



**Press Release  
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**Food Empire Holdings Achieves 50.0% Rise in Net Profit For FY2004  
Fifth Consecutive Year Of Double-digit Sales Growth**

**Singapore, 22 February 2005** – SGX mainboard-listed Food Empire Holdings (FEH), a leading food and beverage manufacturer is pleased to announce it has achieved its fifth consecutive year of double-digit sales growth. Group Revenue improved 14.9% to \$160.4 million for the 12 months ended 31 December 2004 compared to the previous year.

Group Revenue grew due mainly to improved performances in Russia and Other Markets on the back of higher sales in both beverage and non-beverage products.

The Group attained a sturdy 50.0% surge in Group Profit After Tax to \$15.2 million in 2004. The sharp increase is attributable to higher sales and lower expenses arising from improved logistics management and moderated advertising and promotions expenses.

FEH Chairman and Managing Director Mr Tan Wang Cheow said: "Despite a challenging year, we are pleased to have achieved record sales of \$160.4 million and a profit growth of 50% to \$15.2 million. We have made good headway in growing our sales in several new markets while continuing to aggressively strengthen our base in the core markets."

The Group's net cash position increased \$3.9 million to \$15.7 million in 2004. The increase was due largely to net cash generated from operating activities. The Group had no gearing as at 31 December 2004. Earnings per share on a fully diluted basis rose 48.6% to 4.28 cents while Net Asset Value per ordinary share was up 19.9% to 19.86 cents.

In appreciation of the support by shareholders and institutional investors, the Directors of FEH have recommended a total dividend of 1.50 cents comprising a first and final dividend of 0.50 cents (less tax) per ordinary share and a special dividend of 1.00 cents (less tax) per ordinary share.

## **Segmental Analysis**

The bulk of the Group's revenue, of more than 99.5%, comes from international markets. Russia contributed 61.3% of Group Revenue while Eastern Europe and Central Asia contributed 30.1%. Sales from Other Markets made up the balance 8.6% of Group Revenue.

Russia continued to turn in robust results with a 26.7% jump in sales to \$98.3 million in 2004 following increased demand for both coffee products and snack food. The Group expanded its distribution network across new territories in Russia and focused on promotional activities to drive sales.

Revenue from Eastern Europe and Central Asia dipped 6.0% to \$48.3 million in 2004 due to lower sales from Ukraine. Sales were affected by a major corporate restructuring of the representative office in Ukraine and market uncertainties caused by the political situation in the country.

Revenue contribution from other countries in Eastern Europe and Central Asia, such as Kazakhstan, continued to do better than the previous year.

Other Markets saw a marked improvement in performance in both sales and bottomline, with sales up 30.1% to \$13.8 million. This was a result of well-targeted marketing and intensified sales activities.

The Beverage segment remained a core segment making up 89.6% of Group Revenue. Beverage sales rose 12.5% to \$143.6 million following higher sales of 3-in-1 coffee and instant tea. Sales from the Non-Beverage category registered a 41.3% surge in sales to \$16.8 million. This was because of a sharp increase in consumer demand for snack food items such as Kracks potato crisps and frozen convenience food.

Mr Tan Wang Cheow, Food Empire Holdings Chairman and Managing Director said: "We are making good progress with the sales of both beverage and non-beverage products and the development of new global markets. Over the past year we have extended our reach by selling our products to more than 50 countries worldwide.

"Our globalisation efforts were recently recognised in the first national ranking by IE Singapore which placed Food Empire in the Singapore International 100 which ranked the top 100 companies by overseas revenue. Food Empire was also recognised, for the second consecutive year, as one of The Most Valuable Singapore Brands at the Singapore Brand Award 2004. These awards will further spur us to strive even harder to build our company into one of the world's premier food and beverage players."

## **Looking Ahead**

The Group expects market conditions to remain competitive and foreign currencies fluctuations will remain a key factor. Raw material costs are expected to increase further in 2005. The Group will continue to invest in brand building and distribution network expansion to improve its market share.

Marketing activities will be intensified in countries like Russia, Kazakhstan and other Commonwealth Independent States (CIS) markets which are expected to deliver a steady performance. Following the political changes and corporate restructuring in Ukraine, sales in Ukraine are expected to be slow in the initial months of 2005 and improve gradually as

support for the Group's products in Ukraine continues to be strong as its flagship MacCoffee has strong brand awareness.

The Group expects to book a one-off gain in 2005 from the sale of the non-dairy creamer business by its associate company Ernsts Food Ingredients Sdn Bhd (Ernsts). Subject to terms of the sale agreement, Ernsts expects an estimated gain of \$9.6m from the transaction. The Group has a 35% stake in Ernsts.

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

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## **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 50 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, OrienBites, 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 2004 and 2003 at the national brand award organised by IE Singapore. MacCoffee was ranked one of "The Strongest Singapore Brands" in 2003.

***For more information on Food Empire, please visit [www.foodempire.com](http://www.foodempire.com)***

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