



FOOD EMPIRE HOLDINGS LIMITED

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Press Release

FY2005 1st Quarter Results: 3 months ended 31 March 2005

Sustaining Growth on Strong Foundation

- Pre-tax Profit Up 27% on 15% Revenue Boost –

	3 months ended 31 March		
	2005	2004	Change
	\$'000	\$'000	
Revenue	42,684	37,025	+15%
Pre-tax profit	7,742	6,117	+27%
Net profit	4,711	4,136	+14%
Basic EPS (cts)	1.35	1.20	+13%

Highlights:

- Group Revenue grew 15% to \$42.7 million fueled by higher sales in its core market, Russia.
- Beverage sales rose 19% to \$40.2 million owing to successful sales and marketing efforts.
- Pre-tax profit grew a steady 27% to \$7.7 million.
- Group strengthened further its already healthy financial and debt-free position, with current ratio at 4.2 times.

SINGAPORE (10 May 2005) – Singapore Exchange (“SGX”) mainboard-listed Food Empire Holdings Limited, a leading food & beverage manufacturer, is pleased to announce double-digit growth in both Revenue and Net Profit in Q1 FY2005.

As the Group continued to make progress in its expansion drive, Group Revenue rose 15% and Pre-tax Profit increased 27% in Q1 FY2005 on the back of growing contributions by its strong core Russian market and beverage products.

Group Revenue grew 15% in Q1 FY2005 to \$42.7 million fueled by higher sales of its flagship beverage products in Russia. Despite an increase in contribution by other Commonwealth of Independent States, Eastern Europe and Central Asia registered a 19% revenue fall mainly because of lower sales to the Ukraine market. Led by the buoyant Asia and Europe markets, other markets improved 30% to \$3.3 million in revenue. Russia remained the largest contributor, constituting 69% of Group Revenue in Q1 FY2005.

Beverage sales rose 19% to \$40.2 million in Q1 FY2005 led by growing revenue from coffee-based products. This far offset the 20% drop in Non-beverage revenue resulting from softer demand for confectionery and frozen convenience food products. The Group’s beverage segment remained its largest contributing product, representing 94% of Q1 FY2005 sales.

Leveraging on the Group’s strong business fundamentals, Pre-tax Profit grew 27% from \$6.1 million in Q1 FY2004 to \$7.7 million in Q1 FY2005. This was accomplished notwithstanding upward pricing pressure for raw materials such as coffee powder, sugar and packaging materials.

Mr. Tan Wang Cheow, the Chairman & Managing Director of the Company said, “We are pleased to achieve steady and sustainable profitability on our established business foundation. We also managed to continue to strengthen our already healthy financial position, maintaining our debt-free status while enhancing our cash position by \$1.2 million to \$16.9 million.”

For the rest of this year, market conditions are expected to remain competitive. Foreign currency fluctuations as well as rising raw material costs will continue to be significant factors that may affect the Group's performance. Despite challenging business conditions ahead, the Group is cautiously optimistic of its business prospects.

Leveraging on strong brand equity and leadership position in its key markets, the Group will deploy additional resources to increase market share by further strengthening its product brand name and widening distribution channels.

This press release is to be read in conjunction with the financial results on SGXNET.

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About Food Empire Holdings Limited

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 50 countries globally in markets such as Russia, Eastern Europe, Central Asia, the Middle East and Indochina. The Group has 19 offices (representative and liaison) in 18 countries, including Bahrain, Belgium, Iran, Kazakhstan, Mongolia, Poland, Russia, Turkey, Ukraine 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, Bésame, FesAroma, Klassno, Kracks, MacCandy, OrienBites, TeaKravings and Zinties. MacCoffee, the Group's flagship brand, has been consistently rated as a market leader over the past few years and has been 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 Group has won numerous accolades and awards including being ranked one of "The Most Valuable Singapore Brands" for two consecutive years in 2003 and 2004; as well as being ranked among the top "Singapore International 100 companies" based on overseas revenue in 2004.

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

For further information, please contact:

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