

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

Second Quarter and First Half Financial Statement and Dividend Announcement for the Period ended 30 June 2013

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 13	2Q 12	Increase/ (Decrease)	1H 13	1H 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	64,246	59,240	8.5	122,674	110,705	10.8
Changes in inventories of finished goods	(6,209)	1,809	} 1.5	20,061	4,205	} 1.4
Raw materials and consumables used	(27,260)	(34,791)		(82,019)	(65,282)	
Staff costs	(7,972)	(6,819)	16.9	(15,876)	(13,633)	16.5
Depreciation of property, plant and equipment	(808)	(561)	44.0	(1,573)	(1,081)	45.5
Depreciation of investment properties	(11)	(10)	10.0	(21)	(20)	5.0
Foreign exchange loss	(934)	(280)	233.6	(1,388)	(159)	773.0
Other operating expenses	(17,032)	(14,466)	17.7	(32,678)	(26,773)	22.1
Finance costs	(52)	(76)	-31.6	(115)	(137)	-16.1
Other income	109	205	-46.8	244	412	-40.8
Share of (loss)/profit of associates	(25)	(143)	-82.5	9	536	-98.3
Profit before taxation (Note 1)	4,052	4,108	-1.4	9,318	8,773	6.2
Taxation (Note 2)	(445)	(393)	13.2	(194)	(102)	90.2
Profit after taxation	3,607	3,715	-2.9	9,124	8,671	5.2
Profit attributable to:						
Equity shareholders of the Company	3,696	3,758	-1.6	9,271	8,776	5.6
Non-controlling interest	(89)	(43)	107.0	(147)	(105)	40.0
	3,607	3,715	-2.9	9,124	8,671	5.2

Notes:

1. Included in profit before taxation are as follows:

	Group			Group		
	2Q 13	2Q 12	Increase/ (Decrease)	1H 13	1H 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest income	22	126	-82.5	95	196	-51.5
Write back / (impairment) for doubtful receivables	36	(66)	N.M.	36	(70)	N.M.
Write down of inventories	(10)	(18)	-44.4	(62)	(25)	148.0



2. Included in the taxation is as follows:

	Group			Group		
	2Q 13	2Q 12	Increase/ (Decrease)	1H 13	1H 12	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Under)/over provision for the prior year	(8)	-	N.M.	380	428	(11.2)

N.M. denotes not meaningful.



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

	Group			Group		
	2Q 13 US\$'000	2Q 12 US\$'000	Increase/ (Decrease) %	1H 13 US\$'000	1H 12 US\$'000	Increase/ (Decrease) %
Profit net of tax	3,607	3,715	-2.9	9,124	8,671	5.2
Other comprehensive income :						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation (loss)/gain	(1,030)	(855)	20.5	(1,463)	154	N.M.
Share of other comprehensive loss of associates	(418)	(931)	-55.1	(587)	(989)	-40.6
Other comprehensive loss for the period, net of tax	(1,448)	(1,786)	-18.9	(2,050)	(835)	145.5
Total comprehensive income for the period	2,159	1,929	11.9	7,074	7,836	-9.7
Total comprehensive income attributable to:						
Equity shareholders of the Company	2,248	1,972	14.0	7,221	7,941	-9.1
Non-controlling interest	(89)	(43)	107.0	(147)	(105)	40.0
	2,159	1,929	11.9	7,074	7,836	-9.7

