

**FOOD EMPIRE HOLDINGS LIMITED**  
*(Co Registration No: 200001282G)*
**Second Quarter and First Half Financial Statement and Dividend Announcement for The Period ended 30 June 2012**
**PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) 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 12	2Q 11	Increase/ (Decrease)	1H 12	1H 11	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	<b>59,240</b>	<b>56,259</b>	<b>5.3</b>	<b>110,705</b>	<b>107,070</b>	<b>3.4</b>
Changes in inventories of finished goods	1,809	(5,465)	}	4,205	313	}
Raw materials and consumables used	(34,791)	(27,578)		-0.2	(65,282)	
Staff costs	(6,819)	(5,833)	16.9	(13,633)	(11,482)	18.7
Depreciation of property, plant and equipment	(561)	(429)	30.8	(1,081)	(923)	17.1
Depreciation of investment properties	(10)	(8)	25.0	(20)	(20)	0.0
Foreign exchange loss	(280)	(99)	182.8	(159)	(154)	3.2
Other operating expenses	(14,466)	(13,494)	7.2	(26,773)	(25,766)	3.9
Finance costs	(76)	(23)	230.4	(137)	(41)	234.1
Other income (Note 1)	205	320	-35.9	412	788	-47.7
Share of (loss)/profit of associates	(143)	72	NM	536	589	-9.0
<b>Profit before taxation</b>	<b>4,108</b>	<b>3,722</b>	<b>10.4</b>	<b>8,773</b>	<b>7,450</b>	<b>17.8</b>
Taxation (Note 2)	(393)	(164)	139.6	(102)	(489)	-79.1
<b>Profit after taxation</b>	<b>3,715</b>	<b>3,558</b>	<b>4.4</b>	<b>8,671</b>	<b>6,961</b>	<b>24.6</b>
<b>Profit attributable to:</b>						
Equity shareholders of the Company	3,758	3,574	5.1	8,776	6,977	25.8
Non-controlling interest	(43)	(16)	168.8	(105)	(16)	556.3
	<b>3,715</b>	<b>3,558</b>	<b>4.4</b>	<b>8,671</b>	<b>6,961</b>	<b>24.6</b>

**Notes:**

1. Included in other income are as follows:

	2Q 12	2Q 11	Increase/ (Decrease)	1H 12	1H 11	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest income	126	72	75.0	196	130	50.8
Gain from disposal of assets classified as held for sale	-	-	-	-	357	-100.0

2. Included in the taxation is as follows:

	Group			Group		
	2Q 12	2Q 11	Increase/ (Decrease)	1H 12	1H 11	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Over provision for the prior year	-	-	-	428	-	NM

NM denotes not meaningful.

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

	Group			Group		
	2Q 12 US\$'000	2Q 11 US\$'000	Increase/ (Decrease) %	1H 12 US\$'000	1H 11 US\$'000	Increase/ (Decrease) %
<b>Profit net of tax</b>	<b>3,715</b>	<b>3,558</b>	<b>4.4</b>	<b>8,671</b>	<b>6,961</b>	<b>24.6</b>
<b>Other comprehensive income :</b>						
Foreign currency translation (loss)/gain	(855)	(194)	340.7	154	508	-69.7
Share of other comprehensive loss of associates	(931)	(80)	1,063.8	(989)	(3)	32,866.7
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(1,786)</b>	<b>(274)</b>	<b>551.8</b>	<b>(835)</b>	<b>505</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>1,929</b>	<b>3,284</b>	<b>-41.3</b>	<b>7,836</b>	<b>7,466</b>	<b>5.0</b>
<b>Total comprehensive income attributable to:</b>						
Equity shareholders of the Company	1,972	3,300	-40.2	7,941	7,482	6.1
Non-controlling interest	(43)	(16)	168.8	(105)	(16)	556.3
	<b>1,929</b>	<b>3,284</b>	<b>-41.3</b>	<b>7,836</b>	<b>7,466</b>	<b>5.0</b>

