



**Press Release  
(For Immediate Release)  
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**Contact Person:**

Jenny Lam  
The Blue Edge Pte Ltd  
Tel: 67383845 /97696889

**Food Empire Holdings Revenue Up 25% For FY 2003  
Fourth Consecutive Year Of Strong Sales Growth**

**Singapore, 21 February 2004** – SGX mainboard-listed Food Empire Holdings (FEH), a leading food and beverage manufacturer is pleased to announce it has achieved its fourth consecutive year of sales growth. Group Revenue increased 24.5% to \$139.6 million for the 12 months ended 31 December 2003 compared to the previous year.

FEH continued to achieve sterling double-digit sales improvements in its core markets of Russia, Eastern Europe and Central Asia. This was achieved through strong brand management, aggressive sales promotions and activities, and continuous expansion of distributor network.

Despite a challenging year and global uncertainties, the Group attained a Group Profit After Tax of \$10.2 million in 2003. The Group Profit After Tax decreased 31.3% compared to the previous financial year. This was due mainly to higher expenses such as advertising & promotional expenses and overseas operating expenses that were incurred primarily to strengthen the group's overseas presence. The bottomline was also affected by higher logistics costs.

FEH Chairman and Managing Director Mr Tan Wang Cheow said: "We are pleased to have achieved record sales of \$139.6 million and a profit of S\$10.2 million in 2003. We have attained our goals of sustaining growth while strengthening our foundations in the core markets. These investments are necessary although there will be some impact on margins. We have boosted our overseas operations and expertise and have intensified our marketing and brand building efforts to secure a more competitive long-term presence in key markets."

The Group's net cash position increased \$3.7 million to \$11.8 million in 2003. The increase was due largely to net cash generated from operating activities following higher sales and improved inventory management in the second half of 2003. The Group had no gearing as at 31 December 2003.

In appreciation of the support by shareholders and institutional investors, the Directors of FEH have recommended a first and final dividend of 0.50 cents (less tax) per ordinary share and a special dividend of 0.75 cents (less tax) per ordinary share. The Company will utilise Section 44 balance for the dividend payout.

### **Segmental Analysis**

The Group continued to derive the bulk of its revenue of more than 98.0% from international markets. Sales increased in the core markets of Russia, Eastern Europe and Central Asia. Russia contributed 55.6% of Group Revenue. Eastern Europe and Central Asia contributed 36.8%. Sales from Other Markets made up the balance 7.6% of Group Revenue.

Russia's revenue grew almost 27.0% to \$77.6 million in 2003 while Eastern Europe and Central Asia increased their combined presence with a 39.6% surge in sales to \$51.4 million. The improvements came on the back of an expanded distribution network, intensified advertising campaigns, and higher sales of coffee products. Other Markets revenue declined 25.1% to S\$10.6 million due to the cessation of frozen seafood trading.

The Beverage segment increased its contribution to 91.5% of Group Revenue compared to 89.5% in the previous year. Beverage sales jumped 27.3% to \$127.7 million following higher sales of 3-in-1 coffee and coffee in tins and jars. Sales from the Non-Beverage

category remained consistent with a 0.7% increase and contributed 8.5% or \$11.9 million of Group Revenue. The increased contributions from snack food and frozen finger food offset part of the sales decline in frozen seafood.

Mr Tan Wang Cheow, Food Empire Holdings Chairman and Managing Director said: "Our efforts to build the value of our brands and to reinforce our presence in the core markets are paying off. Last year, we received two prestigious awards at the Singapore Brand Award 2003. Food Empire Holdings was conferred one of the 'The Most Valuable Singapore Brands' awards with an estimated high brand value of S\$114 million. It ranked ninth out of the 15 winners. Our core product brand MacCoffee was accorded one of 'The Strongest Singapore Brands' awards and ranked eighth out of 15 brands selected as the strongest in nation."

## **Outlook**

The market environment in our core markets is expected to remain challenging and competitive. Foreign currency fluctuations will continue to be an important consideration as the bulk of the Group's revenue comes from overseas. Other considerations include raw material costs which are expected to rise in 2004.

Commenting on the outlook for 2004, Mr Tan said: "The global and Asian economies are recovering but uncertainties remain as the world continues to deal with terrorist concerns and public health issues. We will continue to step up our efforts to strengthen our operations and network, reinforce our marketing and branding and more importantly, improve our market share and bottomline.

"We are optimistic that our products will continue to perform well as we have established a strong infrastructure and wide distributor network, and have built high brand awareness and acceptance among our target consumers."

\*\*\*End\*\*\*

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

## **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 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](http://www.foodempire.com)*

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## **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

[bizmail@theblueedge.com](mailto:bizmail@theblueedge.com)