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 2013 US\$'000	31 Dec 2012 US\$'000	30 Jun 2013 US\$'000	31 Dec 2012 US\$'000
Non-Current Assets				
Property, plant and equipment	34,410	33,562	157	186
Investment properties	11,011	11,400	-	-
Investments in subsidiaries	-	-	44,545	44,545
Investments in associates	14,912	12,890	-	-
Intangible assets	13,343	13,343	-	-
Other receivables	378	378	-	-
Amount due from an associate	-	2,600	-	-
Deferred tax assets	682	207	-	-
	74,736	74,380	44,702	44,731
Current Assets				
Cash and cash equivalents	30,499	46,596	264	418
Trade receivables	56,169	54,501	-	-
Deferred expenses	349	165	-	-
Prepaid operating expenses and other debtors	19,641	6,746	15	46
Derivatives	178	178	-	-
Other receivables	1,309	938	-	-
Amounts due from subsidiaries (non-trade)	-	-	1,266	7,353
Amounts due from associates (non-trade)	373	539	-	-
Inventories	47,233	27,172	-	-
	155,751	136,835	1,545	7,817
Current Liabilities				
Trade payables and accruals	(45,093)	(27,593)	(248)	(1,327)
Finance lease creditors	(10)	(10)	-	-
Interest-bearing loans and borrowings	(2,215)	(1,122)	-	-
Other payables	(3,862)	(8,398)	-	-
Amount due to subsidiaries (non-trade)	-	-	(22)	(22)
Amounts due to associates (trade)	(235)	-	-	-
Provision for taxation	(693)	(394)	-	-
	(52,108)	(37,517)	(270)	(1,349)
Net Current Assets	103,643	99,318	1,275	6,468
Non-Current Liabilities				
Finance lease creditors	(16)	(37)	-	-
Interest-bearing loans and borrowings	(14,283)	(11,768)	-	-
Deferred tax liabilities	(486)	(473)	-	-
	(14,785)	(12,278)	-	-
Net Assets	163,594	161,420	45,977	51,199
Equity				
Share capital	40,665	40,464	40,665	40,464
Treasury shares	(317)	(317)	(317)	(317)
Reserves	123,387	121,267	5,629	11,052
	163,735	161,414	45,977	51,199
Non-controlling interest	(141)	6	-	-
Total Equity	163,594	161,420	45,977	51,199

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 2013		As at 31 Dec 2012	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(10)	-	(10)	-
Interest-bearing loans and borrowings	(2,215)	-	(1,122)	-
Total	(2,225)	-	(1,132)	-

Amount repayable after one year

	As at 30 Jun 2013		As at 31 Dec 2012	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease creditors	(16)	-	(37)	-
Interest-bearing loans and borrowings	(14,283)	-	(11,768)	-
Total	(14,299)	-	(11,805)	-

Details of any collateral

As at 31 December 2012 and 30 June 2013, the finance lease liabilities were secured by charge over the related lease vehicles held by subsidiaries of the Group.

As at 31 December 2012 and 30 June 2013, the 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.

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 13 US\$'000	2Q 12 US\$'000	1H 13 US\$'000	1H 12 US\$'000
Cash flows from operating activities:				
Profit from operations before taxation	4,052	4,108	9,318	8,773
Adjustment for :				
Depreciation of property, plant and equipment	808	561	1,573	1,081
Depreciation of investment properties	11	10	21	20
Gain on disposal of property, plant and equipment	(5)	(16)	(16)	(24)
Interest income	(22)	(126)	(95)	(196)
Interest expenses	52	76	115	137
Exchange realignment	(734)	(441)	(850)	45
Share of loss / (profit) of associates	25	143	(9)	(536)
(Write back) / impairment for doubtful receivables	(36)	66	(36)	70
Write down of inventories	10	18	62	25
Write back of impairment loss on property, plant and equipment	-	-	-	(85)
Value of employee services received for issue of share options	144	68	215	166
Operating profit before working capital changes	4,305	4,467	10,298	9,476
(Increase)/decrease in trade and other receivables	(1,043)	(1,378)	(14,681)	4,608
Decrease/(increase) in inventories	6,199	1,950	(20,123)	(1,849)
(Decrease)/increase in trade and other payables	(17,094)	1,661	12,964	(59)
Cash flows (used in)/generated from operations	(7,633)	6,700	(11,542)	12,176
Income taxes paid	(563)	(802)	(407)	(1,075)
Net cash flows (used in)/generated from operating activities	(8,196)	5,898	(11,949)	11,101
Cash flows from investing activities				
Interest income received	22	126	95	196
Purchase of property, plant and equipment	(1,263)	(1,012)	(3,221)	(1,236)
Proceeds from disposal of property, plant and equipment	20	54	61	100
Capital injection in an associate	(1)	-	(1)	-
Net cash inflow on acquisition of a subsidiary	-	71	-	71
Net cash flows used in investing activities	(1,222)	(761)	(3,066)	(869)
Cash flows from financing activities				
Interest expenses paid	(52)	(76)	(115)	(137)
Proceeds from issuance of shares	78	30	201	30
Purchase of treasury shares	-	(122)	-	(164)
Dividends paid to shareholders of the Company	(5,316)	(4,504)	(5,316)	(4,504)
Repayment of interest-bearing loans and borrowings	(276)	(277)	(554)	(550)
Proceeds from interest-bearing loans and borrowings	4,473	-	4,473	-
Repayment of obligation under finance lease	(5)	(2)	(21)	(4)
Net cash flows used in financing activities	(1,098)	(4,951)	(1,332)	(5,329)
Net (decrease)/increase in cash and cash equivalents	(10,516)	186	(16,347)	4,903
Effect of exchange rate changes on cash and cash equivalents	144	126	250	(21)
Cash and cash equivalents at beginning of the period	40,871	39,718	46,596	35,148
Cash and cash equivalents at end of the period	30,499	40,030	30,499	40,030

