

FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 20001282G)

Food Empire Holdings Limited and its Subsidiaries

Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2021

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

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

Interim consolidated income statement

	Note	Group		Increase/ (Decrease) %
		1H 21 US\$'000	1H 20 US\$'000	
Revenue	5	149,616	132,947	12.5
Cost of sales		(101,508)	(79,941)	27.0
Gross profit		48,108	53,006	(9.2)
Selling and marketing expenses		(18,780)	(19,462)	(3.5)
General and administrative expenses		(16,523)	(16,922)	(2.4)
Results from operating activities		12,805	16,622	(23.0)
Net other income	7	810	178	355.1
Net finance costs	8	(460)	(363)	26.7
Share of profits/(losses) of associates		1,038	(403)	NM
Profit before taxation	9	14,193	16,034	(11.5)
Income tax expense	11	(2,722)	(2,819)	(3.4)
Profit for the period		11,471	13,215	(13.2)
Profit/(loss) attributable to:				
Equity shareholders of the Company		11,547	13,407	(13.9)
Non-controlling interest		(76)	(192)	(60.4)
		11,471	13,215	(13.2)

NM denotes not meaningful.

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Interim consolidated statement of comprehensive income

	Group		
	1H 21	1H 20	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit net of tax	11,471	13,215	(13.2)
<u>Other comprehensive income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain/(loss)	679	(7,130)	NM
Share of other comprehensive income of associates	(166)	(175)	(5.1)
Other comprehensive income for the period, net of tax	513	(7,305)	NM
Total comprehensive income for the period	11,984	5,910	102.8
Total comprehensive income attributable to:			
Equity shareholders of the Company	12,053	6,081	98.2
Non-controlling interest	(69)	(171)	(59.6)
	11,984	5,910	102.8

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Interim balance sheet

	Note	Group		Company	
		30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
		US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets					
Property, plant and equipment	16	105,546	104,284	-	-
Right-of-use assets		9,974	10,487	-	-
Investment properties		14,213	14,529	-	-
Investments in subsidiaries		-	-	44,485	44,485
Investments in associates		11,157	10,799	-	-
Intangible assets	15	10,343	10,343	-	-
Deferred tax assets		3,499	3,443	-	-
		154,732	153,885	44,485	44,485
Current Assets					
Inventories		56,825	50,129	-	-
Trade receivables		38,342	31,193	11	-
Prepaid operating expenses		5,317	4,751	11	15
Deposits		757	803	-	-
Other receivables		3,204	2,450	-	-
Amounts due from subsidiaries (non-trade)		-	-	8,623	19,517
Amount due from an associate (non-trade)		89	85	-	-
Amount due from a related party (trade)		137	311	-	-
Cash and cash equivalents		62,923	69,037	410	1,134
		167,594	158,759	9,055	20,666
Current Liabilities					
Trade payables and accruals		(36,760)	(28,766)	(466)	(2,449)
Lease liabilities	17	(1,900)	(1,786)	-	-
Interest-bearing loans and borrowings	17	(18,300)	(18,403)	-	-
Other payables		(3,529)	(3,294)	-	(146)
Amount due to a subsidiary (non-trade)		-	-	(20)	(21)
Amount due to a related party (non-trade)		(697)	(654)	-	-
Amount due to an associate (non-trade)		(280)	(295)	-	-
Amounts due to associates (trade)		(184)	(21)	-	-
Income tax payable		(1,718)	(1,778)	(23)	(42)
		(63,368)	(54,997)	(509)	(2,658)
Net Current Assets		104,226	103,762	8,546	18,008
Non-Current Liabilities					
Lease liabilities	17	(2,132)	(2,616)	-	-
Interest-bearing loans and borrowings	17	(32,337)	(35,330)	-	-
Deferred tax liabilities		(4,064)	(2,733)	-	-
		(38,533)	(40,679)	-	-
Net Assets		220,425	216,968	53,031	62,493
Equity					
Share capital	18	44,929	43,267	44,929	43,267
Treasury shares		(2,879)	(1,742)	(2,879)	(1,742)
Reserves		179,470	176,499	10,981	20,968
		221,520	218,024	53,031	62,493
Non-controlling interest		(1,095)	(1,056)	-	-
Total Equity		220,425	216,968	53,031	62,493

