



**Press Release  
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## **Food Empire Holdings' Revenue Up 26% In Third Quarter 2003 Expands Market Presence with Robust Sales Growth In Its Core Markets**

**Singapore, 11 November 2003** – SGX mainboard-listed Food Empire Holdings (FEH), a leading food and beverage manufacturer is pleased to announce a strong 26% growth in its Group Turnover to \$36.1 million for the third quarter of 2003 compared to Q3 of 2002. For the nine-month period ended 30 September 2003, Group Turnover rose 29.2% to \$94.2 million compared to the corresponding period in 2002.

Group Revenue continued to register a robust improvement in the third quarter of the year with double-digit sales growth attained in the core markets of Russia, Eastern Europe and Central Asia.

The Group remained profitable with a Group Profit After Tax attributable to shareholders of \$2.1 million in the third quarter of 2003. The Group Profit After Tax was lower by 33.6% compared to the corresponding third quarter in the previous financial year. This was due mainly to higher expenses such as advertising & promotional expenses and overseas operating expenses. These expenses were incurred in line with the Group's strategy to gear up for the traditional peak season and to strengthen its overseas presence and brand building in its core markets for the longer term. Higher logistics costs also reduced the Group's profit. For the nine months ended 30 September 2003, the Group Profit After Tax decreased 27.0% to \$5.9 million.

## Segmental Analysis

International sales continued to contribute more than 97% of Group Revenue in the third quarter of the year. Russia expanded its contribution with 56.8% of Group Revenue in the third quarter (55.3% in Q3 2002). Eastern Europe and Central Asia also increased its combined presence with 38.1% (compared to 33.5% in Q3 2002). Sales from Other Markets made up the balance 5.1% of Group Revenue.

In line with the Group's aim of strengthening its core markets, sales in Russia registered a healthy 29.4% increase in turnover to \$20.5 million in the third quarter while Eastern Europe and Central Asia attained a combined 43.5% surge in sales to \$13.8 million. The stronger sales in the core markets were due to an expanded distribution network and aggressive advertising and promotional programmes that were launched since the second quarter of the year.

The Beverage product segment expanded its contribution to 92.5% of Group Revenue compared to 89.0% in the corresponding third quarter of the previous year. Beverage sales grew 30.9% to \$33.4 million following higher sales of 3-in-1 coffee and coffee in tins and jars. Sales from the Non-Beverage category slipped 13.9% to \$2.7 million as the Group scaled down its trading of frozen seafood by a subsidiary.

The Group's flagship products such as MacCoffee 3-in-1 continued to perform well. The Group continued to invest in the development and marketing of new products which it views as a necessary strategy to strengthen its portfolio and longer-term growth. New product launches will incur investment costs in the initial years and will require a gestation period to build market demand and profitability.

Mr Tan Wang Cheow, Food Empire Holdings Chairman and Managing Director said: "We have intensified efforts to reinforce our presence in our core markets by strengthening our overseas infrastructure, distribution network and brand building efforts. Our advertising and promotions activities have also been stepped up to promote new products and to bolster overall sales during the traditional peak season. These efforts have been fruitful as our core markets continued to achieve double-digit sales growth in the third quarter of this year.

“We are mindful that overseas operating expenses and A&P expenditure will place some short-term pressure on profit margins and will endeavour to balance strategic growth with cost management. Nonetheless, we remain committed to nurturing the Group’s business by building on its strengths of strong global distribution network, established brand leaders, quality products and impactful A&P programmes.”

*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, Australia and the US. The Group has 13 offices (representative and liaison) in 12 countries in Russia, Ukraine, Kazakhstan, 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](http://www.foodempire.com)*

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