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 US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Asset revaluation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
Balance as at 1 April 13	40,587	(317)	372	60	1,207	124,672	166,581	(52)	166,529
Profit for the period	-	-	-	-	-	3,696	3,696	(89)	3,607
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(1,030)	-	-	-	(1,030)	-	(1,030)
Share of other comprehensive loss of associates	-	-	(418)	-	-	-	(418)	-	(418)
Total comprehensive (loss)/income for the period	-	-	(1,448)	-	-	3,696	2,248	(89)	2,159
Value of employee services received for issue of share options	-	-	-	-	144	-	144	-	144
Dividends paid to shareholders of the company	-	-	-	-	-	(5,316)	(5,316)	-	(5,316)
Issuance of new shares	78	-	-	-	-	-	78	-	78
Balance as at 30 June 13	40,665	(317)	(1,076)	60	1,351	123,052	163,735	(141)	163,594
Balance as at 1 April 12	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
Balance as at 30 June 12	39,781	(164)	15	60	991	107,387	148,070	146	148,216



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	Accumulated profits US\$'000	Total US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
Balance as at 1 January 13	40,464	(317)	974	60	1,136	119,097	161,414	6	161,420
Profit for the period	-	-	-	-	-	9,271	9,271	(147)	9,124
<u>Other comprehensive income</u>							-		
Foreign currency translation	-	-	(1,463)	-	-	-	(1,463)	-	(1,463)
Share of other comprehensive loss of associates	-	-	(587)	-	-	-	(587)	-	(587)
Total comprehensive (loss)/income for the period	-	-	(2,050)	-	-	9,271	7,221	(147)	7,074
Value of employee services received for issue of share options	-	-	-	-	215	-	215	-	215
Dividends paid to shareholders of the company	-	-	-	-	-	(5,316)	(5,316)	-	(5,316)
Issuance of new shares	201	-	-	-	-	-	201	-	201
Balance as at 30 June 13	40,665	(317)	(1,076)	60	1,351	123,052	163,735	(141)	163,594
Balance as at 1 January 12	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
Purchase of treasury shares	-	(164)	-	-	-	-	(164)	-	(164)
Dividends paid to shareholders of the company	-	-	-	-	-	(4,504)	(4,504)	-	(4,504)
Issuance of new shares	30	-	-	-	-	-	30	-	30
Balance as at 30 June 12	39,781	(164)	15	60	991	107,387	148,070	146	148,216

The Company – 2Q

	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 Equity US\$'000
Balance as at 1 April 13	40,587	(317)	4,130	1,207	5,311	50,918
Profit for the period	-	-	-	-	141	141
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	12	-	-	12
Total comprehensive income for the period	-	-	12	-	141	153
Value of employee services received for issue of share options	-	-	-	144	-	144
Dividends paid to shareholders of the company	-	-	-	-	(5,316)	(5,316)
Issuance of new shares	78	-	-	-	-	78
Balance as at 30 June 13	40,665	(317)	4,142	1,351	136	45,977
Balance as at 1 April 12	39,751	(42)	4,046	923	4,943	49,621
Profit for the period	-	-	-	-	237	237
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	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)
Balance as at 30 June 12	39,781	(164)	4,108	991	676	45,392

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 Equity US\$'000
Balance as at 1 January 13	40,464	(317)	4,234	1,136	5,682	51,199
Loss for the period	-	-	-	-	(230)	(230)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(92)	-	-	(92)
Total comprehensive loss for the period	-	-	(92)	-	(230)	(322)
Value of employee services received for issue of share options	-	-	-	215	-	215
Dividends paid to shareholders of the company	-	-	-	-	(5,316)	(5,316)
Issuance of new shares	201	-	-	-	-	201
Balance as at 30 June 13	40,665	(317)	4,142	1,351	136	45,977
Balance as at 1 January 12	39,751	-	3,869	825	5,291	49,736
Loss 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
Issuance of new shares	30	-	-	-	-	30
Dividends paid to shareholders of the company	-	-	-	-	(4,504)	(4,504)
Purchase of treasury shares	-	(164)	-	-	-	(164)
Balance as at 30 June 12	39,781	(164)	4,108	991	676	45,392