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Interim statements of changes in equity

Group	Attributable to equity shareholders of the Company								
	Note	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	Total equity US\$'000
Balance as at 1 January 2021		43,267	(1,742)	(10,950)	3,865	183,584	218,024	(1,056)	216,968
Profit/(loss) for the period		-	-	-	-	11,547	11,547	(76)	11,471
<u>Other comprehensive income</u>									
Foreign currency translation gain		-	-	672	-	-	672	7	679
Share of other comprehensive income of associates		-	-	(166)	-	-	(166)	-	(166)
Total comprehensive income for the period		-	-	506	-	11,547	12,053	(69)	11,984
<u>Contributions by and distributions to owners</u>									
Value of employee services received from the issuance of share options		-	-	-	272	-	272	-	272
Issuance of new shares		1,254	-	-	-	-	1,254	-	1,254
Purchase of treasury shares		-	(1,137)	-	-	-	(1,137)	-	(1,137)
Exercise of share options		408	-	-	(408)	-	-	-	-
Dividend paid to shareholders of the Company	12	-	-	-	-	(8,946)	(8,946)	-	(8,946)
Total contributions by and distributions to owners		1,662	(1,137)	-	(136)	(8,946)	(8,557)	-	(8,557)
<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		-	-	-	-	-	-	30	30
Total transactions with owners in their capacity as owners		1,662	(1,137)	-	(136)	(8,946)	(8,557)	30	(8,527)
Balance as at 30 June 2021		44,929	(2,879)	(10,444)	3,729	186,185	221,520	(1,095)	220,425

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Interim statements of changes in equity (cont'd)

Group	Attributable to equity shareholders of the Company								
	Note	Share capital	Treasury shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated profits	Total	Non-controlling interest	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2020		42,020	(477)	(2,166)	3,301	164,217	206,895	(1,192)	205,703
Profit/(loss) for the period		-	-	-	-	13,407	13,407	(192)	13,215
<u>Other comprehensive income</u>									
Foreign currency translation loss		-	-	(7,151)	-	-	(7,151)	21	(7,130)
Share of other comprehensive income of associates		-	-	(175)	-	-	(175)	-	(175)
Total comprehensive income for the period		-	-	(7,326)	-	13,407	6,081	(171)	5,910
<u>Contributions by and distributions to owners</u>									
Value of employee services received from the issuance of share options		-	-	-	267	-	267	-	267
Issuance of new shares		185	-	-	-	-	185	-	185
Purchase of treasury shares		-	(215)	-	-	-	(215)	-	(215)
Exercise of share options		59	-	-	(59)	-	-	-	-
Dividend paid to shareholders of the Company	12	-	-	-	-	(7,595)	(7,595)	-	(7,595)
Expiry of share options		-	-	-	(6)	6	-	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		244	(215)	-	202	(7,589)	(7,358)	-	(7,358)
Balance as at 30 June 2020		42,264	(692)	(9,492)	3,503	170,035	205,618	(1,363)	204,255

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Interim statements of changes in equity (cont'd)

Company	Note	Share	Treasury	Foreign	Share-	Accumulated	Total
		capital	shares	currency	based	profits	Equity
		US\$'000	US\$'000	translation	payment	US\$'000	US\$'000
		US\$'000	US\$'000	reserve	reserve	US\$'000	US\$'000
Balance as at 1 January 2021		43,267	(1,742)	(36)	3,865	17,139	62,493
Loss for the period		-	-	-	-	(769)	(769)
<u>Other comprehensive income</u>							
Foreign currency translation loss		-	-	(136)	-	-	(136)
Total comprehensive income for the period		-	-	(136)	-	(769)	(905)
<u>Contributions by and distributions to owners</u>							
Value of employee services received from the issuance of share options		-	-	-	272	-	272
Issuance of new shares		1,254	-	-	-	-	1,254
Exercise of share options		408	-	-	(408)	-	-
Dividend paid to shareholders of the Company	12	-	-	-	-	(8,946)	(8,946)
Purchase of treasury shares		-	(1,137)	-	-	-	(1,137)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		1,662	(1,137)	-	(136)	(8,946)	(8,557)
Balance as at 30 June 2021		44,929	(2,879)	(172)	3,729	7,424	53,031
Balance as at 1 January 2020		42,020	(477)	49	3,301	19,727	64,620
Loss for the period		-	-	-	-	(887)	(887)
<u>Other comprehensive income</u>							
Foreign currency translation loss		-	-	(786)	-	-	(786)
Total comprehensive income for the period		-	-	(786)	-	(887)	(1,673)
<u>Contributions by and distributions to owners</u>							
Value of employee services received from the issuance of share options		-	-	-	267	-	267
Issuance of new shares		185	-	-	-	-	185
Exercise of share options		59	-	-	(59)	-	-
Dividend paid to shareholders of the Company	12	-	-	-	-	(7,595)	(7,595)
Purchase of treasury shares		-	(215)	-	-	-	(215)
Expiry of share options		-	-	-	(6)	6	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		244	(215)	-	202	(7,589)	(7,358)
Balance as at 30 June 2020		42,264	(692)	(737)	3,503	11,251	55,589