**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 2012 US\$'000	31 Dec 2011 US\$'000	30 Jun 2012 US\$'000	31 Dec 2011 US\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	24,150	23,857	202	221
Investment properties	10,985	10,765	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	9,535	9,988	-	-
Intangible assets (Note 1)	13,506	13,343	-	-
Amount due from an associate	2,600	2,600	-	-
Deferred tax assets	125	142	-	-
	<b>60,901</b>	<b>60,695</b>	<b>44,747</b>	<b>44,766</b>
<b>Current Assets</b>				
Cash and cash equivalents	40,030	35,148	296	116
Trade receivables	59,596	63,050	-	-
Deferred expenses	266	400	-	-
Prepaid operating expenses and other debtors	2,998	2,173	16	29
Other receivables	1,094	2,435	-	-
Amounts due from subsidiaries (non-trade)	-	-	641	5,889
Amounts due from associates (non-trade)	419	514	-	-
Inventories	26,462	22,257	-	-
	<b>130,865</b>	<b>125,977</b>	<b>953</b>	<b>6,034</b>
<b>Current Liabilities</b>				
Trade payables and accruals	(27,083)	(25,672)	(287)	(1,043)
Finance lease creditor	(5)	(9)	-	-
Interest-bearing loans and borrowings	(1,104)	(1,076)	-	-
Other payables	(397)	(719)	-	-
Amount due to subsidiaries (non-trade)	-	-	(21)	(21)
Provision for taxation	(676)	(1,662)	-	-
	<b>(29,265)</b>	<b>(29,138)</b>	<b>(308)</b>	<b>(1,064)</b>
<b>Net Current Assets</b>	<b>101,600</b>	<b>96,839</b>	<b>645</b>	<b>4,970</b>
<b>Non-Current Liabilities</b>				
Finance lease creditor	(8)	(8)	-	-
Interest-bearing loans and borrowings	(13,914)	(12,310)	-	-
Deferred tax liabilities	(363)	(364)	-	-
	<b>(14,285)</b>	<b>(12,682)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>148,216</b>	<b>144,852</b>	<b>45,392</b>	<b>49,736</b>
<b>Equity</b>				
Share capital	39,781	39,751	39,781	39,751
Treasury shares	(164)	-	(164)	-
Reserves	108,453	104,850	5,775	9,985
	<b>148,070</b>	<b>144,601</b>	<b>45,392</b>	<b>49,736</b>
Non-controlling interest	146	251	-	-
<b>Total Equity</b>	<b>148,216</b>	<b>144,852</b>	<b>45,392</b>	<b>49,736</b>

**Notes:**

- The increase in Intangible assets of US\$163,000 is from the acquisition of Ukraine subsidiary computed based on preliminary purchase price exercise. Management has 12 months from date of acquisition to finalise the purchase price allocation (PPA).

**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 2012		As at 31 Dec 2011	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditor	(5)	-	(9)	-
Interest-bearing loans and borrowings	(1,104)	-	(1,076)	-
Total	(1,109)	-	(1,085)	-

**Amount repayable after one year**

	As at 30 June 2012		As at 31 Dec 2011	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Finance lease creditor	(8)	-	(8)	-
Interest-bearing loans and borrowings	(13,914)	-	(12,310)	-
Total	(13,922)	-	(12,318)	-

**Details of any collateral**

As at 31 December 2011 and 30 June 2012, the interest bearing loans and borrowings were secured by a charge over the related freehold properties owned by one of the subsidiaries.

As at 31 December 2011 and 30 June 2012, the finance lease liabilities were secured by a charge over the related lease vehicle held by one of the subsidiaries.