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

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

	FY 2013	FY 2012
<u>Share Capital</u>		
Number of issued ordinary shares as at 1 Jan	532,993,999	529,413,999
Issued for cash under employee share option scheme		
- at the exercise price of S\$0.335 each	220,000	-
- at the exercise price of S\$0.505 each	70,000	-
- at the exercise price of S\$0.315 each	140,000	-
Ordinary shares held as treasury shares	(1,001,000)	(150,000)
Balance of issued ordinary shares as at 31 Mar (excluding treasury shares)	532,422,999	529,263,999
- at the exercise price of S\$0.335 each	230,000	110,000
- at the exercise price of S\$0.315 each	68,000	-
Ordinary shares held as treasury shares	-	(408,000)
Balance of issued ordinary shares as at 30 Jun (excluding treasury shares)	532,720,999	528,965,999
<u>Share Option - exercise price of S\$0.229</u>		
Balance of unexercised share options as at 1 Jan and 31 Mar and 30 Jun	100,000	3,400,000
<u>Share Option - exercise price of S\$0.335</u>		
Balance as at 1 Jan	3,560,000	3,730,000
Options exercised during the period	(220,000)	-
Balance as at 31 Mar	3,340,000	3,730,000
Options exercised during the period	(230,000)	(110,000)
Options lapsed during the period	-	(30,000)
Balance as at 30 Jun	3,110,000	3,590,000
<u>Share Option - exercise price of S\$0.505</u>		
Balance as at 1 Jan	3,950,000	4,050,000
Options exercised during the period	(70,000)	-
Balance as at 31 Mar	3,880,000	4,050,000
Options lapsed during the period	-	(100,000)
Balance as at 30 Jun	3,880,000	3,950,000



	FY 2013	FY 2012
<u>Share Option - exercise price of S\$0.315</u>		
Balance as at 1 Jan	4,130,000	4,470,000
Options exercised during the period	(140,000)	-
Balance as at 31 Mar	3,990,000	4,470,000
Options exercised during the period	(68,000)	-
Options lapsed during the period	-	(200,000)
Balance as at 30 Jun	3,922,000	4,270,000
<u>Share Option - exercise price of S\$0.669</u>		
Balance as at 1 Jan	-	-
Granted to eligible participants on 8 March 2013	4,880,000	-
Balance as at 31 Mar and 30 Jun	4,880,000	-

Out of the 15,892,000 outstanding share options on 30 June 2013 (30 June 2012: 15,210,000), 11,012,000 (30 June 2012: 10,940,000) share options are exercisable.

Treasury Shares

As at 30 June 2013, the total number of treasury shares held was 1,001,000 (30 June 2012: 558,000).

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 2013</u>	<u>As at 31 Dec 2012</u>
Issued ordinary shares	532,720,999	531,992,999

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2012, except for the adoption of revised FRS which came into effect on 1 January 2013.

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 13	2Q 12	1H 13	1H 12
Earnings per share				
Based on existing issued share capital (USD cents)	0.69	0.71	1.74	1.66
On a fully diluted basis (USD cents)	0.69	0.71	1.73	1.65

	Group		Group	
	2Q 13	2Q 12	1H 13	1H 12
Weighted average number of shares table				
Weighted average number of shares for calculation of basic EPS	532,696,427	529,523,999	532,462,954	529,468,999
Weighted average number of shares for calculation of diluted EPS	536,210,652	531,746,792	536,915,628	530,402,396

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-13	31-Dec-12	30-Jun-13	31-Dec-12
Net asset value per ordinary share (USD cents)	30.74	30.34	8.63	9.62

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 for 1H2013 was US\$122.7 million, a year-on-year ("yoy") increase of 10.8% over the US\$110.7 million revenue recorded in 1H2012. The Group's profit after tax for the half year increased by 5.2% yoy from US\$8.7 million in 1H2012 to US\$9.1 million in 1H2013.

On a quarterly basis, revenue for 2Q2013 increased 8.5% to \$64.2 million. Profit after tax for the quarter declined by 2.9% to US\$3.6 million. This was partially contributed by the start-up costs associated with the Group's pursuit of several upstream green-field opportunities.

Excluding the impact of foreign exchange losses, net profit after tax for 2Q2013 and 1H2013 would have been US\$4.5 million and US\$10.5 million respectively, representing growth rates of 13.7% and 19.0%.

