logistic and transportation costs.

Higher tax charges in Q2 08 was due to the inclusion of US\$0.3 million under provision for the previous year and a smaller percentage contribution from a foreign subsidiary that operates in a lower tax regime country.

Balance Sheet & Cash Flow

The Group's balance sheet remained strong with net assets of US\$115.3 million as at 30 June 2008, compared to US\$109.0 million as at 31 December 2007.

Additional spending in property, plant and equipment was attributed to an expansion of the Moscow factory, equipment upgrading in Singapore factory as well as part payment for a new Enterprise Resources Planning computer system.

Current interest bearing loans and borrowing increased due to a short term loan to facilitate purchases of raw materials as well as for working capital to facilitate sales growth. The use of the loan funds to acquire raw materials is reflected in an increase in inventory in order to manage raw material costs. Inventories rose by 32.3% to US\$36.8 million.

The Group's higher profitability was translated into an improved net cash flow generated from operations of US\$4.8 million in 1H 2008, compared to a negative cash flow of US\$1.1 million in the 1H 2007.

The Group's cash and bank balances rose from US\$16.0 million at 31 December 2007 to US\$18.4 million at 30 June 2008.

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

Not applicable.

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

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

- The possibility of changes in regulatory policies in developing markets;
- Fluctuations in the cost of raw materials and oil;
- Foreign exchange fluctuations; and
- Competitive market conditions.

The Group continues to pursue strategies to minimise any potential impact of the above factors. The Group will continue with its brand building activities and the expansion of its distribution network.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

None

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

12. If no dividend have been declared/recommended, a statement to that effect.

Not applicable.

13. Confirmation by the Board

We, Tan Wang Cheow and Sudeep Nair, being 2 Directors of Food Empire Holdings Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months period ended on 30 June 2008 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 San-Ju
Company Secretary
12 August 2008