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

	Group			
	2Q 12 US\$'000	2Q 11 US\$'000	1H 12 US\$'000	1H 11 US\$'000
<b>Cash flows from operating activities:</b>				
Profit from operations before taxation	4,108	3,722	8,773	7,450
Adjustment for :				
Depreciation of property, plant and equipment	561	429	1,081	923
Depreciation of investment properties	10	8	20	20
Gain on disposal of assets classified as held for sale	-	-	-	(357)
(Gain) / loss on disposal of property, plant and equipment	(16)	1	(24)	57
Interest income	(126)	(72)	(196)	(130)
Interest expenses	76	23	137	41
Exchange realignment	(441)	(446)	45	(80)
Share of loss / (profit) of associates	143	(72)	(536)	(589)
Impairment for doubtful receivables	66	276	70	256
Write down of inventories	18	115	25	85
Write back of impairment loss on property, plant and equipment	-	-	(85)	-
Value of employee services received for issue of share options	68	109	166	185
<b>Operating profit before working capital changes</b>	<b>4,467</b>	<b>4,093</b>	<b>9,476</b>	<b>7,861</b>
(Increase)/decrease in trade and other receivables	(1,378)	(7,202)	4,608	(10,909)
Decrease/(increase) in inventories	1,950	5,350	(1,849)	(398)
Increase/(decrease) in trade and other payables	1,661	(6,554)	(59)	(9,455)
<b>Cash flows generated from/(used in) operations</b>	<b>6,700</b>	<b>(4,313)</b>	<b>12,176</b>	<b>(12,901)</b>
Income taxes paid	(802)	(300)	(1,075)	(192)
<b>Net cash flows generated from/(used) in operating activities</b>	<b>5,898</b>	<b>(4,613)</b>	<b>11,101</b>	<b>(13,093)</b>
<b>Cash flows from investing activities</b>				
Interest income received	126	477	196	535
Purchase of property, plant and equipment	(1,012)	(233)	(1,236)	(1,740)
Purchase of investment properties	-	-	-	(13)
Proceeds from disposal of property, plant and equipment	54	11	100	25
Proceeds from disposal of assets classified as held for sale	-	-	-	669
Subscription for debentures from an associate	-	-	-	8
Loans provided to associate	-	(1,300)	-	(1,300)
Net cash inflow on acquisition of a subsidiary	71	-	71	-
<b>Net cash flows used in investing activities</b>	<b>(761)</b>	<b>(1,045)</b>	<b>(869)</b>	<b>(1,816)</b>
<b>Cash flows from financing activities</b>				
Interest expenses paid	(76)	(23)	(137)	(41)
Proceeds from issuance of shares	30	-	30	32
Purchase of treasury shares	(122)	-	(164)	-
Dividends paid to shareholders of the Company	(4,504)	(4,065)	(4,504)	(4,065)
Capital injection from non-controlling interest of a subsidiary	-	40	-	40
Repayment of interest-bearing loans and borrowings	(277)	(9)	(550)	(47)
Proceeds from interest-bearing loans and borrowings	-	-	-	1,103
Repayment of obligations under finance leases	(2)	-	(4)	-
<b>Net cash flows used in financing activities</b>	<b>(4,951)</b>	<b>(4,057)</b>	<b>(5,329)</b>	<b>(2,978)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>186</b>	<b>(9,715)</b>	<b>4,903</b>	<b>(17,887)</b>
Effect of exchange rate changes on cash and cash equivalents	126	(141)	(21)	(280)
Cash and cash equivalents at beginning of the period	39,718	33,359	35,148	41,670
<b>Cash and cash equivalents at end of the period</b>	<b>40,030</b>	<b>23,503</b>	<b>40,030</b>	<b>23,503</b>

