



Press Release

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**Food Empire Holdings' Net Profit Doubles In Third Quarter 2004
Group Revenue Rises 15.9%**

Singapore, 10 November 2004 – SGX mainboard-listed Food Empire Holdings, a leading food and beverage manufacturer is pleased to announce that its Group Turnover improved 15.9% to \$41.8 million for the third quarter of 2004 compared to the third quarter of 2003.

Group Revenue continued its steady climb following broad based sales growth in the core markets of Russia, Eastern Europe and Central Asia.

The Group Profit After Tax attributable to shareholders doubled by 102.8% to \$4.4 million in the third quarter of 2004. The jump in profit was driven mainly by higher sales. Whilst the costs of some raw materials have increased, better management over advertising and promotions expenses and operating expenses resulted in the lower increase in total costs and expenses.

For the nine-month period ended 30 September 2004, Group Turnover rose 20.8% to \$113.8 million compared to the corresponding period in 2003. Group Profit After Tax surged 95.2% to \$11.5 million over the same period.

Segmental Analysis

International sales contributed more than 99% of Group Revenue in the third quarter of the year. Russia, driven by healthy economic growth and strong consumer demand, posted the strongest improvement in this quarter. It contributed 62.1% of Group Revenue in the third quarter. The combined presence of Eastern Europe and Central Asia contributed a steady 34.0%. Sales from Other Markets contributed the balance 3.9% of Group Revenue.

A strengthened distribution network and sustained marketing activities in Russia led to a strong demand for the Group's products and increased customer loyalty. This resulted in Russia's sales growing by a sturdy 26.8% to \$26.0 million in the third quarter. Eastern Europe and Central Asia attained a combined 3.3% sales improvement to \$14.2 million. The smaller growth was due to lower sales in Ukraine.

The Beverage product segment contributed 90.9% of Group Revenue compared to 92.5% in the corresponding third quarter of the previous year. Beverage sales grew 14.0% to \$38.0 million driven by higher sales of 3-in-1 coffee. Sales from the Non-Beverage category captured a bigger share with 9.1% of Group Revenue in Q3 this year. Sales from this segment posted a sharp 40.0% jump to \$3.8 million as consumer demand increased for the Group's snack food and frozen convenience food.

Mr Tan Wang Cheow, Food Empire Holdings Chairman and Managing Director said: "Our results show that we are steering the right course to expand our business and grow our brands in the global market. The Group's efforts to promote our non-beverage products are starting to pay off with stronger brand awareness and sales while we continue to strengthen our leadership position in the flagship 3-in-1 coffee segment. We will continue to leverage off the strong foundation we have built and maintain our branding and marketing activities in the last quarter of this year."

The Group expects market conditions to remain competitive and foreign currencies fluctuations will remain a key consideration.

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

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 12 offices (representative and liaison) in 11 countries in Russia, Ukraine, Kazakhstan, Uzbekistan, Iran, Poland, Turkey, Belgium, Bahrain, Mongolia 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, Hyson, FesAroma, Bésame, OrientBites, MacCandy, Zinties 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

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