



FOOD EMPIRE HOLDINGS LIMITED

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Press Release

Financial Year 2005 2nd Quarter Results: 3 months ended 30 June 2005

Food Empire Achieved 25% Net Profit Growth

- Sound Business Fundamentals Driving Expansion in Key Markets –

	3 months ended 30 June			6 months ended 30 June		
	2005	2004	Change	2005	2004	Change
	\$'000	\$'000		\$'000	\$'000	
Revenue	39,850	34,981	+13.9%	82,534	72,006	+14.6%
Pre-tax profit	4,907	4,457	+10.1%	12,649	10,574	+19.6%
Net profit	3,348	2,688	+24.6%	8,059	6,824	+18.1%
Basic EPS (cts)	0.95	0.77	+23.4%	2.30	1.97	+16.8%

Highlights:

- Group Revenue grew 14% fueled by higher sales in key markets of Russia and Eastern Europe & Central Asia.
- Revenue from Russia and Eastern Europe & Central Asia markets rose 16% and 18% respectively on successful distribution network expansion and strong brand name.
- Revenue grew broad based across both Beverage and Non-Beverage products.
- Beverage sales rose 13% led by higher sales of coffee-based products while Non-Beverage sales grew 22% on higher demand for snack food and confectionery food products.
- Net profit increased 25% to \$3.3 million.
- Group remained debt-free, with current ratio at a strong 4.3 times.

SINGAPORE (11 August 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 Q2 2005 on the back of business expansion in key markets.

Group Revenue grew 13.9% in Q2 2005 to \$39.9 million fueled by higher sales in Russia and Eastern Europe & Central Asia. Growth was broad based for both Beverage and Non-Beverage products.

Russia operations brewed up a 16.1% or \$3.4 million increase in revenue to \$24.5 million boosted by successful distribution network expansion and ongoing promotion of the Group’s strong product brand name. Russia remained the largest contributor, constituting 61.5% of Group Revenue in Q2 2005.

Revenue from Eastern Europe and Central Asia expanded 17.8% to \$13.1 million. Leveraging on the strong MacCoffee brand name, sales from the Ukraine market improved in the second quarter of 2005. This was further lifted by significant growth in other Commonwealth of Independent States.

Beverage sales rose 13.1% to \$36.0 million led by higher sales of coffee-based products. Driven by higher demand for snack food and confectionery food products, revenue from Non-Beverage products grew 22.2% to \$3.8 million.

Net Profit attributable to Shareholders grew 24.6% from \$2.7 million in Q2 2004 to \$3.3 million on the back of higher Revenue.

Backed by strong operating cash flow, the Group maintained its debt-free status even as it continued to lower its payables and accruals. As at the end of the quarter, Group current ratio stood at a strong 4.3 times.

Mr. Tan Wang Cheow, the Chairman & Managing Director of the Company said, “We are pleased to have achieved another quarter of growth. Our Group will continue to invest in brand building and distribution network expansion to extend our market share.”

Mr. Tan elaborated, “For the rest of this year, market conditions are expected to remain competitive and foreign currency fluctuations as well as rising raw material costs will continue to significantly affect our Group’s performance. Despite challenging business conditions ahead, we are cautiously optimistic of our business prospects.”

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 in markets such as Russia, Eastern Europe, Central Asia, China, Indochina and the US. The Group has offices (representative and liaison) in 18 countries including 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 and flavoured fruit teas. Food Empire also markets a refreshing range of confectionery, snack food such as dried calamari, potato crisps and apple chips 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, Zinties, Kracks, Tea Kravings and MacFood. 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. It has been ranked one of “The Most Valuable Singapore Brands” for two consecutive years in 2003 and 2004.

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

For further information, please contact:

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