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Interim consolidated cash flow statement

	Note	Group	
		1H 21 US\$'000	1H 20 US\$'000
Cash flows from operating activities			
Profit from operations before taxation		14,193	16,034
Adjustment for :			
Depreciation of property, plant and equipment	9	3,903	2,951
Depreciation of investment properties	9	76	82
Depreciation of right-of-use assets	9	961	963
Impairment loss on loan to an associate	7	21	-
Loss/(gain) on disposal of property, plant and equipment	7	18	(20)
Interest income	8	(160)	(179)
Interest expenses	8	620	542
Exchange realignment		(260)	1,394
Share of (profits)/losses of associates		(1,038)	403
Impairment loss on trade receivables	9	73	172
Impairment loss on other receivables	9	17	-
Inventories written down	9	265	82
Gain on partial disposal of an associate	7	-	(58)
Value of employee services received from the issuance of share		272	267
Net fair value gain on derivatives		19	-
Operating cash flows before changes in working capital		18,980	22,633
<u>Changes in working capital:</u>			
(Increase)/decrease in trade and other receivables		(7,958)	937
Increase in inventories		(6,299)	(1,766)
Increase/(decrease) in trade and other payables		8,113	(6,222)
Cash flows from operations		12,836	15,582
Income taxes paid		(2,106)	(1,522)
Net cash flows from operating activities		10,730	14,060
Cash flows from investing activities			
Interest received		144	228
Purchase of property, plant and equipment		(3,849)	(5,536)
Proceeds from disposal of property, plant and equipment		37	45
Prepayment of right-of-use assets		-	(2,844)
Dividend received from an associate		513	-
Proceeds from partial disposal of an associate		-	136
Net cash flows used in investing activities		(3,155)	(7,971)
Cash flows from financing activities			
Interest paid		(849)	(1,170)
Dividend paid to shareholders of the Company	12	(8,946)	(7,595)
Repayment of principal portion of interest-bearing loans and		(22,147)	(21,148)
Proceeds from interest-bearing loans and borrowings		19,143	17,398
Repayment of principal portion of lease liabilities		(879)	(843)
Proceeds from issuance of shares		1,254	185
Purchase of treasury shares		(1,137)	(215)
Net cash flows used in financing activities		(13,561)	(13,388)
Net decrease in cash and cash equivalents		(5,986)	(7,299)
Effect of exchange rate changes on cash and cash equivalents		(128)	(848)
Cash and cash equivalents at beginning of the period		69,037	54,735
Cash and cash equivalents at end of the period		62,923	46,588

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Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding.

2. Summary of significant accounting policies

a. Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

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

b. Adoption of new and amended standards and interpretations

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

3. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual financial statements for the financial year ended 31 December 2020.

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

Management is of the opinion that there is no significant judgement made in the process of applying the Group's accounting policies for the six months ended 30 June 2021.