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

**The Group – 2Q**

	Attributable to equity holders of the Company									
	Share capital	Treasury shares	Foreign currency translation reserve	Asset revaluation reserve	Share-based payment reserve	Fair value adjustment reserve	Accumulated profits	Total	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance as at 1 April 12</b>	39,751	(42)	1,801	60	923	-	108,133	150,626	189	150,815
Profit for the period	-	-	-	-	-	-	3,758	3,758	(43)	3,715
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	(855)	-	-	-	-	(855)	-	(855)
Share of other comprehensive loss of associates	-	-	(931)	-	-	-	-	(931)	-	(931)
Total comprehensive (loss)/income for the period	-	-	(1,786)	-	-	-	3,758	1,972	(43)	1,929
Value of employee services received for issue of share options	-	-	-	-	68	-	-	68	-	68
Purchase of treasury shares	-	(122)	-	-	-	-	-	(122)	-	(122)
Dividends paid to shareholders of the company	-	-	-	-	-	-	(4,504)	(4,504)	-	(4,504)
Issuance of new shares	30	-	-	-	-	-	-	30	-	30
<b>Balance as at 30 June 12</b>	<b>39,781</b>	<b>(164)</b>	<b>15</b>	<b>60</b>	<b>991</b>	<b>-</b>	<b>107,387</b>	<b>148,070</b>	<b>146</b>	<b>148,216</b>
<b>Balance as at 1 April 11</b>	<b>39,707</b>	<b>-</b>	<b>2,080</b>	<b>60</b>	<b>602</b>	<b>(76)</b>	<b>96,087</b>	<b>138,460</b>	<b>-</b>	<b>138,460</b>
Profit for the period	-	-	-	-	-	-	3,574	3,574	-	3,574
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	(194)	-	-	-	-	(194)	(16)	(210)
Share of other comprehensive loss of associates	-	-	(80)	-	-	-	-	(80)	-	(80)
Total comprehensive (loss)/income for the period	-	-	(274)	-	-	-	3,574	3,300	(16)	3,284
Value of employee services received for issue of share options	-	-	-	-	109	-	-	109	-	109
Capital injection from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	444	444
Dividends paid to shareholders of the company	-	-	-	-	-	-	(4,065)	(4,065)	-	(4,065)
<b>Balance as at 30 June 11</b>	<b>39,707</b>	<b>-</b>	<b>1,806</b>	<b>60</b>	<b>711</b>	<b>(76)</b>	<b>95,596</b>	<b>137,804</b>	<b>428</b>	<b>138,232</b>

## The Group – 1H

	Attributable to equity holders of the Company									
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Asset revaluation reserve US\$'000	Share-based payment reserve US\$'000	Fair value adjustment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
<b>Balance as at 1 January 12</b>	39,751	-	850	60	825	-	103,115	144,601	251	144,852
Profit for the period	-	-	-	-	-	-	8,776	8,776	(105)	8,671
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	154	-	-	-	-	154	-	154
Share of other comprehensive loss of associates	-	-	(989)	-	-	-	-	(989)	-	(989)
Total comprehensive (loss)/income for the period	-	-	(835)	-	-	-	8,776	7,941	(105)	7,836
Value of employee services received for issue of share options	-	-	-	-	166	-	-	166	-	166
Issuance of new shares	30	-	-	-	-	-	-	30	-	30
Exercise of share options	-	-	-	-	-	-	-	-	-	-
Dividends paid to shareholders of the company	-	-	-	-	-	-	(4,504)	(4,504)	-	(4,504)
Purchase of treasury shares	-	(164)	-	-	-	-	-	(164)	-	(164)
<b>Balance as at 30 June 12</b>	<b>39,781</b>	<b>(164)</b>	<b>15</b>	<b>60</b>	<b>991</b>	<b>-</b>	<b>107,387</b>	<b>148,070</b>	<b>146</b>	<b>148,216</b>
<b>Balance as at 1 January 11</b>	<b>39,666</b>	<b>-</b>	<b>1,301</b>	<b>60</b>	<b>535</b>	<b>(76)</b>	<b>92,684</b>	<b>134,170</b>	<b>-</b>	<b>134,170</b>
Profit for the period	-	-	-	-	-	-	6,977	6,977	-	6,977
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	508	-	-	-	-	508	(16)	492
Share of other comprehensive loss of associates	-	-	(3)	-	-	-	-	(3)	-	(3)
Total comprehensive income/(loss) for the period	-	-	505	-	-	-	6,977	7,482	(16)	7,466
Value of employee services received for issue of share options	-	-	-	-	185	-	-	185	-	185
Issuance of new shares	32	-	-	-	-	-	-	32	-	32
Exercise of share options	9	-	-	-	(9)	-	-	-	-	-
Capital injection from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	444	444
Dividends paid to shareholders of the company	-	-	-	-	-	-	(4,065)	(4,065)	-	(4,065)
<b>Balance as at 30 June 11</b>	<b>39,707</b>	<b>-</b>	<b>1,806</b>	<b>60</b>	<b>711</b>	<b>(76)</b>	<b>95,596</b>	<b>137,804</b>	<b>428</b>	<b>138,232</b>

