



**News Release
(For Immediate Release)
10 August 2004**

Contact Person:
Jenny Lam, Director
The Blue Edge Pte Ltd
Tel: 67383845

Food Empire Holdings' Q2 2004 Net Profit Triples On The Back Of Steady Double-Digit Sales Growth *Half-Year Net Profit Up 90.9% To \$7.1m*

Singapore, 10 August 2004 – SGX mainboard-listed Food Empire Holdings (FEH), a leading food and beverage manufacturer, is pleased to announce that it has continued to deliver strong growth both in revenue and profit for the second quarter of 2004.

Group Turnover rose 21.7% to nearly S\$35.0 million for the second quarter (April to June) of 2004 compared to the corresponding quarter in 2003. For the six-month period ended 30 June 2004, Group Turnover was up 23.8% to \$72.0 million. Group Net Profit After Tax in Q2 2004 surged 295.3% to \$3.2 million, bringing the Group Net Profit for the first half of the year to \$7.1 million.

Group Revenue in Q2 continued to grow at a steady pace. There was broad-based expansion across the key geographical zones of Russia, Eastern Europe and Central Asia and Other Markets, driven by increased demand for the Group's instant beverages and snack food.

The significant improvement in Q2 Group Profit After Tax was attributable mainly to increased sales. Advertising and promotions expenses, wages and overseas office expenses were also kept at moderate levels in Q2 this year compared to Q2 2003. The rise in cost of some raw materials was offset by better control over logistics expenses. There was a foreign exchange gain of \$0.7 million in Q2 as a result of a stronger US dollar as at 30 June 2004.

Earnings per share based on existing issued share capital more than doubled to 0.91 cents while Net Asset Value per share rose 19.4% to 17.63 cents in Q2 2004 compared to the corresponding period in the previous year.

Mr Tan Wang Cheow, Food Empire Holdings Chairman and Managing Director said: "We had put in place strategic plans last year to reinforce our overseas office operations and to strengthen the competitive presence of our Group in our core markets. We are heartened to see the results of these efforts coming onstream as we have continued to deliver a consistent and healthy double-digit sales growth topped by a robust net profit both for Q2 and the first half of this year."

Segmental Analysis

International sales contributed 99.1% of Group Revenue in Q2. The main contributor was Russia which made up 60.4% of Group Revenue in the second quarter of 2004. This was followed by a contribution of 31.8% by Eastern Europe and Central Asia. Sales from Other Markets made up the balance 7.8% of Group Revenue.

Russia continued to be a strong sales and earnings driver for the Group. It attained a robust 27.2% jump in Turnover to \$21.1 million in Q2 as a result of intensified promotional activities. Well-established products such as 3-in-1 instant coffee continued to enjoy good organic growth due to their popularity with consumers.

The combined markets of Eastern Europe and Central Asia delivered a steady 12.7% rise in Turnover to \$11.1 million in Q2 due mainly to better brand awareness and sales of core products. Other Markets comprising mostly new potential growth areas turned in a 20.1% increase in Turnover to \$2.7 million following higher sales in the Middle East market.

The Beverage category contributed 91.1% of total turnover in Q2. Beverage sales continued to power ahead with a 25.2% jump in sales to \$31.9 million due to higher demand for the core 3-in-1 coffee.

The Non-beverage category sales dipped 6.0% to \$3.1 million in Q2 due mainly to the cessation of frozen seafood trading.

The Group expects market conditions to remain competitive and foreign currency fluctuations will remain a key consideration. The Group will continue to invest in brand building and distribution network expansion to improve its market share.

This press release is to be read in conjunction with the full financial results posted on Masnet.

---End---

About Food Empire Holdings

SGX mainboard-listed Food Empire Holdings is a leading food and beverage company that manufactures and markets instant beverage products, frozen convenience food, confectionery and snack food.

Food Empire Holdings' products are exported to over 40 countries in markets such as Russia, Eastern Europe, Central Asia, China, Indochina and the US. The Group has 13 offices (representative and liaison) in 12 countries in Russia, Ukraine, Kazakhstan, Uzbekistan, Iran, Poland, Turkey, Belgium, Bahrain, Mongolia, China and Vietnam.

The Group's core products include a wide variety of regular and flavoured coffee mixes and cappuccinos, instant chocolate, instant breakfast cereal and flavoured fruit teas. Food Empire also markets a refreshing range of confectionery, snack food such as dried calamari and potato crisps and a delectable assortment of frozen convenience food that includes Asian delicacies.

Food Empire has more than 170 types of products under its own brands including MacCoffee, Klassno, FesAroma, Bésame, OrienBites, MacCandy and Kracks. MacCoffee, the group's flagship brand, has been consistently rated as a market leader over the past few years and was recently ranked among the top three most popular instant 3-in-1 coffee brands in the group's core markets including Russia, Ukraine and Kazakhstan.

The company has won numerous accolades and awards including being ranked one of "The Most Valuable Singapore Brands" in 2003 at the national brand award organised by IE Singapore. MacCoffee was ranked one of "The Strongest Singapore Brands".

For more information on Food Empire, please visit www.foodempire.com

Issued For And On Behalf of Food Empire Holdings By:

The Blue Edge Pte Ltd

(Business communications consultancy)

For more information please call:

Ms Jenny Lam

Director

The Blue Edge Pte Ltd

Tel: 65-7383845

HP: 65-97696889