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4. Seasonal operations

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

5. Revenue and segment information

5.1 Revenue

Disaggregation of revenue

	Sale of goods		Rental income		Other revenue		Total revenue	
	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Russia	54,468	48,295	-	-	13	12	54,481	48,307
Ukraine, Kazakhstan and CIS markets	35,219	33,762	2	2	-	-	35,221	33,764
South-East Asia	44,453	39,186	284	378	39	-	44,776	39,564
South Asia	5,856	3,060	-	-	9	10	5,865	3,070
Others	9,122	8,187	-	-	151	55	9,273	8,242
Total	149,118	132,490	286	380	212	77	149,616	132,947

Timing of transfer of goods or services

At a point in time	149,118	132,490	-	-	212	77
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5.2 Segment information

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

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

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

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

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

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5.2 Segment information (cont'd)

Geographical Segment	Russia		Ukraine, Kazakhstan and CIS Markets		South-East Asia		South Asia		Others		Elimination		Total	
	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20	1H 21	1H 20
	US\$'000		US\$'000		US\$'000		US\$'000		US\$'000		US\$'000		US\$'000	
Revenue														
Sales to external customers	54,481	48,307	35,221	33,764	44,776	39,564	5,865	3,070	9,273	8,242	-	-	149,616	132,947
Inter-segment sales ^(a)	3,133	820	-	-	55,508	64,468	7,414	5,480	-	-	(66,055)	(70,768)	-	-
Total Revenue	57,614	49,127	35,221	33,764	100,284	104,032	13,279	8,550	9,273	8,242	(66,055)	(70,768)	149,616	132,947
Results :														
Segment results	5,144	6,496	5,942	6,891	17,024	20,463	2,239	1,565	(687)	(906)	(10,456)	(13,189)	19,206	21,320
Interest income	64	41	10	55	55	46	29	22	2	15	-	-	160	179
Interest expenses	(157)	(224)	(19)	(33)	(110)	(165)	(324)	(52)	(10)	(68)	-	-	(620)	(542)
Share of profits/(losses) of associates	327	(330)	-	-	-	-	-	-	711	(73)	-	-	1,038	(403)
Income tax expenses	352	316	(611)	(648)	(2,352)	(2,074)	(99)	(400)	(12)	(13)	-	-	(2,722)	(2,819)
Non-controlling interest	(1)	12	-	-	-	-	40	146	37	34	-	-	76	192
Depreciation for property, plant and equipment	(438)	(427)	(247)	(215)	(1,515)	(1,463)	(1,658)	(808)	(45)	(38)	-	-	(3,903)	(2,951)
Depreciation for investment properties	-	-	-	-	(76)	(82)	-	-	-	-	-	-	(76)	(82)
Depreciation for right-of-use assets	(716)	(744)	(71)	(92)	(121)	(62)	(26)	(32)	(27)	(33)	-	-	(961)	(963)
Impairment loss on loan to an associate	-	-	-	-	-	-	(21)	-	-	-	-	-	(21)	-
Other non-cash expenses ^(b)	(268)	(279)	(43)	(84)	(240)	(78)	(22)	(29)	(57)	(54)	-	-	(630)	(524)
Profit/(loss) attributable to equity shareholders of the Company	4,307	4,861	4,961	5,874	12,665	16,585	158	412	(88)	(1,136)	(10,456)	(13,189)	11,547	13,407
Assets and liabilities														
													30 Jun 2021	31 Dec 2020
													US\$'000	
Segment assets	70,894	68,457	21,072	16,622	145,443	147,938	76,580	71,863	8,337	7,764	-	-	322,326	312,644
Investment in associates	5,702	5,820	-	-	-	-	-	-	5,455	4,979	-	-	11,157	10,799
Additions to non-current assets	402	888	258	849	565	4,470	4,557	7,526	55	9	-	-	5,837	13,742
Segment liabilities	(7,510)	(12,246)	(1,949)	(1,501)	(47,119)	(39,710)	(44,367)	(41,205)	(956)	(1,014)	-	-	(101,901)	(95,676)

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5.2 Segment information (cont'd)

- (a) Inter-segment revenues are eliminated on consolidation.
(b) Other non-cash expenses consist of allowance for doubtful debt, bad debts written off, inventories written down and value of employee services received from the issuance of share options.