**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 US\$'000
<b>Balance as at 1 April 12</b>	<b>39,751</b>	<b>(42)</b>	<b>4,046</b>	<b>923</b>	<b>4,943</b>	<b>49,621</b>
Profit for the period	-	-	-	-	237	237
<u>Other comprehensive income</u>						
Foreign translation currency	-	-	62	-	-	62
Total comprehensive income for the period	-	-	62	-	237	299
Value of employee services received for issue of share options	-	-	-	68	-	68
Dividends paid to shareholders of the Company	-	-	-	-	(4,504)	(4,504)
Issuance of new shares	30	-	-	-	-	30
Purchase of treasury shares	-	(122)	-	-	-	(122)
<b>Balance as at 30 June 12</b>	<b>39,781</b>	<b>(164)</b>	<b>4,108</b>	<b>991</b>	<b>676</b>	<b>45,392</b>
<b>Balance as at 1 April 11</b>	<b>39,707</b>	<b>-</b>	<b>3,957</b>	<b>602</b>	<b>(74)</b>	<b>44,192</b>
Profit for the period	-	-	-	-	4,882	4,882
<u>Other comprehensive income</u>						
Foreign translation currency	-	-	(378)	-	-	(378)
Total comprehensive (loss)/income for the period	-	-	(378)	-	4,882	4,504
Value of employee services received for issue of share options	-	-	-	109	-	109
Dividends paid to shareholders of the company	-	-	-	-	(4,065)	(4,065)
<b>Balance as at 30 June 11</b>	<b>39,707</b>	<b>-</b>	<b>3,579</b>	<b>711</b>	<b>743</b>	<b>44,740</b>

**The Company – 1H**

	Attributable to equity holders of the Company					
	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
<b>Balance as at 1 January 12</b>	<b>39,751</b>	-	<b>3,869</b>	<b>825</b>	<b>5,291</b>	<b>49,736</b>
Profit for the period	-	-	-	-	(111)	(111)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	239	-	-	239
Total comprehensive income/(loss) for the period	-	-	239	-	(111)	128
Value of employee services received for issue of share options	-	-	-	166	-	166
Issurance of new shares	30	-	-	-	-	30
Dividends paid to shareholders of the Company	-	-	-	-	(4,504)	(4,504)
Purchase of treasury shares	-	(164)	-	-	-	(164)
<b>Balance as at 30 June 12</b>	<b>39,781</b>	<b>(164)</b>	<b>4,108</b>	<b>991</b>	<b>676</b>	<b>45,392</b>
<b>Balance as at 1 January 11</b>	<b>39,666</b>	-	<b>3,963</b>	<b>535</b>	<b>271</b>	<b>44,435</b>
Profit for the period	-	-	-	-	4,537	4,537
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(384)	-	-	(384)
Total comprehensive (loss)/income for the period	-	-	(384)	-	4,537	4,153
Value of employee services received for issue of share options	-	-	-	185	-	185
Issurance of ordinary shares	32	-	-	-	-	32
Exercise of share options	9	-	-	(9)	-	-
Dividends paid to shareholders of the company	-	-	-	-	(4,065)	(4,065)
<b>Balance as at 30 June 11</b>	<b>39,707</b>	-	<b>3,579</b>	<b>711</b>	<b>743</b>	<b>44,740</b>

