



**For Immediate Release
May 10, 2006**

FOOD EMPIRE'S Q1 PROFIT UP 68.1% ON THE BACK OF STRONG SALES

- *Eastern Europe and Central Asia sales up 94.8%*
- *Strong beverage sales drive revenue up 29.2%*
- *Earnings per share up 53.0%*
- *New Russian factory operational*

Singapore May 10, 2006 – Mainboard listed Food Empire Holdings Limited (Group) – a leading food and beverage manufacturing company – is pleased to announce a 68.1% increase in net profit attributable to shareholders for three months ended 31 March 2006.

Net profit increased by S\$3.2 million from S\$4.7 million in Q1 FY2005 to S\$7.9 million in Q1 FY2006 on the back of a 29.2% increase in revenue. Earnings per share on a fully diluted basis rose by 53.0% from 1.32 cents per share to 2.02 cents per share.

The Eastern Europe and Central Asia market was the star performer, with sales surging by 94.8% to S\$19.2 million. Russia also showed healthy sales growth with a 10.8% increase to S\$32.6 million.

Highlights

	Q1 FY 2006 S\$'000	Q1 FY 2005 S\$'000	% Change
Revenue	55,131	42,684	29.2
Profit Before tax	8,585	7,742	10.9
Profit Attributable to Shareholders	7,921	4,711	68.1
EPS - Fully Diluted (cents)	2.02	1.32	53.0
NAV per share (cents)	27.27	25.63	6.4

The Group Chairman and Managing Director, Mr Tan Wang Cheow said, “We are pleased to see the strong sales performance in Eastern Europe and Central Asia. Last year, our sales to Ukraine were dampened by political uncertainty. The stabilisation of the political situation, together with a new and effective TV advertising campaign have seen a resurgence in our sales in Ukraine.”

“Russia continues to provide the bulk of our revenue, accounting for 59.2% of sales. We are pleased with the solid 10.8% revenue growth in Russia as our flagship brand, MacCoffee, already holds a dominant market position,” Mr Tan said.

Russian Factory Commenced Operation

The Group is pleased to announce that the new Russian factory is operational. The Group expects to benefit from a reduction in import costs as a result of manufacturing in Russia.

Segmental Analysis

The majority of the Group’s revenue (59.2%) came from Russia. Eastern Europe and Central Asia is the second largest market (34.9%). Other markets contributed 5.9% of revenue.

	Q1 FY 2006 S\$'000	Q1 FY 2005 S\$'000	% change	% of total revenue
Russia	32,644	29,471	10.8	59.2
Eastern Europe and Central Asia	19,243	9,877	94.8	34.9
Others	3,244	3,336	-2.8	5.9
Total	55,131	42,684	29.2	100.0

In Eastern Europe and Central Asia, sales increased by S\$9.4 million to S\$19.2 million – a rise of 94.8% compared to the corresponding quarter in FY2005. Revenue from Russia increased by S\$3.2 million or 10.8%, from S\$29.4 million to S\$32.6 million. Revenue from other markets fell slightly by 2.8%, from S\$3.3 million in Q1 FY2005 to S\$3.2 million in Q1 FY2006.

Beverages continue to be the Group's core product, contributing 95.6% of total revenue. Beverage sales were strong across all key markets, with sales increasing by 31.3% to S\$52.7 million in Q1 FY2006, compared to S\$40.1 million in Q1 FY2005. The Group's flagship brand, MacCoffee, remains the preferred choice of consumers in Russia, Ukraine and Kazakhstan. Revenue from non-beverage products fell slightly from S\$2.5 million in Q1 FY2005 to S\$2.4 million in FY2006.

Looking Ahead

Mr Tan said, "The Group's management is focused on achieving optimum efficiency of the Russian factory to ensure we receive maximum benefit from this investment."

"We will continue to strengthen our core brands through sophisticated and targeted marketing activities, particularly in our key growth markets of Russia, Ukraine and Kazakhstan," Mr Tan said.

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 18 representative and liaison offices in 18 countries including 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's core brands are MacCoffee, Klassno, Hyson, FesAroma, 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 2003, 2004 and 2005 at the national brand award organised by IE Singapore. MacCoffee was also ranked one of "The Strongest Singapore Brands". In 2005, Food Empire Holdings was awarded the coveted Star Packaging Award for innovative design and packaging of Zinties Ice Breeze Breath Strips and OrienBites Dim Sum Pack.

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

#

Contact:

Matthew Shaw
Rubicon Consulting
+65 6465 3029
+65 9851 9340
matthew@rubicon.com.sg

Daphne Wan
Food Empire Holdings Limited
+65 6744 8911
+65 6744 2116
daphne@foodempire.com