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

	Group	
	1H 21	1H 20
	(US\$'000)	(US\$'000)
Beverages	124,144	114,165
Ingredients	13,039	9,559
Others	12,433	9,223
	<u>149,616</u>	<u>132,947</u>

6. Financial assets and financial liabilities

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

7. Net other income

	Group		
	1H 21	1H 20	Increase/ (Decrease)
	US\$'000	US\$'000	%
<u>Other income</u>			
Gain on disposal of property, plant and equipment	-	20	NM
Gain on partial disposal of an associate	-	58	NM
Foreign exchange gain	555	-	NM
Sales of scrapped items	135	76	77.6
Insurance claim	27	52	(48.1)
Other income	132	1,074	(87.7)
	<u>849</u>	<u>1,280</u>	<u>(33.7)</u>
<u>Other expenses</u>			
Foreign exchange loss	-	(1,102)	NM
Impairment loss on loan to an associate	(21)	-	NM
Loss on disposal of property, plant and equipment	(18)	-	NM
	<u>(39)</u>	<u>(1,102)</u>	<u>(96.5)</u>
Net other income	<u>810</u>	<u>178</u>	<u>355.1</u>

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8. Net finance costs

	Group		Increase/ (Decrease) %
	1H 21 US\$'000	1H 20 US\$'000	
Interest income	160	179	(10.6)
Interest expenses on:			
- Bank loans	(425)	(267)	59.2
- Others	(195)	(275)	(29.1)
Net finance costs	(460)	(363)	26.7

9. Profit before taxation

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

	Group		Increase/ (Decrease) %
	1H 21 US\$'000	1H 20 US\$'000	
Depreciation of property, plant and equipment	(3,903)	(2,951)	32.3
Depreciation of investment properties	(76)	(82)	(7.3)
Depreciation of right-of-use assets	(961)	(963)	(0.2)
Inventories written down	(265)	(82)	223.2
Impairment loss on trade receivables	(73)	(172)	(57.6)
Impairment loss on other receivables	(17)	-	N.M.

10. Related party transactions

Sales and purchase of goods and services

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

	Group	
	1H 21 US\$'000	1H 20 US\$'000
<u>Simonelo Limited and its subsidiaries</u> ^(a)		
- Lease payments made	905	911
<u>UDI Marketing Sdn Bhd</u> ^(b)		
- Sale of goods	372	332

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

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

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11. Taxation

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

	Group		Increase/ (Decrease) %
	1H 21 US\$'000	1H 20 US\$'000	
Current income tax			
- Current income taxation	(1,851)	(2,464)	(24.9)
- Over provision for prior year	441	8	5,412.5
Deferred income tax	(1,312)	(363)	261.4
Income tax expense	<u>(2,722)</u>	<u>(2,819)</u>	<u>(3.4)</u>

12. Dividend

	The Group and the Company	
	1H 21 US\$'000	1H 20 US\$'000
Ordinary dividends paid:		
Final exempt (one-tier) dividend for 2020: S\$0.022 (2019: S\$0.01) per share	8,946	3,797
Special exempt (one-tier) dividend for 2020: S\$Nil (2019: S\$0.01) per share	-	3,797

13. Earnings per share

	Group	
	1H 21	1H 20
Earnings per share		
Basic earnings per share (US cents)	2.15	2.50
Diluted earnings per share (US cents)	2.11	2.49
Weighted average number of shares table		
Weighted average number of shares for calculation of basic EPS	536,711,562	536,107,664
Weighted average number of shares for calculation of diluted EPS	546,041,864	538,683,914

14. Net asset value

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net asset value per ordinary share (US cents)	41.18	40.63	9.86	11.65

15. Intangible assets

As at 30 June 2021, the carrying amount of the intangible assets is US\$10,343,000 (31 December 2020: US\$10,343,000). There were no indicators of impairment as at 30 June 2021.

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16. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to US\$5,162,000 (30 June 2020: US\$6,144,000).

17. Interest-bearing loans and borrowings and lease liabilities

Amount repayable in one year or less, or on demand

	As at 30 Jun 2021		As at 31 Dec 2020	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Lease liabilities	(1,900)	-	(1,786)	-
Interest-bearing loans and borrowings	(12,364)	(5,936)	(8,081)	(10,322)
Total	(14,264)	(5,936)	(9,867)	(10,322)

Amount repayable after one year

	As at 30 Jun 2021		As at 31 Dec 2020	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Lease liabilities	(2,132)	-	(2,616)	-
Interest-bearing loans and borrowings	(29,313)	(3,024)	(31,758)	(3,572)
Total	(31,445)	(3,024)	(34,374)	(3,572)

Details of any collateral

As at 31 December 2020 and 30 June 2021, the lease liabilities include the leasehold land, factory and office premises and motor vehicles held by subsidiaries of the Group.