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

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

	<b>FY 2012</b>	<b>FY 2011</b>
<b><u>Share Capital</u></b>		
Number of issued ordinary shares as at 1 Jan	529,413,999	529,043,999
Issued for cash under employee share option scheme		
- at the exercise price of S\$0.335 each	110,000	120,000
Ordinary shares held as treasury shares	(558,000)	-
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	<u>528,965,999</u>	<u>529,163,999</u>
<b><u>Share Option - exercise price of S\$0.142</u></b>		
Balance as at 1 Jan	240,000	240,000
Options lapsed during the period	(240,000)	-
Balance as at 30 Jun	<u>-</u>	<u>240,000</u>
<b><u>Share Option - exercise price of S\$0.229</u></b>		
Balance of unexercised share options as at 1 Jan and 30 Jun	<u>3,400,000</u>	<u>3,650,000</u>
<b><u>Share Option - exercise price of S\$0.335</u></b>		
Balance as at 1 Jan	3,730,000	4,750,000
Options exercised during the period	(110,000)	(120,000)
Options lapsed during the period	(30,000)	-
Balance as at 30 Jun	<u>3,590,000</u>	<u>4,630,000</u>
<b><u>Share Option - exercise price of S\$0.505</u></b>		
Balance as at 1 Jan	4,050,000	4,750,000
Options lapsed during the period	(100,000)	-
Balance as at 30 Jun	<u>3,950,000</u>	<u>4,750,000</u>
<b><u>Share Option - exercise price of S\$0.315</u></b>		
Balance as at 1 Jan	4,470,000	-
Options lapsed during the period	(200,000)	-
Balance as at 30 Jun	<u>4,270,000</u>	<u>-</u>

Out of the 15,210,000 outstanding share options on 30 June 2012 (30 June 2011: 13,270,000), 10,940,000 (2011: 8,520,000) share options are exercisable.

**Treasury Shares**

As at 30 June 2012, the total number of treasury shares held was 558,000 (30 June 2011: 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.**

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

	<b>Group</b>	
	<b>As at 30 June 2012</b>	<b>As at 31 Dec 2011</b>
Issued ordinary shares	529,413,999	529,413,999
Add : Shares issued under employee share option scheme	110,000	-
Less : Treasury shares	(558,000)	-
	<u>528,965,999</u>	<u>529,413,999</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.**

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2011, except for the adoption of revised FRS which came into effect on 1 January 2012.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of revised FRS as highlighted in paragraph 4 does not have a material impact on the financial statements for the period under review.

- 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 12	2Q 11	1H 12	1H 11
<b>Earnings per share</b>				
Based on existing issued share capital (USD cents)	0.71	0.67	1.66	1.32
On a fully diluted basis (USD cents)	0.71	0.67	1.65	1.31

	Group		Group	
	2Q 12	2Q 11	1H 12	1H 11
<b>Weighted average number of shares table</b>				
Weighted average number of shares for calculation of basic EPS	529,523,999	529,163,999	529,468,999	529,123,556
Weighted average number of shares for calculation of diluted EPS	531,746,792	529,474,148	530,402,396	530,446,452

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-12	31-Dec-11	30-Jun-12	31-Dec-11
Net asset value per ordinary share (USD cents)	27.99	27.31	8.58	9.39

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**

Revenue in 1H 2012 was US\$110.7 million, an increase of 3.4% compared to 1H 2011 revenue of US\$107.1 million. The Group delivered a profit after tax of US\$8.7 million for the half year, an increase of 24.6% over the same period last year.