Revenue by Region (US\$'000)

	Group			Group		
	2Q 13 US\$'000	2Q 12 US\$'000	Increase/ (Decrease) %	1H 13 US\$'000	1H 12 US\$'000	Increase/ (Decrease) %
Russia	37,545	34,025	10.3	73,913	64,850	14.0
Eastern Europe and Central Asia	19,660	18,991	3.5	37,286	33,097	12.7
Other Markets	7,041	6,224	13.1	11,475	12,758	-10.1
Total	64,246	59,240	8.5	122,674	110,705	10.8

In 1H2013, sales to the Group's largest region, Russia, rose by 14.0% to US\$73.9 million compared to US\$64.9 million in 1H2012.

In the Group's Eastern Europe and Central Asia region (comprising Ukraine, Kazakhstan and the CIS Countries), sales increased by 12.7% from US\$33.1 million in 1H2012 to US\$37.3 million in 1H2013.

Sales to the Group's Other Markets fell by 10.1% from US\$12.8 million in 1H2012 to US\$11.5 million in 1H2013 due to lower sales in Middle East and Asia.

On a quarterly basis, the Group's revenue in 2Q2013 was US\$64.2 million, an increase of 8.5% compared to 2Q 2012. Of its 3 largest markets, Russia's revenue increased 10.3% compared to the same quarter in 2012. Sales to the Group's Other Markets rose by 13.1% for the quarter; while sales for the Eastern Europe and Central Asia region increased by 3.5% for the quarter.

Profitability

For 1H2013, the Group recorded a profit after tax of US\$9.1 million as compared to US\$8.7 million in 1H2012.

The improvement in performance was mainly due to the following: -

- 1) Higher average selling prices coupled with higher sales volume of its products in its key markets.
- 2) Change in the Group's business model in our core markets of Russia and Ukraine.

The increase in profitability was partially offset by higher staff costs, other operating expenses and foreign exchange losses due to the strengthening of US Dollar. Staff costs increased by 16.5% yoy in 1H2013 to US\$15.9 million due to higher salaries and higher headcount arising from newly acquired and set up companies. Higher other operating expenses were incurred for Advertising and Promotion activities in line with higher revenue. There was also an increase in depreciation expenses for property, plant and equipment due to the Group's larger asset base. Unrealised foreign exchange losses due to intra-company balances were the main contributor to the US\$1.4 million foreign exchange loss for 1H2013.

For 2Q2013, the Group's profit after tax was US\$3.6 million compared to US\$3.7 million in 2Q2012, a decrease of 2.9%. This was partially contributed by the start-up costs associated with the Group's pursuit of several upstream green-field opportunities and also the impact of foreign exchange loss.

Balance Sheet & Cashflow

The increase in prepaid expenses and other debtors from US\$6.7 million as at 31 December 2012 to US\$19.6 million as at 30 June 2013 was mainly due to deposits made for purchase of machinery and payment to contractors arising from the Group's investment in several green-field projects.

The increase in inventories, trade receivables and trade payables and accruals in 1H2013 was due to change in business processes of our operations in Russia and also in line with higher revenue.

There was a net operating cash outflow of US\$11.9 million in 1H2013, compared to a net operating cash inflow of US\$11.1 million in 1H2012, due to increase in working capital. The Group cash and cash equivalents was US\$30.5 million as at 30 June 2013, compared to US\$46.6 million as at 31 December 2012.

The Group's net assets as at 30 June 2013 were US\$163.6 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 June 2013 was 30.74 US cents as compared to 30.34 US cents as at 31 December 2012.

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 remains cautiously optimistic about its operating environment in its existing markets. However, the Group's performance may be affected by the following factors: -

- currency volatility in particular of the Russian Rouble and Ukrainian Hryvnia against the US Dollar;
- raw material prices;
- competitive market conditions; and
- the possibility of changes in regulatory policies in the Group's operating markets.

Organically, the Group will continue to pursue activities to build up its brand equity and strengthen its distribution networks. The Group also continues to look for suitable M&A opportunities.

The Group has embarked on a number of upstream green-field projects to mitigate some of the uncertainties in commodities prices in the longer term. The progress of the Group's non-dairy creamer plant is going on as per schedule and the plant is expected to be completed by the second half of 2013.

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/recommendeded, 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 any general mandate from shareholders for IPTs.

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

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 2013 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
13 August 2013