As at 31 December 2020 and 30 June 2021, 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 2020 and 30 June 2021, the unsecured interest-bearing loans and borrowings of subsidiaries were covered by corporate guarantees given by the Company.

18. Share capital

	The Group and the Company			
	As at 30 Jun 2021		As at 31 Dec 2020	
	Number of shares	US\$'000	Number of shares	US\$'000
Issued and fully paid:				
At 1 January	540,917,999	43,267	537,797,999	42,020
Issued under employee share option	3,220,000	1,662	3,120,000	1,247
At 30 June / 31 December	544,137,999	44,929	540,917,999	43,267

As at 30 June 2021, the Company's total issued shares is 537,893,499 ordinary shares (31 December 2020: 536,579,699) excluding 6,244,500 shares held as treasury shares (31 December 2020: 4,338,300).

(i) Exercise of share options

Out of the 22,875,000 outstanding share options on 30 Jun 2021 (31 December 2020: 26,095,000), 18,105,000 (31 December 2020: 16,280,000) share options are exercisable.

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(ii) Treasury Shares

As at 30 June 2021, the total number of treasury shares held was 6,244,500 (31 December 2020: 4,338,300).

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

(iii) Subsidiary holdings

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

19. Subsequent events

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

Other information required by Listing Rule Appendix 7.2

1. Review

The interim balance sheet of Food Empire Holdings Limited and its subsidiaries as at 30 June 2021 and the related interim consolidated income statement and statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated cash flow statement for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

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

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

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

Not applicable.

3. Review of performance of the Group

Revenue for the six months ended 30 June 2021 ("**1H2021**") was US\$149.6 million, a year-on-year ("**yoy**") increase of 12.5% compared with the US\$132.9 million revenue recorded in 1H2020. The Group's net profit after tax was US\$11.5 million for 1H2021 as compared to US\$13.2 million for 1H2020.

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Revenue by Markets (US\$'000)

	Group		Increase/ (Decrease) %
	1H 21 US\$'000	1H 20 US\$'000	
Russia	54,481	48,307	12.8
Ukraine, Kazakhstan and CIS markets	35,221	33,764	4.3
South-East Asia	44,776	39,564	13.2
South Asia	5,865	3,070	91.0
Other Markets	9,273	8,242	12.5
Total	149,616	132,947	12.5

In the Group's largest market, Russia, revenue increased by 12.8% from US\$ 48.3 million in 1H2020 to US\$54.5 million in 1H2021 due to planned promotional activities and absence of national lockdown caused by Covid-19. Russia saw an increased footfall of consumers in retail outlets, resulting in the growth in sales. This increase was partly offset by the depreciation of the Russian Ruble against the US dollar. The average exchange rate was 74.3 Ruble per US dollar in 1H2021 as compared to 68.7 Ruble per US dollar in 1H2020.

In the Group's Ukraine, Kazakhstan and CIS markets, revenue increased by 4.3% from US\$33.8 million in 1H2020 to US\$35.2 million in 1H2021 due to the easing of Covid-19 restrictions and lockdowns, resulting in higher sales volumes.

In the Group's South-East Asia market, revenue increased by 13.2% from US\$39.6 million in 1H2020 to US\$44.8 million in 1H2021. This was largely due to an increase in demand and higher sales volume from the Group's non-dairy creamer plant and snacks manufacturing facility in Malaysia. The Group's Vietnam market also contributed to the revenue growth with higher sales on the back of an expanded product range but from June onwards Vietnam went into national lockdown and restrictions due to worsening Covid-19 pandemic.

In the Group's South Asia market, revenue increased by 91.0% from US\$3.1 million in 1H2020 to US\$5.9 million in 1H2021 mainly due to higher revenue contribution from the Group's spray dry coffee plant in India. The Group's freeze dry coffee plant in India has commenced operation since 2Q2021 and started contributing to the Group's revenue.

Revenue in the Group's Other Markets increased by 12.5% from US\$8.2 million in 1H2020 to US\$9.3 million in 1H2021 mainly due to higher revenue contribution from the Group's Europe market.