On a quarterly basis, revenue for 2Q 2012 increased 5.3% over 2Q 2011 to hit US\$59.2 million. Profit after tax for 2Q 2012 also recorded growth of 4.4% over 2Q 2011 to hit US\$3.7 million.

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

	Group			Group		
	2Q 12	2Q 11	Increase/ (Decrease)	1H 12	1H 11	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Russia	34,025	34,086	-0.2	64,850	64,300	0.9
Eastern Europe and Central Asia	18,991	16,663	14.0	33,097	31,698	4.4
Other Markets	6,224	5,510	13.0	12,758	11,072	15.2
Total	59,240	56,259	5.3	110,705	107,070	3.4

In 1H 2012, sales of the Group's largest market, Russia, rose by 0.9% to US\$64.9 million, compared to US\$64.3 million in 1H 2011.

In the Group's Eastern Europe and Central Asia market (comprising Ukraine, Kazakhstan and the CIS Countries), sales rose by 4.4% to US\$33.1 million, with Kazakhstan and the CIS region recording healthy revenue growth for 1H 2012.

The Group's Other Markets chalked up double digit sales growth of 15.2% for the half year.

On a quarterly basis, Group revenue in 2Q 2012 was US\$59.2 million, an increase of 5.3% compared to 2Q 2011. Of its 3 largest markets, Russia's revenue remained flat compared to the same quarter in 2011 mainly due to the weakening of the Russian Rubles against USD; Ukraine sales increased by 9.0% compared to Q2 2011; while Kazakhstan sales rose by 25.2% for the quarter.

### **Profitability**

For 1H 2012 the Group recorded a profit after tax of US\$8.7 million compared to US\$7.0 million in 1H 2011. The Group enjoyed improved margins compared to 1H 2011, and benefited from a tax write back in Q1 2012.

For 2Q 2012, the Group's profit after tax was US\$3.7 million compared to US\$3.6 million in 2Q 2011, an increase of 4.4%.

Raw materials costs together with changes in inventory of finished goods decreased by 2.5% as the Group saw some decreases in prices for its raw materials.

Staff costs rose by 18.7% in 1H 2012 compared to 1H 2011 as a result of increase in headcount in some of our markets, as well as higher salaries and social security contributions.

Compared to 1H 2011, other operating expenses rose by 3.9% due to higher A&P expenses as the Group continues to focus on its brand building activities.

### **Balance Sheet & Cashflow**

The Group's net assets as at 30 June 2012 were US\$148.2 million. Net asset value per ordinary share excluding minority interests as at 30 June 2012 was 27.99 US cents as compared to 27.31 US cents as at 31 December 2011.

As at 30 June 2012, cash and cash equivalents were US\$40.0 million, compared to US\$35.1 million as at 31 December 2011. The Group's continuing efforts to manage its debtors also resulted in a fall in trade receivables, from US\$63.1 million as at 31 December 2011, to US\$59.6 million as at 30 June 2012.

Inventories increase was mainly due to the acquisition of Ukraine subsidiary, which resulted in a higher stock of production materials.

The Group continued to generate strong cashflow from its operations, with positive operating cash flow of US\$11.1 million in 1H 2012 compared to a negative operating cash flow of US\$13.1 million for 1H 2011.

**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 including the Eurozone crisis and the economic slowdown in the US and China:

- currency volatility;
- raw material prices;
- competitive market conditions; and
- the possibility of changes in regulatory policies in the Group's operating markets.

For the second half of 2012, the Group will continue to pursue 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?

No.

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

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

No

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable.

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

No dividend has been declared for the current financial period.

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

The Group did not obtain general mandate from shareholders for IPTs.

**14. Confirmation by the Board Pursuant to Rule 705(5)**

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 financial period ended on 30 June 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Wang Cheow  
Director

Sudeep Nair  
Director

**BY ORDER OF THE BOARD**

**Tan Cher Liang**  
**Company Secretary**  
**14 August 2012**