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**Galaxy Nutritional Foods Lite Bakery Desserts Developed By
Balboa Dessert Company Wins
2003 California Restaurant Association Innovator Award**

ORLANDO, Florida (July 31, 2003) – Galaxy Nutritional Foods (AMEX:GXY), a leading producer of nutritious plant-based dairy alternatives for the retail and foodservice markets, announces that its line of Lite Bakery® desserts developed by Balboa Dessert Company of Santa Ana, California, will receive a 2003 Innovator Award given by the California Restaurant Association (CRA).

The CRA grants this prestigious award annually to the best-of-the-best new products invented to improve the quality of the hospitality industry. Balboa Dessert Company will receive the award on August 1, 2003 at the kick-off dinner for the Western Foodservice and Hospitality Exposition, the largest regional exhibition of its type in the United States.

The high-quality Lite Bakery® dessert line featuring Galaxy's plant-based Veggie® brand dairy products is definitely innovative. The dessert line is low fat, has no saturated fat, has less or no cholesterol, has no trans-fats and is lactose free. A recent clinical study proved that Veggie® brand dairy products actually eliminate saturated fat while increasing unsaturated fat intake thereby cutting cholesterol levels in two different ways - total cholesterol and LDL (bad) cholesterol.

Angelo S. Morini, Galaxy's Founder and President stated, "Balboa Dessert Company has done an outstanding job of developing a great tasting and 'good for you' Lite Bakery® dessert line and we congratulate them on receiving the 2003 Innovator Award from the CRA. The award means a great deal to both Galaxy and Balboa. Balboa began developing Galaxy's Lite Bakery® products approximately two years ago. We entered into this co-packing arrangement with them in order to increase awareness and sales of our Veggie® line of healthy dairy alternatives for the retail and foodservice markets. Also, with obesity, overweight and cholesterol levels at their highest, the Lite Bakery® line fills an important void in a popular food category generally associated with high fat and cholesterol. I look forward to attending the upcoming Foodservice & Hospitality Expo in Los Angeles to further promote the Lite Bakery® line with the staff of Balboa Dessert Company," Mr. Morini concluded.

Rudy Pollak, Chief Executive Officer of Balboa Dessert Company, says "We wanted to create a new segment of business for Balboa Dessert Company that met the needs of a completely different market in the food industry, while meeting the specific goals of our client (Galaxy Nutritional Foods). We developed Lite Bakery® desserts to give consumers a choice, unlike in the past, with great tasting, healthy dessert alternatives." Pollak adds, "These desserts are probably the first in a series of cross-over

desserts which will be developed by Balboa Dessert Company to provide consumers with the ability to have great taste and maintain the benefit of a high-quality, healthy dessert alternative.”

About Balboa Dessert Company

Balboa Dessert Company, a division of Balboa Acquisition LLC, has been producing unique quality desserts since 1983. Currently, the company manufactures its products from an 18,000 square foot facility in Santa Ana, CA. Due to its unparalleled R&D capabilities, Balboa Dessert Company specializes in creating a variety of customized desserts designed to meet client’s needs and exceed consumer expectations. They distribute their custom dessert product lines to foodservice distributors, restaurants, grocery outlets, QVC, airlines and theme parks. To learn more about Balboa Dessert Company, visit www.balboadessert.com.

About the California Restaurant Association

The California Restaurant Association (CRA) is the largest and longest serving non-profit restaurant trade association in the nation. Representing the restaurant and hospitality industries since 1906, CRA is made up of approximately 20,000 foodservice establishments in the Golden State. CRA is governed by a 55-member Board of Directors and has a staff of 40 employees whose sole responsibilities are to serve members and promote the restaurant industry.

About Galaxy Nutritional Foods®, Inc.

Galaxy Nutritional Foods® is the leading producer of great-tasting, health-promoting plant-based dairy and dairy-related alternatives for the retail and foodservice markets. An exclusive, new and technologically advanced, safer “hot process” is used to produce these phytonutrient-enriched products, made from nature’s best grains – soy, rice and oats. Veggie products are low fat and fat free (saturated fat and trans-fatty acid free), cholesterol and lactose free, are growth hormone and antibiotic free, and have more calcium, vitamins and other minerals than conventional dairy products. Because they are made with plant proteins, the products are more environmentally friendly and economically efficient than dairy products derived solely from animal proteins. Galaxy’s products are part of the healthy and natural foods category, the fastest growing segment of the retail food market. Galaxy brand names include: Galaxy Nutritional Foods®; Veggie Slices®, Veggie Nature’s Alternative to Milk®, Soyco®; Soymage®; Wholesome Valley®; Lite Bakery®; and formägg®. For more information, please visit Galaxy's website at: www.galaxyfoods.com.

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