Profitability

For 1H2021, the Group's net profit after tax decreased from US\$13.2 million in 1H2020 to US\$11.5 million for 1H2021 mainly due to lower margin as a result of higher commodity prices, record high ocean freight rates, coupled with shortage of shipping container slots resulting in supply chain delays and higher depreciation expenses arising from commencement of the Group's new freeze dry coffee plant in India.

For 1H2021, selling and marketing expenses decreased by US\$0.7 million from US\$19.5 million in 1H2020 to US\$18.8 million. The decrease was mainly due to lower advertising and promotional expenses.

For 1H2021, general and administrative expenses decreased by US\$0.4 million from US\$16.9 million in 1H2020 to US\$16.5 million. The decrease was mainly attributed to office related expenses.

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For 1H2021, foreign exchange gain was US\$0.6 million as compared to foreign exchange loss of US\$1.1 million in 1H2020.

For 1H2021, the Russian Ruble strengthened from 73.9 Ruble per US dollar on 31 December 2020 to 72.4 Ruble per US dollar on 30 June 2021 and the Ukrainian Hryvnia strengthened from 28.3 Hryvnia per US dollar on 31 December 2020 to 27.2 Hryvnia per US dollar on 30 June 2021. Over the same period, the Kazakhstan Tenge weakened from 420.2 Tenge per US dollar on 31 December 2020 to 427.4 Tenge per US dollar on 30 June 2021.

Balance Sheet & Cashflow

As at 30 June 2021, inventories increased by US\$6.7 million to US\$56.8 million while trade payables and accruals increased by US\$8.0 million to US\$36.8 million due to higher stock holding and higher procurements in the Group's core markets in line with robust demand.

Trade receivables increased by US\$7.1 million to US\$38.3 million as at 30 June 2021 mainly due to higher sales in the Group's core markets.

The Group's cash and cash equivalents was US\$62.9 million as at 30 June 2021, compared to US\$69.0 million as at 31 December 2020.

The Group's net assets as at 30 June 2021 were US\$220.4 million. The net asset value per ordinary share (excluding non-controlling interests) as at 30 June 2021 was 41.18 US cents as compared to 40.63 US cents as at 31 December 2020.

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

Not applicable.

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

The operating environment is likely to remain challenging as we see rising cases of Covid-19 in South-East Asia and some of these countries where we operate like Vietnam and Malaysia are facing national lockdowns and restrictions.

The Group's Russia market has seen a high rate of Covid-19 infections while situation in the Group's Ukraine market has deteriorated due to low vaccination rates. However, sales have been resilient in these markets as Covid-19 is viewed as endemic and the government in these countries has avoided national lockdowns.

The Group's Vietnam market had kept the pandemic situation under control for most of 2020, but the country faced a series of outbreaks in 2021, particularly since June, which saw Authorities implementing strict national lockdown. Vietnam has been under lockdown for most of July, which has continued into the month of August.

In Malaysia, where the Group operates non-dairy creamer, snacks and instant coffee mix packing facilities, Movement Control Order has been extended to August 2021, which resulted in labour shortage and supply chain disruption. As a result of the extended lockdown, the completion of the Group's second non-dairy creamer project is likely to be delayed to 2023.

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In the Group's India market, incidences of infection have declined significantly, with the country easing lockdown restrictions over the past few months. However, situation remains very fluid. The Group's freeze dry coffee plant in India has commenced operation since 2Q2021 and will gradually contribute to the Group's revenue.

The commodity prices and ocean freight rates are expected to remain high for the rest of the year, which may continue to impact our profitability. On a more positive note, the Group is hopeful that the global increase in Covid-19 vaccine adoption rates will eventually result in the gradual easing of lockdown measures in most countries where we operate.

The Group may face currency volatility in core markets such as Russia, Ukraine, Kazakhstan and CIS countries, which could impact the results of the Group.

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

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

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

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

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

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

The Company has procured the undertakings (in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST) from all its Directors and Executive Officers.

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

We, Tan Wang Cheow and Sudeep Nair, being two Directors of Food Empire Holdings Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Wang Cheow
Director

Sudeep Nair
Director

Singapore
13 August 2021