



**News Release
(For Immediate Release)
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**Food Empire Holdings' Net Profit Surges 34.8% In Q1 2004
Group Continues Strong Broad-based Growth With 26% Rise In Revenue**

Singapore, 12 May 2004 – SGX mainboard-listed Food Empire Holdings (FEH), a leading food and beverage manufacturer, is pleased to announce a 34.8% surge in its Group Profit After Tax attributable to shareholders to \$3.9 million for the first quarter of 2004 compared to Q1 of 2003.

The strong earnings came on the back of continued broad-based sales growth that saw Group Revenue jumping 26.0% to \$37.0 million in Q1 2004. Group Net Profit was also boosted by improved operating margins.

The Group's intensified efforts in brand building and strategic expansion in its core markets last year were rewarded in Q1 2004 as sales powered ahead with hefty double-digit increases in Russia, Eastern Europe and Central Asia.

Following higher operating profits and reduced inventory levels, the Group's Net Cash position increased \$5.5 million to S\$17.3 million in Q1 2004.

Earnings Per Share rose 34.1% to 1.14 cents in Q1 2004 compared to Q1 2003. Net Asset Value Per Share improved 6.7% to 17.68 cents.

Segmental Analysis

International sales continued to drive Group Revenue with a contribution of more than 98% of Group Revenue in the first quarter of the year. Russia strengthened its lead with its contribution of 60.0% to Group Revenue in Q1 2004. Eastern Europe and Central Asia continued to hold steady with a strong contribution of 33.0%. Sales from Other Markets made up the balance 7.0% of Group Revenue.

Sales in Russia improved a robust 23.5% to \$22.2 million in the first quarter of 2004 while Eastern Europe and Central Asia chalked up a hearty 49.6% surge in sales to \$12.2 million. The stronger sales in the core markets were due to a combination of factors including strategic reinforcements of the Group's overseas operations and continued investments in building brand awareness and distribution network expansion. Revenue from Other Markets declined 20.0% to \$2.6 million due to the cessation of frozen seafood trading under a subsidiary in 2003.

The Beverages segment continued to contribute the bulk of Group Revenue with 91.5%. Beverage sales were higher by 27.9% to \$33.9 million following stronger demand for coffee-based products. The Non-Beverages category was boosted by broad-based sales growth that led to revenue improving 8.5% to \$3.2 million.

Mr Tan Wang Cheow, Food Empire Holdings Chairman and Managing Director said: "We have made vigorous efforts to reinforce the group's presence in its core markets and to strengthen our overseas operations. We are heartened to see strong growth in our Group earnings and in our key markets. Our plan for 2004 remains focused on expanding distributor network and investing in creative brand building activities that can lead to improved market share and enhanced shareholders value."

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

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About Food Empire Holdings

Listed on the main board of the Singapore Exchange, 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 14 offices (representative and liaison) in 13 countries in Russia, Ukraine, Kazakhstan, Uzbekistan, Iran, Poland, Hungary, Turkey, Belgium, UAE, 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. Its flagship brand MacCoffee 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.

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

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